

Minutes of Panel Meeting 06

30 May 2017 | 10:30 – 15:30

Held at Holborn Bars, 138-142 High Holborn, London, EC1N 2NQ

Status of the Minutes: Final

MEMBERS PRESENT

Margaret Beels	MB	Chair	Richard Moore	RM	Unassociated Retailer Panel Member
Mike Brindle	MB	Associated Retailer Panel Member	Trevor Nelson	TN	Unassociated Retailer Panel Member
Simon Wilshire	SW	Associated Retailer Panel Member	Howard Smith	HS	Wholesaler Panel Member
Helyn Mensah	HM	Independent Panel Member	Julian Tranter	JT	Alternate Wholesaler Panel Member
Nigel Sisman	NS	Independent Panel Member	Adam Richardson	AR	Panel Secretary
Elsa Wye	EW	Independent Panel Member	Ben Jeffs	BJ	Affiliated Member (MOSL)
Laurel Agnew	LA	Alternate Unassociated Retailer Panel Member	Dan Mason	DMS	Affiliated Member (Ofwat)

OTHER ATTENDEES

Elliot Bird	EB	Meeting Secretary	Andy Sinclair	AS	Presenter (PwC)
Don Maher	DMh	Presenter (Anglian Water)	Rebecca Mottram	RM	Presenter (MOSL)
Chris Arnold	CA	Presenter (MOSL)	Giles Stevens	GS	Observer (Ofwat)
Mihai Ciurba	MC	Presenter (MOSL)	Antoine Schmidt	AS	Observer (Thames Water Limited)
Oscar McLaughlin	OM	Presenter (MOSL)	John Vinson	JV	Observer (Independent)
Dave Gandee	DG	Presenter (PwC)			

APOLOGIES

Steve Hobbs	Affiliated Panel Member (CCWater)
James Mackenzie	Affiliated Alternate Panel Member (CCWater)
Mark Holloway	Wholesaler Panel Member
Nicola Smith	Unassociated Retailer Panel Member
Dylan Freeman	Wholesaler Panel Member

1. Welcome and Introductions

Purpose: For Information

- 1.1. The Chair began by welcoming the Panel to their sixth meeting.
- 1.2. The Chair welcomed Julian Tranter as a Panel Alternate Member for Mark Holloway.

2. Minutes and Outstanding Actions

Purpose: For Decision

2.1. Minutes

- 2.2. The Panel raised an action to develop a clear brand for Panel documents separate from the MOSL branding.

ACTION 06_01

- 2.3. The Panel **AGREED** upon the accuracy of the minutes, subject to some minor amendments, and for the final minutes to be published on the MOSL website.

2.4. Actions

- 2.5. The Panel reviewed the actions and **AGREED** to close actions **A03_04**, **A05_03**, **A05_06** and **A05_07** from the previous meetings, based on an update from the Panel Secretary.

3. Update from Ofwat

Purpose: For Information

- 3.1. The representative from Ofwat informed the Panel of Ofwat's intention to make a change proposal on leakage estimation.
- 3.2. An update was provided on the License Simplification Project, which the Panel was informed is currently in consultation. Ofwat committed to providing an update on this consultation to the Panel, when the consultation is over.

ACTION 06_02

- 3.3. Ofwat noted that it was considering ways to identify market impacts on microbusinesses and the implications of requesting that flags for microbusinesses be added to CMOS.
- 3.4. Several Panel Members expressed concerns that previous discussions of issues around microbusinesses had not concluded that flags be implemented in CMOS, and such a method could potentially be onerous and very costly. A suggestion was made that this could be achieved by requesting customers to submit details on the number of employees when switching, but it was highlighted that this would omit those customers who do not switch. A Panel Member suggested to Ofwat that a workshop on this matter would be useful to Retailers facing this issue.
- 3.5. The Panel **NOTED** the presentation from Ofwat.

4. Change Report

Purpose: For Information

- 4.1. MOSL provided an update on the progress of all Change Proposals since the previous Panel meeting.
- 4.2. The Chair suggested MOSL could indicate in the Change Report which items have been changed from the last version of the Change Report and further refine the release diagram to better illustrate the scale and status of each future release.

ACTION 06_03

- 4.3. The Panel considered its previous discussions on aligning all code changes with CMOS releases. The Panel noted that there are likely to be cost efficiencies if changes are batched together into releases. It also makes compliance from affected parties simpler, as they have clear deadlines to when changes will come into effect.
- 4.4. Panel Members asked whether MOSL could provide change information in another, more accessible format, such as a spreadsheet. The Panel raised an action for MOSL and the Secretariat to review access to the Change information, which the Secretariat agreed to report back in autumn.

ACTION 06_04

- 4.5. The Panel **NOTED** the contents of this paper and the status of the Change Proposals.

5. Initial Written Assessment: CPW010 – Emergency Contact Details

Purpose: For Decision

- 5.1. The Panel considered a proposal to modify the codes to enhance clarity on the obligations of Wholesalers and Retailers to hold and provide contact details of customers, to allow them to be informed of emergencies.
- 5.2. The presenter explained the need for a Working Group, and suggested that the group considers the following issues:
 - Definition of contact information
 - Which party has liability
 - Data protection considerations
- 5.3. The MOSL representative felt that this proposal should be considered an enhancement to the existing arrangements.
- 5.4. A Panel Member indicated that experience in the Scottish market would suggest there are challenges in maintaining customer contact information.
- 5.5. A Panel Member highlighted that the proposed timescale for the working group is ambitious, given that there are several important questions that still require answers.
- 5.6. The Panel requested that the Working Group report back on progress following its first meeting and asked the group to consider if there is a more effective alternate solution.

- 5.7. The Panel requested the membership of the group be half Wholesalers and half Retailers, as well as having a good mix of individuals with operational experience as well as Data Protection and Compliance experts. It requested that DWI be invited to attend this group. The Panel agreed that the group membership should be no more than 10 members.
- 5.8. The Panel:
- **AGREED** to progress the Change to the Assessment stage; and
 - **AGREED** the Working Group Terms of Reference as detailed in the paper.

6. Initial Written Assessment: CPW014,015,016 and 017 – Code Subsidiary Documents (CSDs) Updates and Clarifications

Purpose: For Decision

- 6.1. The Panel considered four separate Change Proposals, which sought to enhance Code Subsidiary Documents, to align the market codes with the design of the Central Systems and resolve further inconsistencies in the Data Catalogue. These changes were originally raised to the ICP and sent to assessment, but were being resubmitted to the Panel following its establishment.
- 6.2. These changes were considered together, at the request of the proposer, as they all cover very similar content changes. All the changes were recommended to go to consultation for 10 working days, and it was suggested that all 4 of them be issued as 1 consultation.
- 6.3. The Proposer noted that MOSL was awaiting confirmation from CGI that the changes have no system impact and suggested that the Panel may want to delay the consultation until this was confirmed. The Panel agreed that it was appropriate to await this confirmation before issuing a consultation.
- 6.4. It was also noted that, in the event a system impact was identified, MOSL would not issue the affected changes for consultation and would bring back a revised version of the changes for consideration at a subsequent Panel meeting.
- 6.5. Panel Members highlighted the need to ask the industry about each of the component parts in each Change Proposal.
- 6.6. A Panel Member asked if the Panel Secretary could provide the Panel with an education piece on meter networks and how they relate to each other, as it would be useful in making a recommendation for CPW016 specifically.

ACTION 06_05

- 6.7. The Panel:
- **AGREED** to progress the Change Proposals to the Industry Consultation stage, subject to assessment by CGI not identifying a system impact;
 - **AGREED** the questions to be considered in the Industry Consultation, subject to some amendments; and

- **AGREED** the proposed implementation approach and implementation date of the October 2017 release if approved by the Authority at the end of August 2017, or, if the approval date is later than August 2017, this changes will be implemented in the next release, scheduled for December 2017;

7. Industry Consultation: CPW018 – Clarification on Unsecured Credit Allowance

Purpose: For Decision

- 7.1. MOSL provided the Panel with a summary of the responses from the industry consultation on the CPW018 Change Proposal, and provided a report with recommendations on how to progress the proposal.
- 7.2. The MOSL representative highlighted that most respondents recognised there was an issue and that it needs to be addressed, but that respondents did not universally agree with the proposed solution.
- 7.3. A Panel Member asked if any of the respondents who did not agree with the proposed solution had suggested alternatives. The MOSL representative highlighted that a few respondents had suggested removing any reference of parent companies from the Unsecured Credit Allowance schedule.
- 7.4. Another Panel Member highlighted that there are suggestions in the responses that are useful and it would be better to revise the drafting to deliver the intent of the proposer for the policy, based on these responses, rather than making a recommendation to the Authority on the change in its current form.
- 7.5. Several other Panel Members recognised the benefit of a Working Group, particularly in developing alternative solutions. They also commented that it does not appear to be a binary question, which further identifies need for a Working Group.
- 7.6. Another Panel Member felt that this was a simple question and that there should not be any reliance on parent company credit ratings for unsecured credit, consequently the reference to them should be removed.
- 7.7. A Panel Member raised concerns that some respondents do not seem to have completely understood the questions, as in some cases their reasoning appears to contradict their answer.
- 7.8. The Panel discussed the Ofwat credit policy in relation to this change. A Panel Member was concerned that an alternative solution that removes the references to parent companies is contradicting the Ofwat credit terms policy. Another Panel Member disagreed with this and highlighted that the Ofwat policy should not be set in stone if it does not meet the requirements of the industry, and that Ofwat may choose to amend its policy (if needed) based on the recommendation of the Panel as supported by appropriate evidence.
- 7.9. The MOSL representative suggested the Panel consider that an independent expert could be tasked with making a recommendation to the Panel on this issue. This would avoid issues of vested interest, which could possibly be delaying a consensus on this issue.
- 7.10. The Panel:

- **REJECTED** the proposal to progress to a Working Group and requested to progress the change to an assessment process whereby MOSL and the proposer develop an alternative solution, taking account of feedback received;
- **NOTED** that MOSL may seek external expert advice to support this assessment work; and
- **NOTED** that the Panel will decide whether the change can be recommended to the Authority, or if it requires further assessment, at the next Panel meeting.

8. Initial Written Assessment: CPW005 – Self Supply

Purpose: For Decision

- 8.1. The Panel was presented with a Change Proposal that sets out to clarify the disconnection procedures in relation to Self-Supply Licensees in the Operational Terms. The proposal suggested that it be recommended to the Authority and that it should be implemented on the 3rd of July CMOS release.
- 8.2. The MOSL representative highlighted that, in the code the retailer is the only person with ability to disconnect a customer for non-payment. With self-supply licenses, the proposal is that Wholesalers can disconnect the self-supply licensee for reason of non-payment.
- 8.3. A Panel Member raised a concern regarding the reallocation of SPIDs of a self-supply Retailer when they go into default. Another Panel Member responded that this was not related to the change, and this change was proposed to prevent self-supply retailers from avoiding payment to Wholesalers.
- 8.4. The proposer confirmed that this change is not amending the existing rights to disconnect but is providing clarity on the circumstances where the customer and the Retailer are the same entity.
- 8.5. The Panel agreed on the rationale for the change that was previously determined by the ICP, including proportionality, non-discrimination, efficiency and transparency. They agree that this proposal redresses a disproportionate benefit to Self-Supply Licensees and prevents current processes discriminating in favour of Self-Supply Retailer.
- 8.6. The Panel:
 - **AGREED** to recommend to the Authority that CPW005 – Self Supply be **approved** for implementation; and
 - **AGREED** that CPW005 be implemented on 3 July 2017 if the Authority decides by 27 June 2017 or in October if the Authority decides after 27 June 2017.

9. Draft Recommendation Report: CPM001 – Change Proposal Form Update

Purpose: For Decision

- 9.1. MOSL presented the Panel with a modified Change Proposal, following the decision at the previous Panel meeting to amend the change. The revised proposal sought to remove the Change Proposal forms from schedule 7 of the Market Arrangements Code (MAC) and place a requirement on the Market Operator to publish the Change Proposal forms. Any changes to these templates must be agreed by the Panel before publication.
- 9.2. Panel Members suggested some minor amendments to the legal text drafting and requested that a housekeeping change to amend erroneous references to section 0 within the MAC be incorporated into this change proposal.
- 9.3. The Panel:
 - **AGREED** to recommend to the Authority that CPM001 - Change Proposal Form Update be approved for implementation; and
 - **AGREED** that CPM001 be implemented on 3 July 2017 if the Authority decides by 27 June 2017 or in October if the Authority decides after 27 June 2017.

10. Market Auditor

Purpose: For Information

- 10.1. Representatives from PwC presented an overview of their market audit framework to the Panel for their information.
- 10.2. A Panel Member asked that PwC present a detailed view of risk to a future Panel meeting based on the feedback that is received from Trading Parties in response to PwC's forthcoming survey.

ACTION 06_06
- 10.3. The PwC representatives noted that they would be happy to discuss the audit in more detail in an offline conversation with interested Panel Members. Interested Panel Members were invited to let the Panel Secretary know if they would like to discuss the Audit in more detail so that an off-line teleconference could be arranged.

ACTION 06_07
- 10.4. The Panel **NOTED** the presentation provided by PwC.

11. Any Other Business (AOB)

Purpose: For Decision

11.1. The Panel Secretary informed the Panel that MOSL would be establishing the User Forum in June, to replace the Workplan Review Group (WRG) that had operated previously. The Panel Secretary noted that it was a Panel responsibility to appoint the Chair of the User Forum and requested that the Panel approve MOSL's Director of Market Performance, Steve Arthur, as Chair of the User Forum.

11.2. The Panel:

- **APPROVED** the appointment of Steve Arthur as Chair of the User Forum.

11.3. A Panel Member requested that the Panel meeting on September the 12th be moved. The Secretariat agreed to communicate with Panel Members to determine a better date for the meeting, and Panel Members agreed to provide details of their availability for the 26th of September 2017.

ACTION 06_08

11.4. The Panel Secretary agreed to bring a paper to the next Panel meeting that outlined proposed Panel meeting dates for 2018.

ACTION 06_09

11.5. A Panel Member referenced the wider concerns on Self Supply noted in the deliberations on CPW005. The Panel requested that MOSL undertake a review of the Self-Supply processes for allocating Supply Points in the event of defaults and change of customer.

ACTION 06_10

11.6. The Panel noted MOSL's concerns regarding the Market Entry Re-assurance provisions and their appropriateness in permitting dormant Retailers to continue as Trading Parties and Members of MOSL. The Panel requested that MOSL undertake a review of the Market Entry Re-assurance regime and the checks and balances that could be applied in relation to inactive Retailers.

ACTION 06_11

11.7. The Panel noted growing calls for Third Party Intermediaries (TPIs) to have access to information in CMOS. MOSL re-assured the Panel that this was not permitted under the current arrangements and it would not be granting such access. The Panel requested that Ofwat provide an update at a future Panel meeting on its considerations with respect to TPIs.

ACTION 06_12

11.8. The Panel also noted a general desire from Ofwat and other interested stakeholders for information on market activity and performance to be transparent and made available more widely. The Panel requested that MOSL work with the Market Performance Committee to determine what data, if any, should be made available publicly.

ACTION 06_13

11.9. The Panel wished Ben Jeffs farewell and the best of luck in his future, as it was his last Panel meeting before stepping down as the CEO of MOSL.

11.10. There was no further business and the Chair closed the meeting.

CLOSED SESSION

12. Remaining Trading Disputes Committee (TDC) Nominations and Approval

Purpose: For Decision

12.1. Panel Members were presented with a paper outlining the nominations that were received in the second round of nominations for a Retailer member of the TDC.

12.2. The Panel:

- **AGREED** to appoint 2 members from the nominations; and
- **DELEGATED AUTHORITY** to the TDC Chair to appoint a third member, subject to conversations with nominees offline.

Post Meeting Note

The TDC Chair:

- **APPOINTED** the final member of the TDC following conversations with nominees.

Actions:

- A06_01** Panel Secretary to develop a clear brand for Panel documents, separate from MOSL branding.
- A06_02** Ofwat to provide an update on the license simplification project consultation, when the consultation is over.
- A06_03** MOSL to refine the release diagram of the Change Report to illustrate the scale and status of each future release.
- A06_04** MOSL to provide change information in a more accessible format, such as a spreadsheet. The Secretariat agreed to report back on this in autumn.
- A06_05** Panel Secretary to provide an education piece on water networks.
- A06_06** PwC to present a detailed view of risk to a future Panel meeting, based on the feedback that is received from Trading Parties in response to PwC's forthcoming survey.
- A06_07** Panel Members were invited to let the Panel Secretary know if they would like to discuss the Audit in more detail so that an off-line teleconference could be arranged.

- A06_08** Secretariat to communicate with Panel Members to determine a better date for the September 12th meeting, and Panel Members agreed to provide details of their availability for the 26th of September 2017.
- A06_09** Panel Secretary agreed to bring a paper to the next Panel meeting that outlines a proposal for Panel meeting dates in 2018.
- A06_10** The Panel requested that MOSL undertake a review of the Self-Supply processes for allocating Supply Points in the event of defaults and change of customer.
- A06_11** MOSL to undertake a review of the Market Entry Re-assurance regime and the checks and balances that could be applied in relation to inactive retailers.
- A06_12** Ofwat to provide an update at a future Panel meeting on its considerations with respect to TPI's.
- A06_13** MOSL work with the MPC to determine what data, if any, should be made available publicly.

The next Panel meeting is scheduled for: **27th June 2017, 10:30 – 15:30, at:**

Holborn Bars
138-142 High Holborn
London
EC1N 2NQ

The nearest tube stations are Chancery Lane, Farringdon and Holborn