

# market focus

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

## Market Performance Operating Plan Published

On 3 October we published the Market Performance Operating Plan (MPOP), which sets out clear priorities and targeted activities to drive improved performance in the market. This work will deliver the Market Improvement Strategy, tracking and measuring performance improvements through to 2019/20.

The plan provides a structured approach to achieving significant improvement in key areas to drive efficiency and customer experience, and support effective competition in the market.

Based on consultation feedback from trading parties on the draft MPOP issued to members in July, and following discussions with the Market Performance Committee (MPC) and the MAC Panel, we have already begun taking forward a number of key initiatives set out in the MPOP.

The plan balances the need to take the right time to achieve a stable and consistent platform for market issues, while ensuring it remains a 'live' document, where issues can be reprioritised as the market requires.

Alongside the plan, we have shared with members the Market Issues Register (MIR), which underpins the work of the plan and the market issues that sit within the MPOP's remit. The MIR gives a high-level overview of the key market issues, which have been raised by MOSL, trading parties, the Panel and its Committees and the market auditor and outlines their route to resolution. The register categorises market issues by one of six market outcomes, including those prioritised in the MPOP (marked below with an asterisk):

- ◆ Enabling efficient settlement\*
- ◆ Ensuring an equitable and effective market for retailers\*
- ◆ Enabling efficient switching\*
- ◆ Improving trading party experiences\*

- ◆ Ensuring all customers can access the market
- ◆ Ensuring the market arrangements are proportionate.

Within the MPOP's four priority areas, there are 15 high priority market issues being targeted for resolution. The highest priority activities are currently those which can enable efficient settlement. Therefore, within this remit, MOSL has been prioritising the activities that tackle the market-level data issues impacting on the accuracy of consumption information. For example, in relation to missing meter reads, incomplete meter asset information and unpaired water and sewerage supply points. The activities being progressed around data will also have an impact on the efficiency of switching.

As part of this work, we began a market-wide data improvement planning exercise with wholesalers and retailers and requested trading parties to submit their data improvement plans to MOSL at the beginning of September. These improvement plans, in line with the activities set out in the MPOP, will be reviewed and then tracked at both an individual trading party and a market level.

We also published a new suite of dashboards, available to members through the MO Portal, which provide insights on key market trends about the quality and accuracy of data. The accessibility of these dashboards aims to support trading parties in their work on data improvement.

Also outlined in the MPOP, within the

resolution of the market outcome, 'Ensuring an equitable and effective market for retailers', progress has been made on the planned reviews of the Operational Performance Standards (OPS) and Market Performance Standards (MPS). A new Credit Committee, which will look to manage the areas of work on improving the credit arrangement set out by the KPMG, has now been formed and will hold its first meeting later this month.

MOSL is committed to tackling the issues having the biggest impact on the efficiency of the market. The MPOP is one example of our planned approach to resolving market issues. We will focus our work against the priorities set out in the MPOP and this will be reviewed on a quarterly basis.

We will continue to work closely with trading parties, the MAC Panel and its sub committees to identify, understand and resolve market issues. We will also ensure that the User Forum meetings provide a platform to allow greater understanding of underlying causes and possible solutions to market issues, particularly in relation to data issues impacting on settlement and switching.

The Market Performance Operating Plan can be viewed through the News & Views section of our [website](#).



## CEO Forum

On 17 October, we will be holding our second annual CEO Forum.

MOSL's CEO, Chris Scoggins, will be presenting the results of the CEO Member Survey on priorities for our next Business Plan. The forum is an opportunity for MOSL and our member CEOs to discuss their experiences of the market to date and to understand current and future challenges in the industry.

Chris will be sharing current thinking on priorities for the next Business Plan 2019/20,

which will be shared with members at the end of November. It is vital that the Business Plan provides value for our members, and at the same time focuses on the key problem areas in a direct way.



Following Chris' speech, Samir Rahim, MOSL's CIO, will be giving an update on bilateral

engagement, and the next steps to developing a bilateral solution for wholesalers and retailers operating in the market. This follows a discussion at the last MOSL Board meeting. This will address concerns raised in the industry over the last few months about the market friction caused by inefficient bilateral engagement.

After this, we will break out into group sessions to consider

how we can deliver the greatest value to our members. Chairman of the MOSL Board, Jim Keohane, will chair a panel during which CEOs will have the opportunity to ask MOSL's Board members questions on the company's strategy and plans for the coming years.

Outputs from the discussion will help shape our future plans, including the Business Plan 2019/20.

## Digital Strategy Committee (DSC)

In September, MOSL's CIO Samir Rahim and the Digital Strategy Committee Chairman, Nick Rutherford, presented a proposed way forward on bilaterals to the MOSL Board.

The proposal included outcomes of the recent Request for Information (RFI) from potential suppliers of a bilaterals solution, which was supported by feedback from trading parties on their desire for a central solution.

The Board was unanimous in supporting the proposed way forward, which will allow work to continue on the development of an industry-wide solution. A Business Case is currently being drafted and will be shared with the Board in January 2019.

In order to drive this work forward, members of the DSC and Retailer Wholesaler Group (RWG) are now working on a Request for Proposal (RFP), which will be issued to the shortlisted suppliers at the start of November. The shortlist

was decided by members of the DSC and RWG, along with MOSL's CFO, Steve Lyon and Chief Architect, John Briggs.

In addition to the work on bilaterals, there are other activities planned in relation to the Panel and the market codes. Two MAC Panel members have volunteered to work with the DSC and RWG sub-groups to help shape a number of code changes that may be necessary, which is a positive example of industry groups working together on driving the evolution of the market.

We are currently working on a bilaterals communication plan, to ensure trading parties are kept up-to-date and are informed of the proposed changes.

## Change Proposal Updates

On 28 September 2018, the following six change proposals were implemented in the market codes:



- ◆ CPW010: 'Emergency contact details'. This change proposal enables wholesalers to make bilateral arrangements with retailers to better facilitate contact with customers in the event of an emergency.
- ◆ CPW026: 'Removing SPID version design'. This change proposal removes the concept of SPID version from the market codes, which will require all SPIDs to have their version as version "1".
- ◆ CPW032: 'Amend H/04 form to clarify tariff effected date'. This change proposal adds in a 'Tariff from effective date' on the H/04 'Application for change in the tariff' Operational Terms form.
- ◆ CPW035: 'General Enquiries (F/01 Form)'. This change proposal ensures that the F/01 Operational Form 'Enquiries including record of drinking water enquires' can be used for non-household (NHH) enquiries of a more general nature as well as enquiries relating to drinking water.
- ◆ CPW036: 'G/02 Form Amendments and G/03 Temporary Consent Form'. This change proposal makes changes to a number of sections in the G/02 Operational Form and introduces a new G/03 Operational Form into the market codes, which will be used to process trade effluent consent applications that are less than six months in duration.
- ◆ CPW037: 'Removing the Error Codes list from CSD 0301'. This change proposal removes the 'Error / Return Code Set' table from the CSD 0301 Data Catalogue and introduces the Error Codes list as a separate document, which sits outside of the market codes.



## Monthly Market Charts

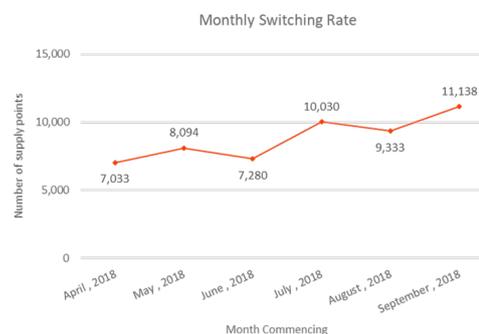
We have now published our market data charts for September on the [MOSL website](#). These provide key information about the non-household retail water market, including switching rates and aggregate settlement values.

There have been 175,828 switches as at the end of September, representing 6.6 per cent of the 2,671,822 supply points in the market. This represents a switching rate of 13.8 per cent in terms of consumption.

September had the highest monthly switching so far in

the financial year 2018/19. In addition, there is a modest but clear upward trend in the monthly switching rate over the same period.

This month Business Stream had the highest number of gains, followed by Everflow, Water Plus and Clear Business.



## Trade Effluent Issues Committee (TEIC)

The TEIC last met on 9 October, and reviewed Request for Information (RFI) responses on DCP006: 'Enabling Sewerage

Wholesalers to create meter networks', which closed on 1 October. The change proposal is due to be finalised in November, ready to be sent to the Panel for recommendation.

The Committee also looked at the Trade Effluent Issues list, which is a list of trade effluent issues that came out in last year's audit and in feedback from trading parties to MOSL through various engagement channels.

At the end of September, we issued a communication about the annual Trade Effluent Training Workshop, which is scheduled to take place late November/early December. The Committee is looking for input to the content, to ensure that it is relevant to trading party needs. Should you have any recommendations, please email [Zainab Mohammed](#). We will provide further information on the workshop in the coming weeks.

## Publication of Panel Plan



At the September Panel meeting, the Panel agreed to publish its finalised [Panel Plan 2018/19](#). This sets out the Panel's strategic priorities for 2018/19 and beyond. It identifies three key areas of focus and a number of work streams which will deliver against these three areas:

- ◆ Promoting effective competition
- ◆ Reducing friction in the market and enabling the market to operate efficiently
- ◆ Embedding good working practice and efficiency in market code governance.

Progress against these strategic priorities will be reviewed by the Panel every six months, with the first review taking place in January 2019.

## Credit Issues Committee

Following a call for nominations, MOSL has now established the Credit Issues Committee. The Committee will look to consider Ofwat's findings in relation to a review of the credit arrangements in the Wholesale Retail Code (WRC). As part of the Committee's Terms of Reference, its objectives are to:

- ◆ Carry out required investigation and evidence gathering from trading parties and others
- ◆ Engage with third parties, i.e. credit rating agencies, as necessary
- ◆ Liaise with Ofwat regarding

the review of the Retail Exit Code, if appropriate

- ◆ Make recommendation on code Change Proposal to the Panel.

On 28 August, the Panel agreed the Terms of Reference for the Credit Committee and appointed 10 members from the nominations received. This included five wholesaler members, and five retailer members, both associated and unassociated.

The Committee is expected to

have its first meeting on 23 October, where it will begin work addressing KPMG's proposals for credit provisions as set out in the Ofwat credit review.

For more information, please view the Credit Committee page of the [MOSL website](#).



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

September  
total was  
2,354,393

from the 2,354,393 total, approx.  
24% = trading parties  
76% = MOSL

## Diary dates

In case you missed it here's some key dates taking place at MOSL



		30 October	MAC Panel
		31 October	Market Performance Committee (MPC)
18 October	Digital Strategy Committee (DSC) and User Forum	13 November	Market Focus and MPS and market charts published
25 October	CEO Quarterly Review published		

## Feedback

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

Please email the [MOSL communications inbox](mailto:communications@mosl.com) with any comments.

## News in brief



### User Forum

The next User Forum meeting will take place on 18 October, with the morning session dedicated to a discussion with trading parties on market improvement. There will be a specific focus on the MPOP and data improvement in relation to settlement and switching.

A number of trading parties will be presenting examples of what they consider 'good practice' in their approach to data improvement, which will be discussed in greater detail during the afternoon breakout sessions.

To support this, MOSL will provide an initial update on the data improvement plans submitted by trading parties, following a request at the beginning of September.

### Lease signed for our permanent home

MOSL is making good progress with its plans to relocate from London. We are pleased to announce that we have now signed the lease for our new office in Southampton.

We will be based on the fourth and fifth floor of the White Building, a contemporary office based in Southampton's central business district. The building has excellent transport links, with Southampton Central station just a five minute walk away, and Southampton airport only 15 minutes away by car and 20 minutes by train.

Work is now well progressed with the office fit out, with a view to it being completed in time for MOSL to move in the first half of November.

### CMOS deployments

CMOS Release 5.0 was deployed into the MPS2 test environment on 28 September and is due into the production

environment, as per the release schedule, on 26 October. This release provides 83 defect fixes and two new pieces of CMOS functionality, one of which aims to improve the efficiency of trading parties' ability to identify unpaired SPIDs and permits the sharing of wholesaler data to further aid in pairing services at eligible premises.

### Quarterly Review

The next MOSL Quarterly Market Review will be published on 31 October, and will include further updates on the work underway through the Market Performance Operating Plan (MPOP).

In this edition, particular attention will be given to developing a bilaterals solution, and what MOSL and the market are doing to improve engagement in this area.

The Quarterly Review will also provide further information on the progress of our move to Southampton, particularly around how we are ensuring effective knowledge transfer. We have now implemented our knowledge transfer plan, which is supported by our work on documenting all of MOSL's processes ahead of our next round of recruitment for the January and April periods.

### Market Performance Committee

The Market Performance Committee (MPC) last met on 26 September, when it reviewed feedback from trading parties to its consultation on the mechanism for the redistribution of MPS charges (CPM008). The MPC will be providing its final recommendation to the Panel for discussion at its October meeting.

The MPC will also be consulting on the proposed introduction of Operational Performance Standards (OPS) charging. This consultation will start on 18 October and is the culmination of the work of the OPS Working Group.