

Minutes of Panel Meeting 17

27 March 2018 | 10:30 – 12:00
4th floor, 16-18 Monument Street, London, EC3R 8AJ

Status of the Minutes: Final

MEMBERS PRESENT

Jim Keohane	JK	Chair	Richard Moore	RM	Panel Member (Unassociated Retailer)
Mike Brindle	MB	Panel Member (Associated Retailer)	Mark Holloway	MH	Panel Member (Wholesaler)
Simon Wilshire (via teleconference)	SW	Panel Member (Associated Retailer)	Howard Smith	HS	Panel Member (Wholesaler)
Wendy Monk	WM	Panel Member (Associated Retailer)	Dylan Freeman (via teleconference)	DF	Panel Member (Wholesaler)
Helyn Mensah	HM	Panel Member (Independent)	Dan Mason	DM	Affiliated Panel Member (Ofwat)
Nigel Sisman	NSi	Panel Member (Independent)	Chris Scoggins	CS	Affiliated Panel Member (MOSL)
Elsa Wye	EW	Panel Member (Independent)	Christina Blackwell	CB	Affiliated Panel Member (CCWater)
Trevor Nelson	TN	Panel Member (Unassociated Retailer)	Adam Richardson	AR	Panel Secretary
Nicola Smith	NSm	Panel Member (Unassociated Retailer)			

OTHER ATTENDEES

Elliot Bird	Meeting Secretary	Roland George	Presenter (MOSL)
Rebecca Mottram	Presenter (MOSL)	John Vinson	Observer (Independent)
Abu Rashid	Presenter (MOSL)	Antoine Schmidt	Observer (Thames Water)
Harry Osei-Tutu	Presenter (MOSL)		

1. Welcome and Introductions

Purpose: For Information

- 1.1. The Chair welcomed the Panel to the meeting.

2. Minutes and Outstanding Actions

Purpose: For Decision

2.1. Minutes

- 2.2. The Panel provided comments on the minutes from the previous meeting and agreed the minutes of Panel meeting 16, subject to these changes.

- 2.3. HM joined the meeting.

2.4. Actions

- 2.5. The Panel agreed to close 2 actions (**A16_01** and **A16_08**) from the previous meetings, based on the update provided by the Panel Secretariat. It was also highlighted that a number of actions would be closed before the next meeting, given the intention to address them in the Panel strategy workshop.

- 2.6. NSm joined the meeting at the end of this agenda item.

3. Update from Ofwat

Purpose: For Information

- 3.1. Dan Mason (DM) from Ofwat provided an update on the activities of Ofwat in the month since the previous Panel meeting, including the [consultations on Water and Sewerage Supply Licenses fees](#), of which responses are being considered and would likely be published in mid-April.
- 3.2. DM reported that Ofwat had [Published their decision CPW030](#) "Review of Market Performance Standards" prior to the Panel meeting, and that a further look is being taken into CPM008 "Review of Market Performance Standards". This was due to concerns that required investigation, and meant that Ofwat could not provide a decision before the end of March.
- 3.3. DM highlighted that the Credit Review's first stage was mostly complete and that Ofwat is expecting to receive a final report in early April and Ofwat intends to publish the report in full.
- 3.4. Panel Members suggested that if Ofwat had plans to make changes, following the findings from KPMG's report, then these should be reflected in the policy statement on credit too.
- 3.5. DM also confirmed that where changes could be implemented quickly that could provide benefit to Trading Parties and customers then these should be progressed.
- 3.6. The Panel raised an action for the Ofwat presentation slide to be issued to Panel Members following the meeting.

ACTION 17_01

- 3.7. The Panel **NOTED** the presentation from Ofwat.

4. Change Report

Purpose: For Information

- 4.1. The Panel considered the monthly update on the status and progress of code Change Proposals, and the activity which occurred between the 17th January 2018 and the 13th February 2018.
- 4.2. MOSL highlighted that CPW030 had been approved by the Authority but that the associated change, CPM008, would not be agreed for the March 30th implementation date. This was for reasons highlighted in Ofwat's update earlier in the meeting.
- 4.3. Panel Members requested that the Gantt chart containing the progression of pipeline changes be provided as part of the Change Report, and also requested investigation takes place to determine how pipeline changes would be prioritised to ensure changes fit within budget years.
- 4.4. It was also confirmed that Trading Party responses from a recent consultation confirmed that Trading Parties would prefer for changes to Operational Terms forms to be bundled together and aligned with scheduled releases, in order to consolidate the development time of Trading Party systems. Therefore, form changes will be included alongside releases going forward.
- 4.5. The Panel **NOTED** the contents of this paper.
- 4.6. CS joined the meeting at the end of this agenda item.

5. Update from MOSL

Purpose: For Information

- 5.1. Chris Scoggins (CS) provided an update on the key activities at MOSL, including the recent appointment of a new Independent Director of MOSL, Dr Simon Orebi Gann, which now means that all the positions on the current board are filled.
- 5.2. CS highlighted that CMOS releases 6.0 and 7.0 for 2019 were to be scheduled for May and September 2019. This was based on feedback from Trading Parties indicating release dates should avoid key times in their business cycles. The Panel noted that MOSL had consulted Trading Parties on these dates and had received no objections.
- 5.3. An update was provided on the Digital Strategy Committee (DSC), which met on the 15th of March. Nick Rutherford was appointed as the Chair for the next 12 months, having been the Interim Chair previously. Additionally, a sub-group had been established to explore improvements for bilateral communications between Trading Parties, and a meeting of this group was held in March.
- 5.4. CS provided information on an industry wide communication which had been circulated the day before the Panel meeting on the relocation of MOSL's operations to an area near Southampton airport, within the next financial year. The intention of this to address a long running question Members have raised with the Board around the cost efficiencies of operating from Central London.
- 5.5. CS highlighted that Southampton had been selected based on its potential cost efficiencies, good transport links, facilitation of retaining as many critical MOSL staff as possible, and a good resource pool for ongoing recruitment given nearby businesses and universities.

- 5.6. It was highlighted that the Board was seeking a formal agreement from members for the additional costs in the year of moving, therefore a general meeting will be called in around a month.
- 5.7. CS confirmed that part of the additional costs would be the required additional support MOSL would need to support the transition, including HR and Business Transition experts.
- 5.8. It was also confirmed that, despite the relocation of MOSL's business operations, work would still be undertaken to deliver the 2018/19 Business Plan as previously agreed.
- 5.9. CS also highlighted that the overlap where MOSL would be located at both Southampton and London would be around 5 months, which had also been considered in the proposed costs.
- 5.10. Some Panel Members also raised concerns that meetings in Southampton might be difficult to attend. There was agreement that meetings in person were generally preferable to meetings held by teleconference and that it would not be desirable for the Panel to have a large number of members dialling in on a teleconference. CS confirmed that the intention was for all Panel and Panel Committee meetings to be held in the new location. The Chair raised an action for MOSL to consider how the Panel governance could operate around this issue in future.

ACTION 17_02

- 5.11. The Panel requested an update on the MOSL issues register that had been discussed at a number of previous Panel meetings, which CS highlighted would be brought to the April meeting and covered by the Market Performance Operating Plan (MPOP).
- 5.12. It was also agreed that the Chairs of the Market Performance Committee (MPC) and Trading Disputes Committee (TDC) should meet the Chair of the Digital Strategy Committee (DSC), in order to discuss the potential overlap of the groups and priorities around settlement and data quality issues going forward.

ACTION 17_03

- 5.13. The Panel **NOTED** the presentation from MOSL.

[6. Initial Written Assessment: CPM010 – Amendments to the Retailer Board Nomination Process](#)

Purpose: For Decision

- 6.1. The Panel considered a Change Proposal that sought to add an additional class of membership in MOSL (with associated rights). This aligns the [Market Arrangements Code \(MAC\)](#) to support the work of board on aligning the [Articles of Association \(AOA\)](#) and the MAC.
- 6.2. It was highlighted that the changes to the MAC and the AOA are interdependent but this change is being put forward first so that, the AOA changes that need to be agreed by the Members, can be demonstrably shown to align to the MAC changes before they are agreed. These changes to the AOA will be voted on by Members at a general meeting in June.
- 6.3. The Proposer explained that the suggested changes had been agreed by the Board on the principles of providing all members of MOSL with representation, mirroring the composition of the Panel and its Committees, and ensuring that the issues with the alignment of the AOA and MAC are resolved.

- 6.4. A Panel Member suggested that the vote for Directors should be staggered, in order to ensure that the MOSL board remains a representative sample of the industry with a wide range in knowledge and experience. It was confirmed that this would already be the case, given that the current elections are not aligned.
- 6.5. MOSL confirmed that assurances had been provided by the legal firm (Herbert Smith) they commissioned to provide the drafting that the two documents were aligned, given that the changes to the two documents are interdependent.
- 6.6. The Panel:
 - **AGREED** to recommend implementation of CPM010 to the Authority for approval; and
 - **AGREED** the implementation date of the 31st July 2018.

[7. Draft Recommendation Report: CPW032 – Amend H/04 form to clarify Tariff effective date](#)

Purpose: For Decision

- 7.1. The Panel considered a proposal that sought to add in a Tariff effective date on the H/04 'Application for change in tariff' Operational Terms form.
- 7.2. The Panel noted the responses from Trading Parties as were set out in the [Recommendation Report](#).
- 7.3. The Panel agreed that the Change Proposal would further the Principles and Objectives of efficiency, simplicity, cost-effectiveness, security, customer contact, transparency and the objectives of the Operational terms.
- 7.4. The Panel:
 - Unanimously **AGREED** to recommend implementation of CPW032 to the Authority for approval; and
 - Unanimously **AGREED** the recommended implementation date of:
 - 28th September 2018 if Authority approval is received by 29th June 2018; or
 - 1st December 2018 if Authority approval is received after 29th June 2018.
- 7.5. Separately to the refinement of the H/04 form contemplated by CPW032, some Panel Members expressed concern over amendments to historic data (including, but not limited to Tariff data). They felt that such amendments may impact settlement for previously appointed Retailers (i.e. Retailers that were, but are no longer, serving the Supply Point). Panel Members felt it was important that Retailers be appropriately notified of such changes to data and requested that MOSL investigate this matter.

ACTION 17_04

8. Draft Recommendation Report: CPW025 – Extending TCORR Functionality for Inactive Data items.

Purpose: For Decision

- 8.1. The Panel considered a Change Proposal to extend the functionality of TCORR transactions to enable the amendment of Data Items when SPID data has been deregistered, removed or terminated.
- 8.2. It was highlighted that currently, inaccurate or incomplete data in CMOS and its effect on settlement is one of the biggest issues in the market. Trading Parties often cannot often identify inaccurate data until they see it in later reports, which is when re-runs are requested.
- 8.3. It was also highlighted that currently the only way to amend deregistered SPIDs is to contact MOSL and request a Market Operator data correction. This is currently estimated to incur a charge which, at most, would be £7,000. It was also confirmed that currently 2 data corrections of this nature have been performed.
- 8.4. MOSL also explained that a time restriction had not been included in the change, following the industry consultation responses that Trading Parties did not agree with the time restrictions being implemented. These respondents highlighted that there are already significant policies and incentives to ensure data is correct and a time restriction doesn't seem appropriate when you can retrospectively provide refunds as far back as 6 years.
- 8.5. The majority of respondents also reported that the costs and impacts on their systems would be minor, with the exception of one respondent who reported they would face costs of around £100,000.
- 8.6. The Panel questioned why the large majority of respondents disagreed with the proposed implementation date, which MOSL confirmed was because the majority of respondents wanted this change to be implemented sooner. The Panel noted that, because it had requested a second consultation, the change would not be able to be approved by Ofwat ahead of the March 2018 deadline for inclusion in the September 2018 CMOS software release. Implementation had therefore been scheduled for the next planned CMOS software release in May 2019.
- 8.7. MOSL explained that it's custom and practice was to not start development work (and therefore incur costs in implementing a change) until the change has been approved by the Authority.
- 8.8. Some Panel Members felt strongly that, given the feedback from Trading Parties, every effort should be made to implement this change sooner rather than later. The Panel agreed that, in this case, and in light of the clear feedback from Trading Parties, it would be appropriate for MOSL to commence development work on this change in advance of an Authority decision so as to be able to implement the change in September 2018.
- 8.9. Given this decision to operate at risk, Panel Members asked MOSL to advise the Panel when any significant costs were incurred ahead of an Authority decision.
- 8.10. The Panel:
 - **AGREED** to recommend implementation of CPW025 to the Authority for approval;
 - **AGREED** to recommend an implementation date of 28th September 2018; and

- **AGREED** that, in order to meet the recommended implementation date, MOSL should commence work on this change in advance of an Ofwat decision, noting that MOSL would seek to minimise any cost that might be incurred should Ofwat ultimately reject the change.

9. Monthly Committee Updates

Purpose: For Information

- 9.1. The Panel was provided with a monthly update on the activities of the Panel Committees, which have met since the February 2018 Panel meeting.
- 9.2. The Chair of the MPC highlighted that MOSL were planning to develop the Market Performance Operating Plan (MPOP), with input from the Committee, which should define the work and scope of the MOSL performance team and the MPC. They also highlighted that there are already customer service issues being highlighted which they would expect to drive the plan and how data issues would be managed.
- 9.3. The Chair of the Committee also raised concerns around data quality issues and how they will be resolved, given that the responsibility for these issues isn't clear. However, MOSL and the Panel agreed that the upcoming Panel strategy workshop should help give a clearer sense of coordination and priorities, which should help to resolve this issue.
- 9.4. A Panel Member questioned why MPC meeting 12 on 28 March 2018 had been changed from a meeting to a teleconference by MOSL, at short notice, apparently without prior consultation with the MPC or the Chair. The Panel Member questioned, as a matter of governance, whether MOSL had the vires to do this and the Chair took an action to investigate.

ACTION 17_05

- 9.5. A Panel Member suggested that, in order to identify and work to solve some of these data issues, the MPC and the TDC could hold a joint workshop on data issues. The Chairs of the Committees noted this suggestion.
- 9.6. The Chair of the TDC explained that the Committee had started to see a number of disputes in relation to data quality, which have indicated there may be need for distinction between the correction of data errors as opposed to a dispute.
- 9.7. The Chair of the Committee also informed the Panel that MOSL was planning to raise a Change Proposal, based on the responses received from an industry Request for Information. This Change Proposal would be to amend the materiality restriction on raising disputes, and to make selective settlement re-runs less restrictive. This is following feedback from a number of Members that the cost associated with settlement re-runs of £2000 for each invoice period was significant, restrictive and disproportionate for smaller members.
- 9.8. It was also suggested by the Chair of the Committee that the annual review of MOSL additional services takes this into account.
- 9.9. The Panel Secretary (AR), who had been acting as the Chair of the Trade Effluent Issues Committee (TEIC), provided an update on the activities of the Committee.

- 9.10. AR explained that the Committee had been considering improvements to the processes and forms associated with consents and temporary consents and was consulting with parties on two potential changes. In addition, the Committee was investigating the potential for introducing Operational Performance Standards associated with Trade Effluent and would make a recommendation to the MPC.
- 9.11. Going forward, the Committee planned to look at producing guidance on Trade Effluent processes and developing scenarios of good working practice. The intention is for the Committee to provide a recommendation on Change Proposals in May or June, following the conclusion of the consultation in April.

10. Any Other Business (AOB)

Purpose: For Information

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

Actions:

- ACTION 17_01** Ofwat to circulate the update slide it presented at the meeting to those who attended by teleconference.
- ACTION 17_02** MOSL to review how Panel governance would operate during the office move, specifically in relation to where the Panel meetings would take place and how it is agreed.
- ACTION 17_03** Chairs of the Trading Disputes and Market Performance Committees to arrange a meeting with the Chair of the Digital Strategy Committee, to discuss priorities of the Committees and potential overlaps in work being undertaken.
- ACTION 17_04** MOSL to review the extent to which Retailers are notified of retrospective changes to data made by other Trading Parties that may impact settlement calculations for days on which they were appointed (even if they are no longer the appointed Retailer).
- ACTION 17_05** Chair of the MPC to investigate reasoning behind the short notice changes of the MPC monthly meeting, and whether in future this would require consultation with the Committee.

The next Panel meeting is scheduled for: **24th April 2018, 10:30 – 13:30, at:**

MOSL Offices

16-18 Monument Street

London

EC3R 8AJ

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