

MARKET OPERATOR SERVICES LIMITED

Minutes of a meeting of the board of directors held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG on 22 June 2016 at 1.00 p.m.

Present:	Andrew Pinder (AP)	Chairman
	Ben Jeffs (BJ)	Chief Executive Officer
	Margaret Beels (MB)	Independent Director
	Peter Bucks (PB)	Independent Director
	Peter Simpson (PS)	Undertaker Director
	John Reynolds (JR)	New Entrant Director
In attendance:	Steve Lyon (SL)	Finance Director
	Melanie Hughes	Addleshaw Goddard LLP

1 Preliminary

- 1.1 A quorum being present, the chairman declared the meeting open.
- 1.2 The chairman reminded those present that the meeting had been duly convened to consider and, if thought fit, approve certain proposals in relation to minutes of the last meeting, business progress update, finance report, sources of delay, back to amber, market entry assurance updates, audit committee update, data protection update, middleware updates and appointment of alternate directors.

2 Minutes of the last meeting and action log

- 2.1 The minutes of the last meeting were approved and it was noted that the open matters on the action log were to be discussed during the course of this meeting.

3 Business Progress update – including: Progress report update, CMOS update, Risk Register and Dashboard, Market Engagement Paper

- 3.1 The board noted and discussed the following in relation to the business progress update:
- 3.2 The board noted the re-escalation to the CGI Global COO through both the MOSL CEO and Chairman. The escalation was required to ensure the right management focus and drive to enable the UAT milestone on the 31 July.
- 3.3 The Board approved the decision to relocate all the MOSL User Acceptance Test team to Groningen working under direct control of Samir Rahim (MOSL IT Director) and Danny Niccolau (CGI) to implement the recovery plan. In order to preserve the 31 July plan 7 day working pattern was to be implemented.
- 3.4 The Board noted that the 31 July milestone would now be a UAT quality gate based on accepting the functionality that Market Participants will use and the Settlement Engine. The additional functionality required to enable MOSL to be able to operate in the live market being delivered and tested later.
- 3.5 The board noted concerns regarding the failure of CGI to fulfil obligations in exiting the settlement engine on 13 June and had now pushed back to 15 July. The board noted that in

order to escalate the seriousness of the issue, both BJ and AP had conversed with George Schindler at CGI who was now realising the potential implications of the delays.

3.6 BJ was advised to provide an update on progress to the board by 1st July with a board call if necessary on 4th July (**Action point BJ**)

3.7 The board discussed the risk register and dashboard noted that they both were in line with the current position.

3.8 The board noted that with regards to market engagement some of the smaller companies were not as engaged and that MOSL were working with them to gather more confidence.

3.9 The Board noted the additional workload that the Red programme status is requiring and the additional responsibilities MOSL had taken on to support the market participants. Management have been requested to review the sustainability of this and assess any impact of this further in September.

4 Audit committee

4.1 The Audit Committee provided an update to the Board on their earlier meeting. Including the Assurance approach for the second letter of assurance and review of the draft financial statements.

4.2 The Board that Chris Johns was welcome as a member of the audit committee to provide accounting experience.

5. Appointment of alternate directors

5.1 The board approved the appointment of Richard Moore as alternate director to John Reynolds and Heidi Mottram as alternate director to Peter Simpson with immediate effect.

6. Financial report

6.1 The Board discussed the financial report and explanations for variances to budget for the month of June 2016 were presented.

7 Sources of delay

7.1 The Board reviewed a paper setting out scenarios that might lead to a delay to the commencement of both the shadow and live market and noted the actions that MOSL were taking to mitigate those within its power. The Board also noted that MOSL was discussing this paper with the Open Water partners at a forthcoming contingency planning workshop and that a future workshop was being arranged through Water UK to do the same with undertakers.

7.2 It was agreed to complete a "horizon scanning" exercise alongside the Water UK workshop and report back to the Board to ensure completeness. (**Action point BJ/SL**)

8. Back to Amber

8.1 The board discussed the Back to Amber paper which outlined the factors which needed to be addressed in order to move the programme from red back to amber. The main focus surrounded the "should do" areas of work which would be good to have in place but aren't essential until market opening.

- 8.2 The Board discussed the additional activities that MOSL had assumed in progressing the programme and supporting members with their wider preparations (e.g. Data Protection, Privacy Impact Assessment, Trade Effluent, Planned and Unplanned Events workshops, Bi-laterals etc.) and asked management to consider how these could be highlighted to members in view of their budgetary implications.

John Reynolds left the meeting at 4pm (no longer quorate)

9. Market Entry Assurance

- 9.1 The board reviewed the content of the Market Entry Assurance board paper and noted that all appeared to be on track.

10. Data Protection

- 10.1 The board paper on Data Protection was discussed by the board, the main discussion surrounding the commission of the Privacy Impact Assessment. SL was asked to report back to the board with a paper to outline actions taken by MOSL. **(Action Point SL)**

11. Middleware note

- 11.1 The board noted that some Market Participants were underestimating the impact of poor middleware suppliers as they had manual workarounds in place. This was acceptable from an assurance perspective as it forms part of the self assessment. They will only need to declare mitigation processes if they are falling behind. A discussion surrounding whether MOSL need to intervene to escalate the issue was discussion and it was noted that MOSL's relationship is with the wholesaler not the middleware provided and that assurance needed to be sought from them **(Action point BJ/SL)**

12. Close of meeting

There being no further business the Chairman closed the meeting at 16.31pm

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Chairman