

Minutes of Panel Meeting 23

25 September 2018 | 10:30 – 16:00

MOSL Offices; 4th Floor; 16-18 Monument Street; London; EC3R 8AJ

Status of the Minutes: Final

MEMBERS PRESENT

Jim Keohane	JK	Chair	Nicola Smith (via teleconference)	NS	Panel Member (Unassociated Retailer)
Mike Brindle	MBr	Panel Member (Associated Retailer)	Dylan Freeman	DF	Panel Member (Wholesaler)
Kirstie King	KK	Alternate Panel Member (Associated Retailer)	Mark Holloway	MH	Panel Member (Wholesaler)
Wendy Monk	WM	Panel Member (Associated Retailer)	Howard Smith	HS	Panel Member (Wholesaler)
Helyn Mensah	HM	Panel Member (Independent)	Chris Scoggins	CS	Affiliated Panel Member (MOSL)
Nigel Sisman	NSi	Panel Member (Independent)	Dan Mason	DM	Affiliated Panel Member (Ofwat)
Elsa Wye	EW	Panel Member (Independent)	Christina Blackwell	CB	Affiliated Panel Member (CCWater)
Peter Strain	PS	Alternate Panel Member (Unassociated Retailer)	Adam Richardson	AR	Panel Secretary
Trevor Nelson	TN	Panel Member (Unassociated Retailer)			

OTHER ATTENDEES

Elliot Bird	EB	Meeting Secretary	David Edward	DE	Presenter (MOSL)
Rebecca Mottram	RM	Presenter (MOSL)	Stephen Winnie	SW	Presenter (MOSL)
Steve Arthur	SA	Presenter (MOSL)	Stephen Beddoes	SB	Presenter (Ofwat)
Mihai Ciurba	MC	Presenter (MOSL)	Emily Bulman	EB	Presenter (Ofwat)
Abu Rashid	ARa	Presenter (MOSL)	Antoine Schmidt	N/A	Observer (Thames Water)
Emma Taylor	ET	Presenter (MOSL)	Graham Pontin	N/A	Observer (Ofwat)
Samir Rahim	SR	Presenter (MOSL)	John Vinson	N/A	Observer (Independent)

APOLOGIES

Simon Wilshire	Panel Member (Associated Retailer)
Richard Moore	Panel Member (Unassociated Retailer)



1. Welcome and Introductions

- 1.1. The Chair welcomed Panel Members to the meeting of the Panel.
- 1.2. The Chair passed on the apologies of Simon Wilshire and Richard Moore who were unable to attend the meeting.
- 1.3. The Chair also welcomed Kirstie King and Peter Strain to the meeting, who were attending as alternates for Simon Wilshire and Richard Moore respectively.

2. Minutes and Outstanding Actions

2.1. Minutes

- 2.2. The Panel agreed to the accuracy of the minutes from previous meetings ([meeting 21a](#) and [meeting 22](#)), subject to a minor amendment, following an update by the Panel Secretariat.

2.3. Actions

- 2.4. The Panel agreed to close 4 actions: **A17_02, A21_02, A22_01, A22_02**.
- 2.5. The Panel Secretariat also highlighted that the [Market issues log publication](#) for action **A20_04** will be coordinated with the publication of the new version of the MPOP, which was expected to be next week.

3. Update from Ofwat

- 3.1. Dan Mason (DM) provided an update on activity of Ofwat, including:
 - the publication a series of code change decisions:
 - [CPW025 'Extending TCORR Functionality for Inactive data items'](#)
 - [CPW035 'F01 Form Amendments'](#)
 - [CPW037 'Removing the Error Codes list from CSD0301'](#)
 - [CPW038 'Tariff Report Updates'](#),
 - [CPW039 'Deferral of Final Settlement Runs'](#)
 - [CPW040 'Changes to the Contents of the NAPS Report'](#).
 - A [consultation on simplification to water supply](#) licenses (published on 19 September 2018).
 - DM reported that Emma Kelso on behalf of Ofwat wrote to Wholesalers and Associated Retailers on credit and parent company guarantees to clarify the requirements of competition law and request a self-assessment.
 - A consultation on the Wholesaler service levels being received by Retailers would conclude by the end of October 2018.



- 3.2. Panel Members requested clarity on how investigations into Retailers forcing customers onto pre-payment terms were progressing, which DM confirmed that the approach towards this investigation was currently being reviewed through Ofwat's internal governance process.
- 3.3. Panel Members also requested further clarity on Ofwat's work around clarifying inconsistency in the market codes for CPW039 'deferral of final settlement runs' Ofwat reported that it was currently working through the options for resolution and determining whether there will be any long-term work to do. DM also indicated that Ofwat aimed to consult on this towards the end of October 2018.

4. New Connections Update from Ofwat

- 4.1. Presenters from Ofwat provided a presentation on work being undertaken to review the arrangements for Developer Services in the market codes which are currently suspended until April 2020.
- 4.2. Due to discrepancies in how Developer Services are regulated, Ofwat indicated it was considering progressing an accelerated piece of work which may propose an early reintroduction of the market codes elements that have been suspended. This was because the new connection charging rules allow Ofwat to make determinations on disputes, but only in the case that a Retailer is involved.
- 4.3. A Panel Member requested clarity from Ofwat on the policy intent of Retailers' role in the market, as current primary legislation allowed developers to request a new connection directly from a Wholesaler. Ofwat confirmed that the intention was still for developers to be able to contact a Wholesaler directly but choosing to go through a Retailer would allow further protection through the regulatory framework.
- 4.4. Another Panel Member highlighted that Retailers were already able to provide this service and were not doing so, therefore it could be assumed that it is not commercially attractive to do so.
- 4.5. A Panel Member advised that they understood the skill requirement to provide the service to be a potential barrier to entry, especially when the available returns may be limited. They highlighted this as an issue in the Scottish market, where it is required to contact a Retailer for Developer Services instead of the Wholesaler.
- 4.6. A Panel Member raised concerns that introducing the suspended sections of Part A could lead to a deterioration in services offered, because Wholesalers may reduce their resources in response to demand.
- 4.7. Some Panel Members raised feedback they had received from developers, noting that the current arrangements were working well. In addition, if Wholesalers are providing new connections services at a cost, then it does not seem possible for Retailers to earn a margin on the service.
- 4.8. Ofwat thanked Panel Members for their input and indicated that it intended to host a call between Ofwat, Defra and Panel Members to continue discussions. Ofwat highlighted that it would be looking for volunteers from the Panel to take part in this discussion.



5. Update from MOSL

5.1. Chris Scoggins (CS) provided an update on the activities of MOSL since the previous Panel meeting which included:

- The election of the MOSL Board Members for both Associated and Unassociated Retailers, who were Andy Hughes of Water Plus and Josh Gill CEO of Everflow
- The development of the MOSL Business Plan for 2019-2020, including the relocation to Southampton and activities towards market improvement and bilaterals. This was intended to be circulated in November for a December vote
- The scope of the market audit which was being discussed and negotiated with PwC
- Feedback from the CEO survey which was being collated but was broadly positive, but highlighted that Trading Parties are keen to see changes progress more quickly
- The Annual CEO forum which was planned for the 17 October 2018
- The MPOP dashboards being issued as well as plans to issue the Market Issues Register over the next month. It was also highlighted that MOSL would receive rectification and data improvement plans from Trading Parties over the next few weeks.
- The upcoming quarterly meeting with Ofwat and Defra which would be discussing market improvement
- The Market Entry pipeline, which had seen its first multi-utility entrant and a number of potential new entrants who had been considering the application process
- The lease for the MOSL offices in Southampton being agreed as well as the layout and fitout, which would be commencing that week. The Panel was invited to meet in Southampton for its December and January meetings as a trial run for future meetings.

5.2. Panel Members raised concerns that they had not been requested to provide a decision on where they wished to meet following MOSL's move to Southampton, as was set out in the Market Arrangements Code (MAC). They highlighted that the Panel could possibly have a closed meeting without MOSL representation to make the decision, and the discretion of the Panel should not be fettered by agreeing the budget early. Other Panel Members suggested that the Panel should be meeting in London until the Panel agreed otherwise, and meeting location should not be agreed ahead of appointing the new Panel in 2019-20.

5.3. The Panel requested that MOSL provide a statement of the cost implications of hosting Panel meetings outside of the Southampton office.

ACTION 23_01

5.4. MH also agreed to consult with Panel Members to understand their views in relation to meeting locations.

ACTION 23_02



6. Monthly Committee Update

- 6.1. The Panel noted the report on the Market Performance Committee (MPC).
- 6.2. Elsa Wye (EW), as Chair of the Trading Disputes Committee (TDC), explained that the Committee had met in the previous week and agreed to separate elements of its Change Proposal in development into 2 separate changes.
- 6.3. Adam Richardson (AR) also highlighted that the Trade Effluent Issues Committee (TEIC) would be bringing a Change Proposal on Wholesaler meter networks to the October or November Panel meetings, depending on subsequent Committee discussions.

7. Change Report

- 7.1. The update on the Change Report highlighted that MOSL had received Authority decisions on 6 Change Proposals since the previous Panel meeting (as detailed in Section 3), and that 2 new changes had been added to the change pipeline.
- 7.2. MOSL confirmed that a slightly amended Change Proposal on the governance of G-reads could be brought to the Panel in October or November.
- 7.3. A Panel Member suggested that, given feedback CS had received from company CEO's that the change process is not quick enough, an education piece could be presented to them at the upcoming CEO event. CS agreed to investigate the possibility of this.

8. Draft Recommendation Report: CPW042 – Provision of adding Re-read flag into the MDS Meter Reads file

- 8.1. The Panel considered a Change Proposal to the contents of the Market Dataset (MDS) Meter Reads Report, to aid trading parties in distinguishing issues with reads stated on this report.
- 8.2. MOSL reported that the change had been circulated in a request for information (RFI) and that had been met with almost unanimous agreement, with 1 disagreeing respondent who suggested the scope of the change be wider to cover other important features.
- 8.3. One Panel Member highlighted that the detailed responses from Trading Parties contained more than just one Trading Party feedbacking that the change could be extended and queried whether it would be possible to include the additional elements suggested in these responses. MOSL explained that it would not be possible to introduce these new items, as the gate closure date for the upcoming CMOS release was imminent and there had not been an assessment of these additional elements (both in terms of development of the reports and impacts on Trading Parties where they may have automated report processing).
- 8.4. The Panel recognised the concerns raised by MOSL and agreed that it was a risk to try and introduce additional elements at this late point in the process without industry review.
- 8.5. The Panel:



- Unanimously **AGREED** to recommend implementation of CPW042 to the Authority for approval; and
- Unanimously **AGREED** the recommended implementation date of:
 - 17 May 2019 if Authority approval is received by 31 October 2018; or
 - 8 November 2019 if Authority approval is received by 30 April 2019.

9. [Draft Recommendation Report: CPW043 – Drafting Clarifications for CPW028](#)

- 9.1. The Panel considered a Change Proposal that aimed to provide clarification on certain market code documents following approval of CPW028 'Unpaired SPIDs'.
- 9.2. MOSL highlighted that none of the proposed changes were material or were system impacting, except for a change to the length of a data item which has already been communicated to Trading Parties through the XSDs¹.
- 9.3. MOSL also explained that it had been in contact with the proposer of CPW028 to describe the proposed solution and the proposer had agreed with the proposal.
- 9.4. Panel Members queried whether MOSL was intending to make it mandatory for Trading Parties to populate the fields added in CPW028 or whether the added functionality was optional. MOSL explained that it had not mandated this population but had already been working with some Trading Parties to populate the fields prior to the release so they can be updated with the release.
- 9.5. Panel Members queried whether there had been any improvements in the number of Unpaired SPIDs, since CPW028 was first discussed. MOSL informed the Panel that some improvement had been observed but this additional functionality should help improve the speed of these improvements and that it will continue to be monitored as part of data improvement work in the MPOP.
- 9.6. The Panel:
 - Unanimously **AGREED** to recommend implementation of CPW043 to the Authority for approval; and
 - Unanimously **AGREED** the recommended implementation date of:
 - 26 October 2018 if Authority approval is received by 24 October 2018; or
 - 3 December 2018, if Authority approval is received by 29 November 2018.

The XSDs describe all Data Items and all the Data Transactions which CMOS receives from and sends to Trading Parties and represents the technical interface specifications for Trading Parties to connect their systems to CMOS.



10. Draft Recommendation Report: CPW044 – Aligning the codes with market use of digital certificates

- 10.1. The Panel considered a Change Proposal to make changes to two Code Subsidiary Documents (CSDs), clarifying how digital certificates and public keys are handled by Trading Parties and the Market Operator.
- 10.2. MOSL explained that currently the content of the market codes does not align with market operation in provision of reports, and that instead MOSL operates a different method to achieve its obligation which is more secure and in line with data protection best practice. As the change reflected current market operation there would be no impacts on MOSL or Trading Parties.
- 10.3. Panel noted MOSL's summary but queried why the change had taken so long to come forward when MOSL had been aware of the inconsistency for a long time. MOSL explained that these changes had been deprioritised to focus on changes raised by Trading Parties.
- 10.4. The Panel:
 - Unanimously **AGREED** to recommend implementation of CPW043 to the Authority for approval; and
 - Unanimously **AGREED** the recommended implementation date of:
 - 3 December 2018, if Authority approval is received by 23 November 2018; or
 - 29 March 2019, if Authority approval is received by 22 March 2019.

11. Draft Recommendation Report: CPW045 – Service Management Interface updates

- 11.1. The Panel considered a Change Proposal that sought to make updates to the Service Management Interface to ensure alignment between the existing systems and solutions provided by the Market Operator and those described in the market codes.
- 11.2. MOSL confirmed that the current service management solutions were secure and that to provide the service management interface as described in the market codes would require the development of a revised interface and extensive reworking of a large number of processes.
- 11.3. The Panel:
 - Unanimously **AGREED** to recommend implementation of CPW045 to the Authority for approval; and
 - Unanimously **AGREED** the recommended implementation date of:
 - 3 December 2018, if Authority approval is received by 23 November 2018; or
 - 29 March 2019, if Authority approval is received by 22 March 2019.



12. Market Performance Update

- 12.1. Steve Arthur (SA) provided a monthly update to the Panel on the activities taking place as part of the MPOP. This included:
- Operational Performance Standards review work was on target to be implemented by the start of the next regulatory year
 - Work from the Credit and the TEIC Committee was on target with the MPOP's workplan
 - Work on bilaterals was on target with MPOP's workplan and an update would be provided as a later agenda item
 - The deadlines and dates for publication of the initial dashboards and subsequent submission of data improvement plans had changed slightly to align with future monthly updates
 - Early feedback of data improvement plans received to be provided to Panel and MPC in October
 - The work on the criteria for a reinstatement of RF was no longer taking place, given the proposed reinstatement date provided by Ofwat
 - Workshops that had taken place at the September User Forum to identify operational issues in attempting data improvement.
- 12.2. One Panel Member raised concerns that, without work taking place to identify the criteria for reinstatement of RF, there will not be a definitive target for industry data improvement or what a good final reconciliation would be. Other Panel Members disagreed. They observed that, in light of Ofwat's decision on [CPW039 'Deferral of Final Settlement Runs'](#), there was no longer a need for criteria in determining the reinstatement of RF. The Panel noted it should be clear what improvements can be achieved after Trading Party data improvement plans were received.
- 12.3. Another Panel Member also suggested that SA could amend section B of the template for data improvement plans to allow Trading Parties to provide granular detailed information of work they will be undertaking, as there is a risk that they may not provide the detail required in the space provided. SA agreed that he would not want to prevent Trading Parties ability to provide further details.
- 12.4. Panel Members expressed the importance of the Market Performance team engaging with Trading Parties to understand their challenges and identify credible plans to remove these risks.

13. Updated Market Performance Committee Terms of Reference

- 13.1. The Panel considered proposed revisions to the Terms of Reference for the Market Performance Committee (MPC).
- 13.2. NS reported the group's discussion on the tenure of Committee Members and explained that they agreed the term should be 2 years, in line with, and co-incident with, the Panel. MPC also noted that Panel shall decide upon a replacement in the event of resignation for the remaining period until the re-appointment of the (entire) Committee.



- 13.3. NS also highlighted that the Committee recommended that the appointments are made well before the existing Committee's tenure comes to an end. This would ensure that the new members could attend meetings to ensure new members are fully up to speed at the commencement of their tenure. The MPC noted the challenge of producing papers within the monthly schedule. Whilst a ten-day notice of papers is preferred the Committee noted that a shorter five-day notice would be considered acceptable when such reduced timescale was necessary, or where the quality of papers might be materially enhanced. In rare circumstances, later papers might be considered but this would occur only at the discretion of the Committee.
- 13.4. A Panel Member suggested that it would be sensible to not review Panel and MPC memberships at the same time, and there should be a planning piece in how nominations for Panel and Committees may be staggered.

ACTION 23_03

13.5. The Panel:

- **AGREED** the amendments to the MPC's Terms of Reference.

14. [Finalised Panel Plan 2018-19](#)

- 14.1. The Panel considered an updated version of Panel Plan as proposed by the Panel Sub-Group following Trading Party feedback received via a RFI.
- 14.2. The Panel Secretariat suggested that the Panel hold a strategy day in January 2019 which could include the first 6-month review of the Panel Plan. This suggestion was agreed by the Panel.
- 14.3. A Panel Member expressed concern that the Panel Plan was describing a Panel commitment to deliver a technical solution to bilaterals, which was not yet agreed by Panel Members. Other Panel Members disagreed with this assessment, highlighting that the comment specified the Panel would 'be kept up to date' with the work being done by the Market Operator, supported by the Digital Strategy Committee (DSC), to explore and develop technical and process solutions to better facilitate bilateral processes.
- 14.4. The Panel agreed to ensure it was clear the Panel were not committing to developing and implementing a solution.
- 14.5. The Panel:
- **AGREED** the amendments to the Panel Plan as proposed by the Panel Sub-Group; and
 - **NOTED** that the finalised Panel Plan will be published on the MOSL website.

15. [Bilaterals Update](#)

- 15.1. Samir Rahim (SR) provided an update on the work of MOSL and the DSC in relation to bilaterals. This update included:
- The RFI to understand the cost of a technical solution had concluded



- Trading Party engagement had taken place and the first phase had been concluded
- The MOSL Board has agreed for MOSL to begin the development of a business case on the bilaterals solution, to be presented in January 2019
- The 4 options to address Bilateral communications; doing nothing; standardise the communications and collateral; mandate the aforementioned standardisation; and all of the above with a common technology stack
- Identification of 4 work streams within the project such as operational terms improvements, code change assessment, change management, and the technology cost and feasibility
- Responses from Trading Parties that identified interest in providing a technical solution
- The intention to incorporate existing systems and single sign-on into any proposed technical solution
- The intention to establish a Panel sub-group to understand the scale of associated code change and ensure that all requirements regarding 'level playing field' are followed.

15.2. Some Panel Members raised concern with engagement that had taken place up until this point. In their view the engagement did not appear to be formal and it was unclear whether responses were representative of Trading Party opinions or of individuals within those organisations. SR noted these comments from Panel Members and explained that the consultation undertaken was taken through every contract manager and through DSC and associated workshops with RWG and that there is clear feedback from the market that bilaterals is an issue that needs to be addressed.

15.3. A Panel Member requested that the details of respondents to this consultation could be provided to the Panel. SR agreed to provide this to Panel Members upon request.

15.4. A Panel Member queried whether there should be an additional option to provide a technical solution and mandate its use. SR responded that there was no intention to force the uptake of a technical solution, only the standards, which was already captured by option 2.

15.5. A Panel Member raised concerns that the views presented were not representative of the market, as they did not support an industry wide standardisation of bilaterals. SR assured Panel Members that the business case will be industry wide and have an educated and informed cost/benefit statement. He also highlighted that the solution may not benefit all Trading Parties but that does not mean that it would not benefit the industry overall.

15.6. Two Panel Members (HS and MB) volunteered to take part in a sub-group to discuss the possible code-implications of a solution for Bilaterals.

16. Panel Sub-group feedback on Systems Governance and Releases

16.1. The Panel considered feedback from the Panel sub-group meeting to discuss releases and system changes, and the possibility of forming a Systems and Release Committee. The purpose of this Committee being to have technical oversight of the portfolio of change and its release, assess individual technical system changes and support the development of robust solutions.



- 16.2. The proposal also suggested the Committee could highlight potential conflicts with proposed changes and systems compliance, or when a change will create an inconsistency with the codes.
- 16.3. It was suggested that the group could have a role in gathering feedback on central system usability and performance,
- 16.4. Some Panel Members were concerned that such a group it may be duplicating the membership of existing groups if it was to be established as a new Committee.
- 16.5. The Panel agreed that the Panel Secretariat should review the requirements expressed by Panel in forming a Committee and provide a straw-man for review at the next Panel meeting.

ACTION 23_04

- 16.6. AR requested that Panel Members contact him if they had any further questions or concerns related to the formation of this Committee by the end of the week.

ACTION 23_05

17. Lessons Learnt from the Interim Supply Process Simulation

- 17.1. Panel Members agreed that the provided summary was sufficient, and a further presentation would no longer be required.

18. Any Other Business (AOB)

- 18.1. NS drew the attention of the Panel to the letter received from UK Water Retail Group requesting the establishment of a wholesale incentive framework. NS asked the Panel's opinion as to how to respond to the letter.
- 18.2. The Panel discussed the legitimacy and enquired on the membership of the group, another Panel member detailed which companies had attended. The Panel agreed that they would always welcome additional sources of commentary on the market, but that there was a clear route for parties to raise change requests and that this should be followed.
- 18.3. A Panel Member requested clarity on whether the reduced cost of additional settlement runs will also be applied to disputed settlement runs, which MOSL agreed to investigate.

ACTION 23_06

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

CLOSED SESSION

- 18.5. AR reported that a member of the Credit Committee had resigned from the group and that there was now a vacancy to be filled.
- 18.6. The Panel **AGREED** to appoint the member that had the next most votes from the previous nominations discussion, providing they were still interested in joining the Committee.



Actions:

- A23_01** MOSL to provide the Panel with a statement on the expected costs of holding Panel and Committee meetings in London, compared with Southampton.
- A23_02** Panel Members to be consulted on their preference for a meeting place for future Panel meetings.
- A23_03** Panel Secretariat to bring back an approach to staggering next year's Committee nominations.
- A23_04** AR to provide a straw man for Panel Members on the suggested makeup of a Change and Release Committee.
- A23_05** Panel Members to email any concerns around the new Systems and Release Committee to AR by the end of the week.
- A23_06** MOSL to provide clarity on whether changes to costs of unplanned settlement runs would also apply to disputed settlement runs.

The next Panel meeting is scheduled for: **30 October 2018, 10:30 – 15:30, at:**
MOSL Offices;
4th Floor;
16-18 Monument Street;
London;
EC3R 8AJ

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