

Minutes of Panel Meeting 21

24 July 2018 | 10:30 – 17:20

Etc. Venues, 8 Fenchurch Place, London, EC3M 4PB;

Status of the Minutes: Final

MEMBERS PRESENT

Jim Keohane	JK	Chair	Nicola Smith	NS	Panel Member (Unassociated Retailer)
Simon Wilshire (via teleconference)	SW	Panel Member (Associated Retailer)	Mark Holloway	MH	Panel Member (Wholesaler)
Mike Brindle	MB	Panel Member (Associated Retailer)	Howard Smith	HS	Panel Member (Wholesaler)
Wendy Monk	WM	Panel Member (Associated Retailer)	Dylan Freeman	DF	Panel Member (Wholesaler)
Helyn Mensah	HM	Panel Member (Independent)	Chris Scoggins	CS	Affiliated Panel Member (MOSL)
Nigel Sisman	NS	Panel Member (Independent)	Steve Hobbs (via teleconference)	SH	Affiliated Panel Member (CCWater)
Elsa Wye	EW	Panel Member (Independent)	Peter Strain (via teleconference)	PS	Alternate Panel Member (Unassociated Retailer)
Trevor Nelson	TN	Panel Member (Unassociated Retailer)	David Siddal (via teleconference)	DS	Alternate Panel Member (Unassociated Retailer)
Richard Moore	RM	Panel Member (Unassociated Retailer)	Adam Richardson	AR	Panel Secretary

OTHER ATTENDEES

Elliot Bird	Meeting Secretary	Michael Robertson	Presenter (MOSL)
Mihai Ciurba	Presenter (MOSL)	Samir Rahim	Presenter (MOSL)
Rebecca Mottram	Presenter (MOSL)	John Vinson	Alternate Independent Panel Member
Steve Arthur	Presenter (MOSL)	Dave Gandee	Presenter (PwC)
Charles Unvala	Presenter (MOSL)	Andrew Sinclair	Presenter (PwC)
David Edward	Observer (MOSL)	Antoine Schmidt	Observer (Thames Water)

APOLOGIES

Dan Mason	Affiliated Panel Member (Ofwat)
Christina Blackwell	Affiliated Panel Member (CCWater)



1. Welcome and Introductions

Purpose: For Information

- 1.1. The Chair welcomed Panel Members to the meeting.
- 1.2. The Chair passed on the apologies of Dan Mason who was unable to attend the meeting.
- 1.3. The Chair also welcomed Steve Hobbs to the meeting who was acting as an alternate for Christina Blackwell.
- 1.4. The Panel agreed to defer the planned agenda item on additional services, due to unavailability of a presenter.

2. Minutes and Outstanding Actions

Purpose: For Decision

2.1. Minutes

- 2.2. The Panel agreed to the accuracy of the [minutes from the previous meeting](#), following an update by the Panel Secretariat.

2.3. Actions

- 2.4. The Panel agreed to close 14 actions: **A09_01, A09_03, A13_04, A16_03, A16_05, A19_01 A20_01, A20_02 A20_03, A20_05, A20_06, A20_07, A20_8, A20_09 and A20_10.**
- 2.5. The Panel noted that action **A20_02** had been completed but requested that further detail be provided to the Panel on the MPS charging issues and resolution steps.

ACTION 21_01

- 2.6. Following the completion of action **A20_06**, the Panel agreed that further consideration be given to the governance of system releases in discussion with Panel Members MH and EW, including the possibility of establishing a new Panel Sub-Committee to address this. Following this conversation, an update will be provided at the September Panel meeting.

ACTION 21_02

- 2.7. The Chair noted concerns raised by Panel Members regarding the availability of MOSL resources to support Panel Committee work. CS confirmed that MOSL was currently operating below its budgeted headcount and that recruitment was underway to fill vacant posts. It was noted that the budget was not a constraining factor and, where appropriate, MOSL would make use of consultancy and contractors as necessary to meet requirements. The Chair confirmed that the MOSL Board was aware of discussions at the Panel regarding resourcing and that he would ensure the Board was kept updated on this matter.

3. Ofwat Update

Purpose: For Information

- 3.1. The Panel noted a tabled update provided by Ofwat in DM's absence.



- 3.2. MOSL confirmed that a successful Interim Supply Process simulation had taken place with Ofwat. The Panel requested that the lessons learnt from the process be circulated to Panel Members.

ACTION 21_03

- 3.3. One Panel Member noted that regulator of the Scottish Water Market had suspended any further applications for self-supply licenses and that they would be [conducting an investigation](#) to determine whether they were working well for customers and market participants.
- 3.4. The Panel **NOTED** the Ofwat update.

4. Update from MOSL

Purpose: For Information

- 4.1. Chris Scoggins (CS) provided an update on the key activities at MOSL which included:
- The temporary move of MOSL offices due to issues with the Monument Office's air conditioning, highlighting that this will be paid for by the building owners;
 - Current plans to open the Southampton office in mid to late October which were on track as well as the MOSL transition to Southampton including, the selection of the new office, knowledge transfer activities, and plans for recruitment.
 - The unanimous vote at the MOSL Members' general meeting to establish a new Associated Retailer Director position on the Board, and to give Associated Retailers voting rights;
 - The current pipeline of self-supply applications and market exit volume transfers;
 - The continued strong attendance of the User Forum and the July meeting discussions encompassed the Panel Plan, Market Performance Operating Plan (MPOP), RF deferral, draft Change Proposals on new and partial SPID reporting, as well as a presentation from the Chair of the Digital Strategy Committee (DSC) on bilaterals; and
- 4.2. Panel Members emphasised the importance of appropriate resourcing being in place to support the delivery of Panel Committee work going forward and that knowledge transfer activities must ensure continuity of service across the transition.

DSC Update:

- 4.3. MOSL provided an update on the DSC and its work investigating industry bilaterals. It was noted that feedback had been sought on potential concerns and possible solutions via an industry consultation and that MOSL had been engaging with potential solution providers via a Request for Information (RFI).
- 4.4. MOSL confirmed it currently anticipated any potential solution arising from this work would require a code Change Proposal. The current activities comprised exploratory work to ensure that the case for change and associated impacts could be articulated in sufficient detail to support any such change being tabled.
- 4.5. A Panel Member agreed that it was important for any resulting change to be managed as a Change Proposal. They reflected that the DSC was a group that MOSL had created to help inform its technology



strategy and should not be a Sub-Committee of the Panel. Panel Members also agreed that it may be beneficial for the DSC Committee to consider changing its name to not use the term Committee as this would reduce the chance of confusion among TP's.

- 4.6. A Panel Member observed that smaller market participants may find it challenging to respond to consultations due to their lack of resource and it would be important to find ways to help them engage in this work.
- 4.7. The Panel welcomed MOSL's proposal to bring a more detailed update on the work of the DSC to the August Panel meeting.

5. Monthly Committee Updates

Purpose: For Information

- 5.1. The Panel was provided with a monthly update on the activities of the Panel Committees, which have met since the June 2018 Panel meeting.
- 5.2. The Chair of the TDC provided an update on the RFI for the TDC's Change Proposal, which had led to the identification on some unexpected issues that were now being investigated by MOSL and had delayed the change progression.
- 5.3. The Panel Secretary confirmed that the Change Proposal on meter networks from the TEIC would likely be brought to the Panel at the September or October meetings.
- 5.4. The Panel requested that Chairs of the Panel Committees prepare inputs to the Monthly Committee Update and review these reports before they are published.
- 5.5. The Panel **NOTED** the contents of this paper.

6. Change Report

Purpose: For Information

- 6.1. The Panel considered the Change Report that covered the change activity which occurred between 13 June 2018 and 10 July 2018 on in-flight Change Proposals.
- 6.2. Some Panel Members expressed concern few changes had been raised for inclusion in CMOS Release 6.0 (scheduled for Spring 2019). MOSL noted the time for Trading Parties to raise and consider changes for inclusion in the Spring 2019 release was running short and undertook to review the current pipeline of change to determine if any further CMOS impacting changes could be brought forward for consideration by the Panel in time to meet the October gate closure.
- 6.3. The Panel **NOTED** the contents of this paper.

7. Panel Meeting Dates 2019

Purpose: For Decision

- 7.1. The Panel considered a paper that set out the proposed meeting dates for the Panel in 2019 and agreed to change the meeting date in July from 30 July 2019 to 23 July 2019.



7.2. The Panel:

- **AGREED** to the proposed meeting dates outlined in this paper, subject to amending the July meeting date to 23 July 2018; and
- **NOTED** that once agreed these meeting dates will be published on the Panel webpage.

8. Market Performance Operating Plan (MPOP)

Purpose: For Discussion

- 8.1. MOSL provided a presentation to the Panel on the MPOP which included the priorities and planned approach to market improvement for 2018/19 and beyond.
- 8.2. MOSL informed the Panel of discussions at the User Forum on 19 July 2018. User Forum attendees noted that the MPOP was a working draft and it was intended to keep this under regular review to allow for consideration of new issues. User Forum attendees acknowledged the short consultation window of one week was set out on this basis and in order to minimise any delay to its implementation.
- 8.3. Panel Members expressed concern that only a week had been provided to consult on the MPOP, given that its contents had not been consulted on previously. A Panel Member suggested that an additional consultation on the MPOP be opened in September to allow further comments in line with Trading Parties business planning cycles and following the completion of some early milestones.
- 8.4. Panel Members also provided comments on the significance of issues in the document, which MOSL noted were based on initial thinking and that these would be reviewed again once more evidence was gathered and further analysis was undertaken through delivery of the plan.
- 8.5. A Panel Member felt that there should be further activities identified in the MPOP to address inconsistencies across the market codes in relation to post-RF settlement and invoicing.
- 8.6. Panel Members stressed that a dedicated project should be considered to address issues contributing to the need for the RF deerral proposal. Panel Members noted that improvements to RF settlement, and particularly accuracy of the estimated G reads, should be a priority and that MOSL should engage, as a matter of urgency, with some Trading Parties to assist the formulation of the project approach. MOSL confirmed that the plan made provision for a settlement dashboard in order to achieve this.
- 8.7. The Chair summarised the discussions and highlighted that the Panel agreed on 3 main areas:
 1. Trading Parties should be given further opportunity to provide comments on the MPOP with a more considered view in the Autumn, but priority work should still continue.
 2. MOSL communications with the industry should highlight that the MPOP is organic and that there will be opportunity to revise and update it, as well as any governance arrangements to support this process.
 3. It would be beneficial to identify a number of early milestones and deliverables, so that these targets can be used to establish confidence in MOSL's ability to deliver the plan.

ACTION 21_04



8.8. The Panel:

- **NOTED** and **COMMENTED** on the Market Performance Operating Plan

9. Approach to Rectification Plans

Purpose: For information

- 9.1. MOSL outlined its approach to managing rectification plans, with particular emphasis on those relating to the volume of estimation occurring in the final settlement runs. MOSL confirmed that the slides would be circulated to Panel Members following the meeting.

10. Initial Report: CPW038 – Tariff Report Updates

Purpose: For Decision

- 10.1. The Panel considered a Change Proposal that sought to add Tariff Standing Data to the Tariffs Report and display only applicable Charging Elements. The change also sought to make a small number of clarificatory amendments to the report.
- 10.2. The Panel agreed with the recommended rationale for the Change Proposal which stated it would further facilitate the objectives and principles of Efficiency, Transparency, Simplicity, Cost-effectiveness and Security.
- 10.3. The Panel:
- Unanimously **AGREED** to recommend implementation of CPW038 to the Authority for approval;
 - Unanimously **AGREED** the recommended implementation date of:
 - 17 May 2019 if Authority approval is received by 28 September 2018; or
 - September 2019 if Authority approval is received after 28 September 2018.

11. Credit Committee Terms of Reference and Workplan

Purpose: For Decision

- 11.1. The Panel reviewed the draft Terms of Reference (ToR) for a new Credit Committee to be established, to address proposals arising from the KPMG and Ofwat review of the market codes credit arrangements.
- 11.2. One Panel Member suggested that the scope of the Committee be extended to consider, for example, where a Retailer may obtain an unfair advantage and potential implications, including where a Retailer may seek advance payment terms.
- 11.3. The Panel agreed that Adam Richardson should be appointed as the chair of Credit Committee and that Richard Moore be appointed as the Panel's Sponsor for the committee. The Panel requested the detail of the ToR relating to the scope of work and the composition of the Committee be discussed with the Panel Sponsor. This review should clarify whether the scope of the work extends past the recommendations from Ofwat in the credit review.



11.4. The Panel agreed for the Panel Secretariat to begin the process of seeking member nominations for the Credit Committee.

11.5. The Panel:

- Unanimously **AGREED** to [commence with member nominations](#); and
- **DEFERRED** agreement of the Terms of Reference to allow for further consideration at a subsequent meeting.

12. Market Audit MO Compliance End of Year Report

Purpose: For information

12.1. PwC provided a presentation the End of Year Market Operator (MO) compliance report, completed as part of the market audit.

12.2. Panel Members noted the report.

12.3. MOSL highlighted that it was considering a range of Change Proposals which may be brought to the Panel to address some of the areas of non-compliance.

12.4. MOSL also provided an update on Progress of Disaster Recovery and Business Continuity testing, confirming that tests had been conducted in recent weeks. The tests had gone well and the lessons learned would be folded into plans going forward and future tests.

13. Market Audit Approach 2018/19

Purpose: For information

13.1. PwC presented its proposed approach to the Market Audit for 2018/19.

13.2. PwC noted that the meeting with a subgroup of Panel Members held on 19 July had been very helpful in shaping its approach.

13.3. Panel Members acknowledged that it would be important for MOSL to co-ordinate consideration of the issues arising in the MPOP with the work of the Auditor but that it was essential the Auditor remained independent.

13.4. Panel Members also asked how PwC intended to consider the 6 priority themes from the previous Market Audit. PwC confirmed that these matters would be considered in the forthcoming work and that it would make this clearer in the approach document.

13.5. The Panel agreed that a Panel sub-group be formed to work with PwC and MOSL to help inform the Market Audit process. TN and EW volunteered to take part in such a group.

ACTION 21_05



14. Update on G Read Deletion and Associated Governance

Purpose: For Decision

- 14.1. The Panel considered MOSL's approach to deleting G-reads in the shadow period and the extent to which provisions should be explored for governing the deletion of G-reads in the live market.
- 14.2. MOSL confirmed that it would build a schedule to delete shadow G reads which would be prioritised to occur out of hours, in order to limit the impact on business as usual operations.
- 14.3. A Panel Member voiced their support for the approach proposed by MOSL and highlighted that currently shadow market G reads were blocking resolution actions which might mean that Trading Parties were incurring Market Performance Standard charges.
- 14.4. Panel Members expressed concerns that there may be issues with enabling G read deletions that needed to be explored, for example what happened in the event that a Trading Party changes a G read inappropriately. MOSL explained that the proposed approach would mean that an audit trail and change history would be created and that transparency of amendments would be provided through normal transaction processing. Further, MOSL would be required to monitor amendments made by Trading Parties.
- 14.5. The Panel:
 - Unanimously **ENDORSED** MOSL's approach to removing G-reads in the shadow period;
 - Unanimously **AGREED** that MOSL progress a consultation on a Draft Change Proposal relating to G-read deletion and its governance in the live market; and
 - Unanimously **AGREED** that, subject to Ofwat's determinations on CPW039 as outlined in this paper, the Panel will meet in mid-August to consider recommending this Draft CP to Ofwat.

15. Any Other Business (AOB)

Purpose: For Information

- 15.1. There was no further business and the Chair concluded the meeting.

Actions:

ACTION 21_01 MOSL to provide a further briefing Paper to the Panel on the MPS defect.

ACTION 21_02 Panel Secretariat to discuss with MH and EW the governance of system releases and provide an update at the September Panel meeting.

ACTION 21_03 MOSL to Circulate lessons learnt from interim supply process simulations that took place between Ofwat and MOSL

ACTION 21_04 MOSL to provide an update on the progress against early high priority items in the MPOP at the Panel meeting in September.



ACTION 21_05 Panel Secretariat to establish a Panel sub-group to meet regularly to discuss the Market Audit approach with MOSL and PwC.

The next Panel meeting is scheduled for: **28 August 2018, 10:30 – 15:30, at:**

ETC Venues

8 Fenchurch Place

London

EC3M 4PB

The nearest tube stations are Monument, Bank and London Bridge.