



TDC Meeting 15 – Minutes

22 August 2018 | 10.30 – 11.45 | Teleconference

Status of the minutes: Final

MEMBERS PRESENT

Name	Role
Elsa Wye	Chair
Paul Stelfox	Committee member (wholesaler)
Julian Tranter	Committee member (wholesaler)
Martin Mavin	Committee member (wholesaler)
Tim Orange	Committee member (wholesaler)
Neil Pendle	Committee member (unassociated retailer)
Richard Stanbrook	Committee member (associated retailer)
Cleo Acraman	Committee member (associated retailer)
Kirsty King	Committee member (associated retailer)
Emma Taylor	MOSL (Presenter)
Pavindeep Dosanjh	MOSL (Observer)
Gladys Sagwete	MOSL (Observer)
David Edward	MOSL (Secretary)

APOLOGIES

Name	Role
Rupert Redesdale	Committee member (unassociated retailer)



1. Welcome

PURPOSE: FOR INFORMATION

- 1.1 The Chair began proceedings by welcoming members of the Trading Disputes Committee (TDC) to the meeting and gave a brief overview of the items on the agenda for discussion.
- 1.2 The Chair noted the meeting would be recorded as per the recording policy sent to members on Tuesday 21 August 2018; no concerns were raised.

2. Update from the TDC Webcast

PURPOSE: FOR INFORMATION

- 2.1 TDC members held a webcast on Thursday 16 August 2018 to discuss responses from the request for information (RFI) for the potential change proposal on the reduction to the materiality threshold for unplanned settlements run, extension to the timescales for requesting corrective settlement run and running unplanned settlement runs on individual supply points (SPIDs).
- 2.2 Seven trading parties attended the webcast, four wholesalers and three retailers. All trading parties who raised concerns during the RFI were all present at the webcast.
- 2.3 Paul Stelfox and Martin Mavin presented at the webcast to provide responses to concerns raised by respondents on the (RFI) including the rationale behind the removal of running of corrective settlement runs on individual SPIDs from the proposal. Paul explained that this due to lack of support from respondents in the RFI.
- 2.4 Paul suggested an amendment in the proposal from reduction to the materiality threshold on all unplanned settlement runs to apply only to corrective runs. He explained that in other cases materiality would be determine by the relevant parties as they would need to agree on the terms of the run and thus de-risk the reduction of the materiality threshold.
- 2.5 All attendants at the webcast agreed and there were no other concerns raised.
- 2.6 A TDC member commented about the lack of engagement from the industry with the webcast but attendees seemed content with the discussed items on the slides.

3. Discussion on the next steps for change proposal

- 3.1 The Chair updated the TDC on discussions held by the Panel on Friday 24 August 2018 regarding an RFI for a change proposal relating to the deletion of system generated reads (G read). This prompted a discussion on the materiality thresholds and the proposed linkage between a request for removal of a G reads, and a for an unplanned settlement run. Several trading parties, in their responses to the RFI had raised concerns on whether the current materiality thresholds are too high.
- 3.2 The Chair advised members of the TDC to consider the impact of these in their discussions on changes to materiality threshold to request unplanned settlement run.



Discussion of relevance of running corrective runs on individual SPIDs

- 3.3 A committee member made some observations on the proposed changes discussed on the webcast. The member stated that the current materiality thresholds were sufficient and would prefer that they remain unchanged, however would support the decision of the TDC on this issue.
- 3.4 The committee member went on to state that while in the spirit of making the settlement re-run process more efficient, trading parties should be able to request either a full re-run or a re-run on a specific number of SPIDs.
- 3.5 Another TDC member agreed with these comments stating that both parties must agree to the re-run. This creates room for further bilateral cooperation and agreement in terms of the type of run, and to some extent the materiality of the run.
- 3.6 Further to discussions, TDC members agreed that the proposal should include functionality to run unplanned settlement runs for individual SPIDs.
- 3.7 A committee member requested for a comment from MOSL due to previously voiced concerns on system restrictions on completing runs for individual selection of SPIDs.
- 3.8 MOSL commented that although this process is feasible within CMOS, it would require increased aspects of manual intervention, currently very limited to a small subset of SPIDs. MOSL also stated that any proposal would need to consider the changes required to CMOS.
- 3.9 A committee member stated that trading parties would like the option to undertake runs on individual SPIDs rather than the full pairings. The member commented that such change would have significant benefits.
- 3.10 MOSL commented that unplanned settlement runs are done on a full wholesale-retail pairing due to technical restrictions in CMOS.
- 3.11 The Chair stated that it may be appropriate for this element of the draft change proposal to be part of the pre Panel assessment process, in terms of procuring an estimate for the CMOS change. The Chair also stated that the industry RFI had provided mixed responses relating to running unplanned settlement runs on individual SPIDs.
- 3.12 Members discussed whether the SPID element should form part of the original draft change proposal or be progressed as a standalone proposal.
- 3.13 A committee member explained that the dispute process currently offers the functionality for unplanned settlement run on a limited number of individual SPIDs but it might be worth exploring a potential proposal for running corrective runs for individual SPIDs.
- 3.14 A TDC member stated that an estimate/cost needs to be obtained prior to proceeding with this.
- 3.15 The Chair stated that MOSL's service provider could provide an estimate of the cost but also reminded members that the cost of MOSL constantly requesting for cost/estimation from CGI without the fruition of work may not be helpful in the longer term.
- 3.16 The Chair provided a summary of discussed items into two potential options. The first option is to proceed with the amending the window for requesting corrective runs and reducing the materiality thresholds for corrective settlement runs and decide to defer and discuss the SPID related change as it require further work and a cost from CGI. This option would require a change to the existing change proposal and anticipated to be delivered at the October 2018 Panel.



- 3.17 The second option would be to proceed with all three items within one change proposal. If this option was selected, the Panel timeline for delivery would be in November 2018.
- 3.18 The Chair stated that subject to further analysis from MOSL and comment from trading parties on the SPID issue a draft proposal could be part of Panel October 2018 agenda. The Panel would decide whether to recommend to Ofwat or recommend further consultation or assessment work.
- 3.19 Further discussions took place regarding a specific proposal for the change in threshold. A committee member stated that there is an appetite for this change. A member stated that there isn't a clarity whether the proposal is to reduce the threshold or remove the threshold and there may be a need for another consultation.
- 3.20 The Chair stated that the RFI covered the reduction in materiality threshold, including the change in wording from 'and' to 'or'.
- 3.21 MOSL provided an overview on analysis of materiality thresholds for trading disputes raised. The disputes process allows for trading parties to provide the materiality for issues raised, although this is not mandatory. It is essential to note that all the disputes which have had materiality calculations have met the materiality threshold, noting some have been met by a small margin (e.g. approximately 1.01%).
- 3.22 The Chair said that this is to be expected as it is probable that trading parties have been raising disputes which meet the materiality threshold. The Chair also reminded members that concerns on materiality threshold has been voiced in previous Panel discussions and responses with regards to G Reads, stating that these thresholds are too high.
- 3.23 Following the analysis provided by MOSL, the Chair proceed to provide the TDC with the potential options available for a change proposal.
- a) Decide not to proceed with the change proposal for the change on amending the window for request for corrective runs, materiality threshold for unplanned settlement runs and removal restrictions and Unplanned runs for Individual SPIDs as further work is required.
 - b) Proceed with a change proposal on the change on amending the window for request for corrective runs, materiality threshold for unplanned settlement runs with removal of restrictions with Unplanned runs for Individual SPIDs as a standalone proposal.
 - c) Proceed with the change proposal amending the window for request for corrective runs, materiality threshold for unplanned settlement runs and with removal restrictions unplanned runs for Individual SPIDs.
- 3.24 Out of eight voting members, six members chose option C and two members chose option B as a fall-back option. Most members choosing option C stated that this will allow the work to move faster and prevent derailment. A member who selected option B stated that these changes should proceed as two different changes as it may have financial implications for trading parties.
- 3.25 Another member who selected option B stated that they are also happy with option C if it does not present any significant delays.
- 3.26 A TDC member stated there was a clear preference for option C and it is essential that the rationale is presented clearly to the Panel during presentation of the change.



3.27 The Chair requested MOSL to work on estimating the system cost of implementing this change and the TDC would thereafter decide how to proceed with it. MOSL agreed it will enquire into obtaining an estimate for the SPID related change.

TDC15_01

3.28 The Chair stated that MOSL would liaise with the Secretariat to draft a change proposal for option C. Two TDC members, Martin and Paul, were requested to provide initial comments which would then be circulated to other members of the TDC. This is to be scheduled for October 2018 Panel.

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3.29 The TDC agreed that the timescales restrictions would focus on materiality thresholds on corrective runs. A committee member raised a concern regarding the change in the wording of the threshold from 'and' to 'or' for all unplanned settlement runs except dispute runs. No further comments were provided by any members regarding this.

3.30 The Chair advised members to consider whether to undertake a consultation before October 2018 Panel meeting or directly proceed the change to Panel and await the outcome.

4. Update on current trading disputes

4.1 MOSL provided an update on current trading disputes raised since the last TDC meeting, noting that there has been only one dispute raised. This was raised by Yorkshire Water against Everflow.

4.2 The dispute was raised due to incorrect meter setup on a discharge point. Both parties have agreed to a rectification plan. It was noted that this trading dispute was raised for the purpose of carrying out a dispute settlement run.

5. AOB

5.1 The Chair informed members of concerns raised by a committee member that the existing procedure for pre-disputes could be overly onerous and often unnecessary.

5.2 Observations and discussions were held regarding the escalations of issues to trading disputes. It was stated that an absence of a working procedure may have resulted in additional cases being escalated.

5.3 Members discussed whether this procedure review should be widened. As part of extending the scope of the review, it was suggested that the TDC should investigate whether the appropriate issues are highlighted and notified to the industry.

5.4 A committee member stated that it may be too early to amend the dispute process and proposed that the TDC should use this time to learn about how the market is operating. The member commented that the process appears to be working and thus there is no need to amend anything at the moment.

5.5 The Chair commented that as the committee had not received any disputes to date that it may not be a pressing issue but suggested that members review other working practices across the industry. This would inform the TDC on whether any change is required on the disputes process.

5.6 MOSL outlined the process for a trading dispute and provided the criteria required for disputes. Where it is unable to provide a resolution, trading parties can escalate this issue to the TDC.



- 5.7 A committee member made some observations on the process and how trading parties may potentially use this process as a scare tactic and a mechanism to delay payment.
- 5.8 The Chair requested that MOSL re-distribute a presentation to all trading parties regarding the trading disputes process.

TDC15_03

- 5.9 The Chair also confirmed that a new member has been appointed to join the TDC pending completion of certain administrative requirements.

No other further concerns were raised, and the Chair closed the meeting.