

# MOSL

MARKET OPERATOR SERVICES LTD



Service Description

**Market Risk and Planning**

## 1 Service overview

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MOSL defines 'market risk' as any uncertain event or condition which, if it occurs, will have an impact on the effective operations of the market and / or the service which the end customers receive. Risks that only affect a limited number of trading parties or MOSL will be addressed through the trading party compliance and Market Operator compliance services respectively.

MOSL will take a risk based approach to ensure the market is operating effectively and efficiently now and into the future by providing early warnings of potential risks. Planning will help us continually improve the market and navigate the future landscape to build confidence in the market for all stakeholders.

MOSL is committed to supporting the de-regulation of the non-household retail market and the evolution of competition. To this end, MOSL will consider the views of Government, Ofwat and trading parties in developing its operational plans to understand all perspectives on market risk. MOSL will act to ensure that the market itself has the information, tools and support to address areas of market risk, provide confidence to public sector stakeholders and, over time, reduce the requirement for regulatory intervention.

## 2 Service objectives

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MOSL's role in supporting the market is to enable all parties to become more efficient over time to the benefit of the end consumer.

The key objectives of the market risk and planning service are:

1. Enabling the market to collaborate and self-regulate by providing near real-time information on market performance using digital tools and data analytics
2. Providing confidence and transparency to all stakeholders on the level of risk within the market in order to reduce barriers to entry (and exit), highlight opportunities for new service offerings and promote better market outcomes
3. Designing and implementing risk-based plans that over time reduce central market costs and increase value for money for members
4. Enabling a seamless customer experience across the UK by working with CMA Scotland and Water Industry Commission for Scotland and coordinating activities across markets
5. Protecting the market from external shocks by 'horizon-scanning' across markets, actively managing risk and making well-informed decisions

## 3 Service deliverables & SLAs

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MOSL will use digital tools and make these available to the market to enable all parties to visualise the market in near real-time and decide how they wish to position their service delivery within the market. MOSL will carry out its own analysis to provide in-depth insight on market risks and performance.

MOSL will publish a quarterly market outlook open letter from its CEO to stakeholders setting out:

- The levels of market activity observed;
- An update on key market risks;
- Emerging issues and trends;
- Progress against within-year targets; and
- An outlook on the next quarter.

Annually, MOSL will publish its Market Performance Operating Plan which will identify the areas of market risk, propose mitigation actions and outline the key areas of performance to be addressed during the following year by MOSL, the Panel and the Market Performance Committee. MOSL will align the following year’s performance objectives with the risk profiles of the market and participants.

MOSL will also produce a Market Performance Framework, defining specific metrics, targets and activities to achieve the strategies defined in the Market Performance Operating Plan. The Market Performance Framework will enable MOSL to monitor the performance of the market as a whole and address the market risks raised.

MOSL will monitor and manage risks on a continuous basis and publish key documents annually.

Deliverable	Description	SLA	Code Reference
<b>Market Performance Operating Plan</b>	Outlines the key areas of performance to be addressed during the following year	Published for each financial year	CSD0002
<b>Market Performance Framework</b>	Defines specific metrics, targets and activities to achieve the strategies defined in the Market Performance Operating Plan	Reviewed and updated annually as required	CSD0002
<b>Market outlook open letter</b>	Provides an overview of market activity, risks and future trends	Quarterly	Non code-obligated

For details of other, associated obligations, trading parties should refer to the relevant section within the Market Codes.

## 4 MOSL’s expectations of trading parties

Trading parties should monitor their own performance and use the self-service tools available to them to resolve any areas of outstanding risk. Trading parties should seek to improve their performance through collaboration with other trading parties without the reliance for regulatory intervention to either improve performance or maintain a level playing field.

MOSL will consult with trading parties on the Market Performance Operating Plan annually. Trading parties should provide comment on the plan to support MOSL in addressing overall areas of risk within the market.

Trading parties are expected to notify MOSL if they have become aware of events which could increase market risk.



**Market Operator Services Limited**

Registered in England & Wales No: **09276929**

**Registered Office:** Milton Gate, 60 Chiswell Street, London, EC1Y 4AG.