



Minutes of the Market Performance Committee

Meeting 16

25th July 2018 | 10:30 – 15:30
Held at Fenchurch Place,

Status of the Minutes: FINAL

MEMBERS PRESENT

Nigel Sisman	NS	Independent Chair	Katy Spackman	KS	Retailer Committee Member
Mike Brindle	MB	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Claire Yeates	CY	Retailer Committee Member	Trevor Nelson	TN	Retailer Committee Member
Don Maher	DM	Wholesaler Committee Member	Jessica McIninch	JM	Alternate Wholesaler Committee Member
Natalie Round	NR	Wholesaler Committee Member			

OTHER ATTENDEES

Stephen Beddoes	SBd	Ofwat Observer	Katie Trehwella	KT	MPC Secretary
Steve Arthur	SA	MOSL representative	Gladys Sowete	MS	MOSL representative
Mike Robertson	MR	MOSL representative	Tahir Noor	TN	MOSL representative

APOLOGIES

Simon Bennett	SBe	Wholesaler Committee Member			
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1. Welcome and Introductions

Purpose: For Information

- 1.1. The Chair began by welcoming the members of the Market Performance Committee and introductions around the room.

2. Minutes and Outstanding Actions

Purpose: For Decision

- 2.1. The Committee discussed the minutes from MPC 14, MPC 14b and MPC15.
 - 2.1.1. The Committee agreed the minutes from MPC 14 and MPC 14b.
 - 2.1.2. A Member requested that comments regarding the possible use of external consultants to aid with the CPM008 proposal be reflected in the minutes for MPC 15.
 - 2.1.3. The Chair noted matter of substance under in MPC15 2.4 (MPC ToR). The Committee agreed to revisit these at the next MPC meeting with the aim of taking to Panel in September. The Chair also requested that the comment on exception reporting in MOSL Compliance where covered in CSD0002 and omitted from MO Compliance report. MOSL took an action to confirm the APIs the MPC have previously agreed to look at.

A16_01

A16_02

- 2.1.4. The Chair agreed to discuss with MOSL if and how a headline report should be implemented.
- 2.1.5. Committee members raised concerns with the format and scope of the minutes and requested clearer highlighting of decisions made along with the relevant reasons for each decisions noted..
- 2.1.6. MOSL requested that it is made clear within the meeting when decisions are taken by the Committee.
- 2.1.7. A member suggested that draft minutes could be put on an MPC SharePoint, for easier review of recent notes and greater visibility of historic minutes. MOSL agreed to implement this before the next MPC meeting.

A16_03

- 2.2. The Committee agreed to leave A14_06 open and extend the deadline to MPC 17.
- 2.3. The Committee agreed to leave A14_07 open and extend the deadline to MPC 17.
- 2.4. The Committee agreed to close A15_03.
- 2.5. The Committee agreed to close A15_04
- 2.6. The Committee agreed to close A15_05



3. Market Performance Reporting, including MPS, OPS and APIs

Purpose: For Discussion

- 3.1. MOSL presented the MPS and OPS performance data for the month of June along with an update on Performance Resolution
- 3.2. A Member suggested the addition of a status column on where Trading Parties were in the performance resolution process. MOSL agreed to add this in future but noted that as this is the first month to assess against criteria, all Trading Parties who had breached the threshold would only be in the information-gathering stage.

A16_04
- 3.3. MOSL suggested a move to presenting on exception and high-level themes, with an appendix of the full data in the presentation and/or on the new Sharepoint site. MOSL agreed to consider how they could best get a salient proposal back to the MPC, with the meetings focused on oversight of the most important issues.
- 3.4. A member raised whether validation issues could be contributing to lower meter read submissions for some Trading Parties and noted that the ORWG had recently presented on validation rates after a recent code change. The member queried if validation rates have increased and MOSL agreed to confirm and issue a reply at the next meeting.

A16_05
- 3.5. Concerns were raised by some of the members regarding the display in some of the MPS graphs. It was requested that new chart types are used for some graphs and that clearer labels axis are shown. The Chair requested the total monthly capped MPS charges paid is shown at each meeting so that the Committee could consider as part of on-going work on caps and redistribution.

A16_06
- 3.6. The Committee discussed the proportion of estimated and no transfer reads, and the effect this could have on retailers and customers. The Committee noted that transfer reads are less important than cyclic in terms of volume, but they had a greater potential to cause negative effects for retailers and customers. MOSL noted that the issue of transfer reads is covered in the MPOP and will form part of the switching dashboard.
- 3.7. A member noted there might be value in a wider education piece to bring together the issues raised from the data with the experiences that Trading Parties are having. It was agreed that this would be a useful and that a slot would be provided at a future meeting.

4. Market Entry, Assurance and Reassurance

Purpose: For Information

- 4.1. MOSL presented the market entry, assurance and reassurance. MOSL advised that there have been two recent self-supply and two recent national retailer new entrants. This takes the number of Retailers to 28 national, 5 self-supply and 12 regional. MOSL also confirmed there are 7 companies currently in the market entry process.



- 4.2. A member queried whether the number of new entrants was in-line with MOSL expectations, noting experience from their own Trading Party who did not anticipate as high a level of new entrants at this stage in the market. MOSL noted that there has been market consolidation but to date limited levels of exit.
- 4.3. MOSL gave an update on a recent reassurance process of a Trading Party moving from LVI to HVI. A member questioned whether this can have an effect on a Trading Party's performance and suggested an analysis against MPS might be interesting.
- 4.4. A member asked how the process currently deals with any new entrants having significant issues, and whether escalation to the MPC would be required. MOSL confirmed that escalation is built into the MEA process, but that no Trading Parties have had issues to trigger this escalation as yet.
- 4.5. A member raised whether the MPC should have discussed potential effects of the CMOS 4.5 release on market performance and reassurance and also whether system changes automatically trigger reassurance. MOSL confirmed that this is managed through the release.
- 4.6. A member requested clarification on whether the MEA process had been updated post market opening and whether assurance required adjustment in light of emerging risks. MOSL confirmed that MEA process has not been updated to reflect emerging risks.
- 4.7. The Chair asked if MOSL could confirm the MPC's code obligations with respect to MEA.

A16_07

5. MO Compliance

Purpose: For Information

- 5.1. MOSL presented the quarterly compliance and ran through the areas of current non-compliance and how these are being addressed. It was noted that the report has been modified and the total number of obligations has now increased.
- 5.2. The Committee requested clarity on non-compliant obligations where CGI is/is not charging.
- 5.3. A member raised that Trading Parties are supposed to have access to seven months of MDS, and clarity on the rationale for code change in question.
- 5.4. A member requested clarification in relation to interface design specifically around Jaspersoft Reporting and noted that reporting functionality in the market is limited and should be addressed before 2019. It was also agreed that Jaspersoft was a tool rather than the wording on the compliance report would be updated to reflect the non-compliance of reporting rather than the specific tool.
- 5.5. A member sought clarification in relation to Data Transactions and Validations and noted that the proposed changes would not affect timescales as outlined in CSD002 Market Performance Framework
- 5.6. The Committee requested further information on the defect log and work-around, to assess if this should be included as part of MO compliance.

A16_08



5.7. Feedback was given on the presentation's clarity and how easy it was to understand.

6. MPOP and Priorities

Purpose: For Discussion

- 6.1. MOSL presented the draft finalised MPOP, subject to feedback from Trading Parties. MOSL confirmed that Panel had also reviewed the document and provided feedback at the Panel meeting the previous day. MOSL also highlighted that the MPOP was designed to tie in with the two-year panel plan.
- 6.2. The Committee raised concerns about the resources available to deliver the plan for the specified timeframes, particularly with respect the number of areas that have been assigned to MPC governance. The Committee discussed whether the MPC's future work plan was fully covered in the MPOP, or whether there were still additional material projects the MPC will need to undertake alongside those in the MPOP. It was largely agreed that the MPOP covered all main projects, with the remainder being oversight of processes and exception insight when required'.
- 6.3. A member queried whether the 'lack of incentives for Wholesalers to fix data' was necessary as a standalone item, or whether this would be covered as part of the MPS review. The Committee agreed that the likely solution for this was not planned to form part of the MPS review and would require a separate approach.
- 6.4. A member sought clarification on the ownership of credit arrangements and noted that it was not clear whether it was Ofwat or MOSL who ultimately owned credit arrangements. It was also noted that Ofwat's previous workshop identified that broadly the credit arrangements were fit for purpose.
- 6.5. The Committee discussed how RF, and the current concerns around it, will feed into the MPOP. MOSL noted that the core components of RF are reflected in the Settlement plan and that it will look to use this information to quickly start looking at data rectification plans. The Committee noted that they will be need to agree these plans and provide oversight and a member raised the urgency of defining what resolution will look like in practice. MOSL also noted that this work will be starting with immediate effect and it was their expectation to be able to provide an update in 3m which can help with the Panel decision on whether to end the deferral period (assuming the acceptance of CPW039 proposal by Ofwat).
- 6.6. MOSL noted that whilst the plan takes a market-wide view, there is an acceptance that not all Trading Parties will require the same scope of detail in a rectification plan. Where effective to do so, the MPOP leaves room to address Trading Parties according to the nature of their own issue, and this should contribute to a greater improvement on a market wide level. MOSL stated that many Trading Parties are already undertaking their own work on data rectification and the best starting point is to work with them on this.
- 6.7. A member highlighted the issue of limited number of meter-reading providers and that this could be contributing to or limiting speedy resolution of data problems as well as MPS performance issues. However, the scale of this has not been properly assessed and might be worth considering should initial plans not prove as fruitful as hoped.
- 6.8. A member requested that an overview of the performance of each Trading Party in their rectification plan be presented at each Committee meeting. The member suggested the use of use of colour-codes or arrows against each stage.
- 6.9. A member suggested that a smaller subgroup focused on data rectification might prove more efficient. It was suggested this could take the form of a project team over first three months "phase 1" to develop a full fleshed-



out plan followed by a nine-month delivery. It was also highlighted that the group should draw on contribution from a wide range of Trading Parties to better ascertain the differing circumstances faced – with the possible use of analytics to target the right Trading Parties.

- 6.10. A member raised the problem of resourcing constraints for a lot of Trading Parties in providing the commitments needed, either to be involved in the sub-group for the development of data plans.
- 6.11. A member raised a concern over how new priority issues would be dealt with under the MPOP plan, and whether there was a system in place for identifying which current issues would be delayed in favour of any emergent ones. The member suggested that MOSL should provide a public log of the ranking of issues. Other Committee members raised concerns over the visibility of the Market Issues log, and how MOSL had assessed priority standards. MOSL agreed to look into making the Market Issues log more visible.
- 6.12. The Committee raised a broader concern on their governance of data issues. Whilst members did not disagree that data quality falls under the remit of the MPC, there were queries raised as to how the Committee should 'subcontract- out' work and the following oversight of this.
- 6.13. The Chair relayed that the Panel Chair has requested short, sharp deliverables on priority actions items from the MPC.
- 6.14. MOSL agreed that to develop a project plan for the RF work, starting with settlement. MOSL agreed to provide an update at MPC 17. A member noted that MOSL might find it more effective to start working closely with Trading Parties at the offset, and in turn this could improve the efficiency of the discussion at the Committee meetings. MOSL confirmed that PFMs will begin these discussions immediately, with a focus on the higher priority Trading Parties.
- 6.15. MOSL **agreed** to develop a socialised plan of priority SPIDS causing the most effect on settlement and include in this plan a strategy for insight, engagement and routes to resolution Trading Parties most affected

A16_09

- 6.16. The Committee noted broad support for the MPOP, subject to comments made in discussion.

7. CPM008 – Redistribution of MPS charges work allocation

Purpose: For Decision

- 7.1. The Chair noted a clear steer from Ofwat on improving the link between performance and redistribution outcome, whether this is achieved through no redistribution or an alternative mechanism formula. The Chair noted that no redistribution will need to form one of the four options discussed.
- 7.2. The Committee voted on whether they agreed with principle of a Trading Party being returned more on redistribution than paid in. The majority agreed with this statement, although most of this group also agreed there should be some form of caveats. Two members did not agree with this statement.
- 7.3. The Chair noted a paper received from the UK Water Retail Council regarding redistribution and suggested inviting representation to further discuss the proposal – although the MPC noted this was not likely to be at the next meeting due to time constraints.
- 7.4. The Committee **agreed** that there was merit in contacting UK Water Retail Council to ensure that the suggestion was understood and so it could be explored in the Committee's further work. The Chair agreed to contact UK Water Retail Council.



A16_10

- 7.5. The Committee noted KS's paper based upon the previous discussions about CPM008 and which complemented the relevant meeting record. A member raised concerns of the lack of feedback provided to the paper, including the draft proposal structure in that paper.
- 7.6. The Committee saw merit in consolidating the relevant material, and responding to Ofwat's requirements, in a paper for further discussion at MPC 17. The Committee also **noted** a draft consultation document might be needed to supplement this at a later stage and that the paper should be written with this requirement in mind.
- 7.7. MOSL suggested that Committee members write this paper. CY offered to work on this with the Chair to develop a paper for MPC17.

A16_11

8. OPS Charging Review

Purpose: For Decision

- 8.1. The OPSWG Chair outlined the papers that had been provided by the OPS Working Group and highlighted a number of questions that the Working Group needed feedback from the MPC on. He also highlighted that the speed of the group had meant some questions of finer detail have not been discussed, and that the group focused solely on the standardisation of the existing the framework – not reviewing the standards themselves. Such questions, that will need to be looked at in due course, include whether standards are measuring the 'right thing', whether standards are capturing outcome, and the treatment of outstanding tasks.
- 8.2. The OPSWG chair noted that the working group proposed to retain the counting of failure, and charging, on completion. Whilst the working group agree that the level of outstanding tasks, and lack of incentive to complete a task, is an issue they ultimately concluded that is not possible (to a high enough degree of accuracy) to include them in aggregated reporting. The working group believe that the end-goal for OPS will be to move to a transactional reporting system, in a similar vein to MPS, and in this event it will be possible and merited to review how performance is reported and how charges are levied.
- 8.3. Several Committee members noted the amount of work that had been done in the time frame provided and commended the group for the work done.
- 8.4. The Committee **agreed** with the principle of work provided in the documents and requested that the OPSWG provide a draft change proposal for the September meeting. This should include recommendations on consultation questions, a charging cap and TE measure(s).

A16_12

9. AOB and Confirmation of next meeting

Purpose: For Information

- 9.1. A member provided the activity levels of their Trading Party, with respect to the two Trade Effluent OPS measures proposed by the Trade Effluent Issues Committee.



Actions:

- A14_06** The Committee agreed to leave open, pending recommendation for the OPSWG
- A16_01** Committee to review the MPC Terms of Reference
- A16_02** MOSL to confirm API's previously agreed by MPC
- A16_03** MOSL to create MPC Sharepoint page
- A16_04** MOSL to provide additional information of the stage and issue for TPs in Performance Resolution process
- A16_05** MOSL to provide update on whether validation rates have increased
- A16_06** MOSL to review MPS graph content and presentation
- A16_07** MOSL to confirm MPC code obligations regarding Market Entry, Assurance and Reassurance
- A16_08** MOSL to provide further requested information on the defect and work around log
- A16_09** MOSL to provide socialised plan of priority SPIDs causing most effect on settlement and strategy for resolution
- A16_10** Chair to contact Uk Water Retail Council and feed in outcome to develop MPC paper.
- A16_11** Committee to provide draft CPM008 paper for discussion at MPC 17
- A16_12** OPSWG to deliver draft change proposal for MPC 18 (September)

There was no further business and the Chair closed the meeting.

The next MPC meeting is scheduled for: 29 August 2018

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