

# market focus

Welcome to our April edition of Market Focus, providing a monthly update on MOSL activities.

## Market performance management team



We're pleased to introduce Samantha Watson (pictured second in from the right) as our new Head of Performance and Operations. Sam joins us from Allianz Insurance Plc, where she headed up their strategic operations and partnerships function. Sam brings a wealth of experience in managing large teams in delivering complex transformation and data-led programmes.

Our Market Performance Director, Steve Arthur, says of the appointment, "I'm delighted to have someone of Sam's experience and background join MOSL. She has quickly integrated into the business and started to identify the priority areas to focus our efforts on. We have a major programme of work planned for 2019/20 as we continue to establish our new team in Southampton and move the market forward apace."

Having said goodbye to Mike Robertson at the end of January, Sam Watson's arrival sees our market performance management team back to full capacity. The market performance team is responsible for delivering many of the critical services for the market. In addition to this, they will be instrumental in improving the Market Performance Framework, the

quality of key market data sets and trading party performance. Many of our members may already recognise Sam Webb, our Performance Manager (far right), and Miles Robinson, our Operations Manager (second from left), who both joined MOSL in January 2019. We are delighted that, like Sam, they are already an integral part of the market performance team and our role in working with the Panel and the Market Performance Committee (MPC), and in the delivery of settlement, dispute and market entry services.

## Market Performance Operating Plan (MPOP)

Following feedback from trading parties on the consultation of last year's MPOP, we extended the consultation period throughout March to allow trading parties enough time to fully reflect on the areas of focus for the coming year. We have recently closed the consultation on this year's MPOP and have been encouraged by the positive response to the objectives and programmes of work set out. We are now in the process of finalising the plan, which will include:

- ◆ A continued, and escalated, focus on consumption data
- ◆ Focus on improving the quality of customer and asset data
- ◆ Ensuring that the incentives in place effectively drive service and performance by improving the availability of data
- ◆ Looking at how we can use the tools and insights available to us to support improvements across all stakeholders.

We will be publishing a summary of our focus areas for the 2019/20 MPOP later this month.

## Annual Market Performance Report

Later this month, MOSL will be publishing its Annual Market Performance Report (AMPR), which gives an oversight of key market performance trends and issues through the application of the Market Performance Framework. It also acts as a bridge between last year's and this year's Market Performance Operating Plan (MPOP).

A key focus for 2019/20 will be the continued development and implementation of the Market Performance Framework. Our role as market operator will be to support the Market Performance Committee (MPC) and Panel, in assessing how the market has performed against the measures set out in the framework and how successfully these measures act to incentivise performance.

The AMPR will further evaluate how successful the framework has been in improving market performance, at both a

market level and an individual trading party level - assessing whether the processes and methods of the framework have improved performance across key areas of the non-household customer journey, including:

- ◆ Getting customer premises into the market
- ◆ Deregistering, disconnecting and reconnecting supply points
- ◆ Maintenance and repairs of meters
- ◆ Performance on meter reading
- ◆ Customer complaints.

The AMPR will reflect on the impact of these and will provide a forward-look at projects outlined in the next iteration of the MPOP, which is due to be published at the beginning of May 2019.

## Aquaflow exit the market

On 27 March, Ofwat announced its decision to revoke the water supply and sewerage licences of Aquaflow Utilities Limited.

This officially took effect on 28 March 2019, after Ofwat were notified that Aquaflow were likely to enter liquidation. Aquaflow became the first trading party to exit the water retail market in these circumstances, initiating the Interim Supply Process to allocate Aquaflow's customers to a new licensee/s.

Following close working with Ofwat, MOSL issued a communication to retailers, providing information on how to opt in to wholesale areas for any Interim Supply Process. Following the opt-in deadline, Ofwat made the decision to follow the interim supply 'offers' process, asking each retailer who chose to opt-in to provide an offer relating to Aquaflow's 200+ supply points. On 9 April, Ofwat made the decision to allocate all

of Aquaflow's customers to Clear Business Water Ltd.

Throughout the Interim Supply Process, MOSL has been in regular contact with Ofwat, providing information and support in different aspects of the process and providing communications to trading parties and the market. We are pleased that the process ran smoothly, and are confident in the market's ability to react quickly when these situations arise. As noted by our Market Performance Director, Steve Arthur, this situation could be considered the "last of the firsts", as we head to the third year of the market.

We will continue to work with Ofwat, our technology partner, CGI, and trading parties to ensure we address any challenges in the process and identify key lessons learnt.

## Future of Utilities Summit 2019

On 26 March, our interim CEO, Des Burke, spoke at the *Future of Utilities Summit 2019*, which brought together innovators and industry leaders from across the utilities sector.



Des spoke on MOSL's role in the market and its ambitions to drive improvement across a number of key areas. For example, building a more complete and accurate market dataset, increasing the accuracy of consumption data, improving wholesaler-retailer relationships and increasing the pace of change to identify ways to make processes more agile and responsive.

In 2019/20, MOSL will be focused on delivering projects of continuous improvement.

Reflecting on the first two years of the water retail market, Des looked at the changes we need to make to generate future success. As the market matures, MOSL will move from supporting its members to supporting the wider market - ensuring that it is a market that works for everyone looking to enter and operate, and their customers.

Des noted that we are now at a pivotal point. As we head into the third year of market operation, we need to look beyond progress to see real and effective improvements.

At the end of May, MOSL will also be speaking at *Utility Week Live 2019*, with our CIO, Samir Rahim, discussing technology solutions and improving bilateral arrangements in the water retail market.

## Retailer Wholesaler Group (RWG)



This month, MOSL caught up with Bristol Water's Head of Wholesale Services Simon Bennett, the

co-founder and Wholesaler Chair of the Retailer Wholesaler Group (RWG). He told us a bit more about the group and how it was formed.

*How did the Retailer Wholesaler Group form?*

The RWG grew out of the MOSL Operational Terms group, which was set up in shadow market to help trading parties work together and understand more about the practical implementation of the Operational Terms. Simon Brown, from Water Plus, and I saw an opportunity to embrace the knowledge, experience and enthusiasm of the trading

parties to make the market work for the end user/customer. Our aim was to create a group that not only vocalised operational concerns in the new market, but actually took them forward and worked together to drive real improvements for the customer.

*What is the RWG currently working on?*

Our focus is on solving operational-based problems for the benefit of the market and its customers. We currently have nine sub-groups, each one designated a different workstream. For example, our policy subgroup, chaired by Southern Water's Chris Dawson, is currently looking at data logging and non-return to sewer wholesaler policies, while our vacant subgroup is already tackling the hot-topic, and theme of last month's User Forum, of vacant properties in the market. We are also working via the bilateral subgroup with the Digital Strategy Committee (DSC) to

highlight operational, technical and commercial areas of concern.

So far, we have produced four market 'good practice' or guidance documents, which are available to download on the MOSL website. These cover disconnections for non-payment; unplanned events; leak allowances; and bilaterals. We aim to not only provide guidance, but also allow trading parties to challenge their own policies and their existing ways of working. Standardisation is not far away!

*How many members do the RWG have?*

We have grown from around 10 people to a group with over 40 representatives from across all sectors of the retail market. We are independent, with joint retailer and wholesaler chairs - Andrew Bamber, who took over from Simon Brown as Retailer Chair, and myself, as the Wholesaler Chair. Our meetings

include representatives from MOSL, Ofwat and CC Water, and we also invite industry suppliers to contribute. The RWG is about looking at real operational issues experienced by trading parties in the market and potential solutions. That means retailers and wholesalers must work together to support better outcomes for customers. Luckily, the RWG supports this work and provides a platform for retailers and wholesalers to come together and discuss challenges and opportunities in the market.

*How often do you meet?*

We meet face-to-face twice a year and have set up two conference calls between these meetings over the course of the year to progress the work. Our next call will take place at 10am on 1 May. We also send representatives to the User Forum and other industry events, in order to raise awareness of our work. There is an open invitation to all trading parties to get involved!

## Initial Performance Rectification Plans

In September 2018, MOSL launched the first stage of the performance rectification process by issuing the first batch of Initial Performance Rectification Plans (IPRPs) to trading parties. This process is triggered when a trading party's performance causes concerns over a period of three months or more, as measured against their peers and the Market Performance Standards (MPS). In order to address underperformance, MOSL calculates the mean and median levels of performance across the market. Continued under-performance against these measures may result in a trading party IPRP. In assessing performance, we review the impact of any data improvement work which may be underway as part of our push on consumption and other key data areas. We may defer or place on hold the implementation of an IPRP until the improvement work has been seen to deliver benefits.

The role of these rectification plans is to inform MOSL of the

root cause of underperformance; its impact on the market and to ensure that individual trading parties are putting in place steps to correct these specific issues. Our role is then to monitor the issue/s over a six-month period to ensure corrective actions are appropriate in driving performance improvements. If we see that significant improvements are not being made, we will escalate the issue to the Market Performance Committee (MPC) and/or Panel.

Over the last quarter, we have been working extensively with the MPC to finalise the Market Arrangements Code Escalation Process. This process outlines how the MPC and Panel will resolve escalated performance issues, including methods such as Performance Rectification Plans (PRPs) and trading party re-assurance. In rare instances, performance issues may also be escalated to Ofwat, but it is expected that most will be resolved without the need for regulatory intervention.

The final version of the Market Arrangements Code Escalation Process incorporates feedback from Ofwat and was supported by the Panel during its meeting at the end of March.

As at the end of March, 30 IPRPs have been issued across 17 trading parties. These are split over the standards as follows:

- ◆ Four for cyclic meter read submission (MPS 15)
- ◆ Three for late transfer start read (MPS 17)
- ◆ Four for submit core customer data (MPS 2)
- ◆ Two for cyclic non-market read submission (MPS 12)
- ◆ Five for late transfer read submission (MPS 16)
- ◆ One for submit partial registration (MPS 1)
- ◆ Six for initial and final read submission (MPS 7, 8, 9)
- ◆ Five new connection notifications (MPS 3, 4)



We have seen the performance levels of those trading parties that are on IPRPs rise over the past few months, with the plans issued in February showing an immediate, and marked, improvement.

We are confident that the Initial Performance Rectification Plans are driving performance within the market. We will continue to work with trading parties over the coming months to ensure they continue to drive the right set of behaviours and improve individual performance.

On 1 April, marking two years since the opening of the water retail market, we also introduced charging for poor performance against Operational Performance Standards (OPS), and later this year, we will start to apply IPRPs against these standards as well.

## Change proposals

In March, the following change proposals were implemented into the market codes:

- ◆ [CPW041: 'G read removal governance'](#). This change clarifies that system generated reads (G reads) can be removed from CMOS using TCORR171.W/.R. It also places an obligation on MOSL to monitor the removal of G reads.
- ◆ [CPW051: 'Market Incident Management Plan Amendments'](#). This change aligns the market code requirements specified in CSD0007: business continuity management with the actual implementation of the Central Market Operating System (CMOS).
- ◆ [CPW052: 'Improving Transparency of Alternative Credit Arrangements'](#). This change obliges wholesalers to notify Ofwat and MOSL of the terms of their existing and future alternative credit arrangements, so they can be published centrally onto the MOSL website.
- ◆ [CPW054: 'Housekeeping Changes to Market Codes'](#). This change proposal makes minor grammatical changes, provides clarifications and increases consistency to the content of some market code documents.
- ◆ [CPM008: 'Redistribution of Market Performance Standards Charges'](#). This change proposal changes the redistribution of funds previously specified in the Market Arrangements Code (MAC) Section 9.1.2, such that the redistribution of retailer and wholesaler accrued Market Performance Standard (MPS) charges are segregated between retailers and wholesalers.

## CMOS transactions (all interactions by trading parties e.g. switches, meter readings etc)

March  
total was  
**2,525,686**

from the 2,525,686 total, approx.

**24%** = trading parties

**76%** = system-automated transactions

## Diary dates

Here are some key events coming up over the next month



23 April	Credit Committee meeting	25 April	User Forum and General Data Protection Regulation (GDPR) Committee
24 April	Market Performance Committee (MPC) meeting	30 April	Panel meeting
		1 May	Retailer Wholesaler Group (RWG) conference call

## News in brief



### User Forum

The User Forum last met on 21 March in Leeds.

In addition to a presentation by Anglian Water on lessons learned from a major supply interruption event and an update from MOSL on market improvement activities, the main focus of the session was on the issue of vacancy. The level of vacant premises in the market has risen consistently since market opening, with around one in six premises now marked as vacant. Although there is currently no clear view of how this compares to the 'true level of vacancy', there has been evidence of incorrectly flagged premises resulting from both legacy issues and from the approaches being taken in the 'business as usual' management of vacancy.

Attendees heard a series of presentations from trading parties and on behalf of the Retailer Wholesaler Group (RWG) in relation to vacancy, which were followed by a series of workshop sessions in the afternoon. These workshops explored potential root causes of issues, the impact this has on trading parties and customers, and potential solutions to be considered. Ideas being discussed included a vacancy incentive scheme, changes to the codes to make the vacancy challenge process more efficient, and more standardised central reporting. There was also strong support expressed for a subgroup to be established to consider the issue more fully.

The next User Forum will place take on 25 April at MOSL's Southampton office. We look forward to welcoming our members both in person and via Skype conference, and will issue further communications once the agenda and slides have been finalised.

### Business continuity

This month, MOSL will be assessed to ensure that we are meeting the requirement of the codes to be certified to ISO standard 22301 for Business Continuity Management Systems. Certification will validate that the system provides both MOSL and the market with the appropriate capabilities to mitigate the likelihood and potential impact of a disruption to normal operations.

During the assessment, which takes place 16-17 April, all of our business continuity documentation will be reviewed to ensure we are compliant with the requirements of the standard. In addition, the auditor will seek to validate that our system is operational and that all colleagues have suitable awareness of the system and their role within it.

We have provided business continuity training to colleagues and have been working closely with our teams to ensure we are compliant at every level of the organisation. On 19 March, we also held a Market Incident Management Plan (MIMP) rehearsal to test the processes we have in place to manage, mitigate and resolve market incidents when they happen. We would like to thank the representatives from Ofwat, CGI and trading parties who supported us in running this exercise and helped us progress from the rehearsal we ran internally earlier this year.

### Credit arrangement

Wholesalers are required to publish their Alternative Credit Arrangements, also known as Alternative Eligible Credit Support (AECS) arrangements, on their company websites within five business days of entering into them. On 29 March, change proposal 'CPW052: Improving Transparency of Alternative Credit Arrangements', was implemented to extend this requirement, so that wholesalers must now also notify Ofwat and MOSL of existing and future agreements. Under this change proposal, MOSL must publish these agreements on its website within five business days. To support this, we have created a new [Credit Arrangements page](#). We have also published a guidance document on submitting alternative credit arrangements, which is available on the MOSL website [here](#).

## Feedback

We welcome your comments and suggestions on the content of the monthly *Market Focus* update.

Please email the [MOSL communications inbox](#) with any comments.