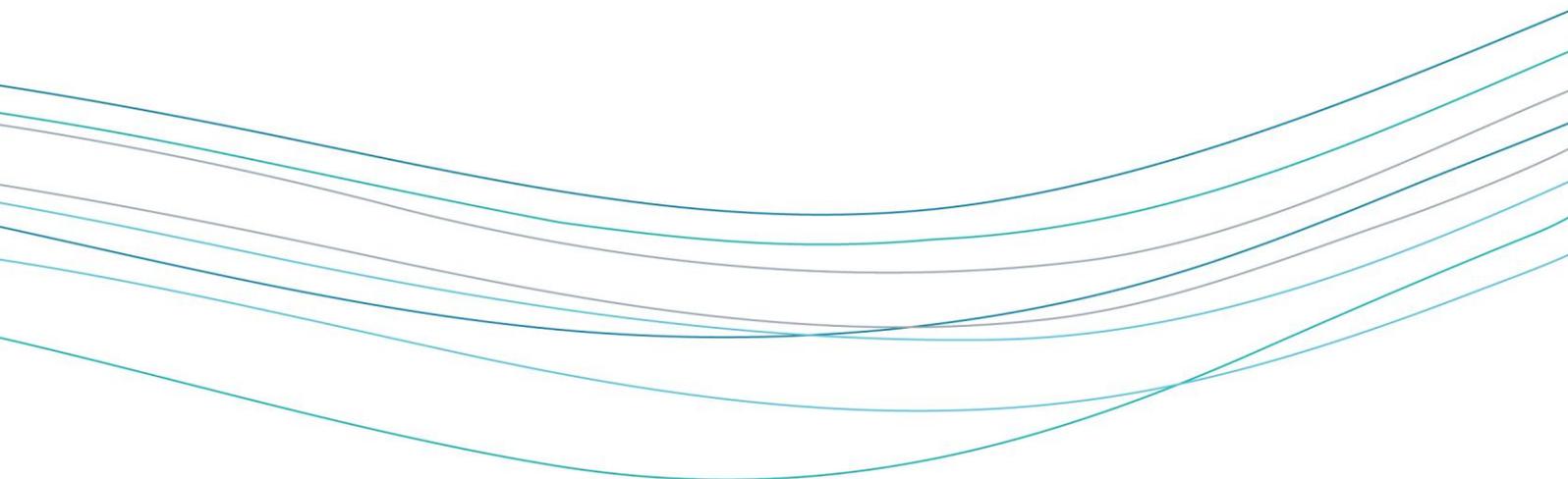


Trading Party Survey

Summary of responses

April 2021



Overall feedback

We would like to thank the trading parties who responded to our Annual Trading Party Survey. In total we received a 42 per cent response rate, an increase of five per cent from last year.

Overall, respondents rated MOSL's performance as market operator an average score of 3.8 (on a 1-5 scale from 'very dissatisfied' to 'very satisfied') based on combined responses from wholesalers, associated and unassociated retailers and NAVs. The highest scoring services include 'market systems' and 'maintenance and development of the market codes' both scoring an average of 3.7, 'disputes management' was the lowest scoring service with an average of 2.6.

MOSL welcomes the broad support received through the Trading Party Survey responses. We will be using the feedback from this survey to support improvements across our service areas and our continued engagement with trading parties.

Some respondents acknowledge that improvements have been made by MOSL over the past 12-months, noting "On balance we are satisfied with MOSL's service during an exceptional time. We believe that MOSL are maturing as a business and look forward to 2021-22" and "We think that great improvements have been made since the last MOSL's TP survey in December 2019, especially in terms of hiring permanent in-house resources to reinforce MOSL's capacity and capabilities".

Q1. Market Operations

Overall, respondents rated the Market Operations service area an average score of 3.2. Market Operations covers 'Registration, switching and financial management', 'Market Systems' and 'Disputes Management'.

Registration, switching and financial management

We enable switching to take place in the central system (CMOS), provide registration services within the non-household (NHH) water market and financial settlement data to enable trading parties to invoice appropriately.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.6.

Trading parties are broadly satisfied with the registration, switching and financial management from an operational perspective with respondents stating that switching and supply point (SPID) registration "ran seamlessly now and charges are calculated accurately and in a timely manner".

One respondent noted that “despite the requirement for post RF re-runs being commonplace to deal with historic data corrections the cost or re-runs remains disproportionately high and, along with the re-run materiality thresholds, is impacting on the ability for retailers to get their money back promptly”.

Market Systems

We provide, develop and maintain central market systems including CMOS, the Low, medium and High-Volume Interfaces and others.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.7.

CMOS was noted as a satisfactory platform for the Low Volume Interface (LVI) and data and serves its purpose well. However, a number of smaller trading parties noted that CMOS is “difficult to master and the associated instructions and information packages are not easy to understand requiring duplication of effort” (e.g. when raising a new SPID) and that error messages can be vague and misleading requiring additional communication with MOSL to resolve. One respondent compared CMOS to the respective system used by the Central Market Agency (CMA) in Scotland, noting “As a low volume retailer, we find CMOS very hard to navigate”.

Respondents advised for LVI transactions it would be helpful to have guidance of the most commonly encountered errors and issues and how to resolve them to “improve the delivery of registration with a more streamlined communication web channel”.

Dispute management

We provide a platform and support services for raising and case-handling disputes in the NHH market.

Summary of feedback received

Overall respondents were moderately satisfied with the delivery of this core service with an average score of 2.6.

Several respondents advised they had not used the Disputes process and so could not provide comment, however, feedback from trading parties who had used the process confirmed the new consolidated dispute management process was vastly improved. One respondent stated “We are satisfied with the overall service in relation to dispute management. We consider the recent changes to scope of Trading Disputes Committee are logical and promote consistency”. However, one respondent commented “the Dispute Management Support service was not fit for purpose and considered that MOSL required “a higher knowledge of the Market Codes”.

Respondents also highlight the desire for the Disputes Committee to publish more details to the market on the basis for its decisions, which could potentially help to avoid the need for future Disputes to be raised.

Q2. Market Assurance

Overall, respondents rated the Market Assurance service area an average score of 3.2. Market Assurance covers 'Entry, exit and reassurance', 'Performance and Risk' and 'Compliance and Audit'.

Entry, exit and reassurance

We provide management and support services for trading parties entering and exiting the NHH water market, as well as undergoing market reassurance.

Summary of feedback received

Overall respondents were moderately satisfied with the delivery of this core service with an average score of 2.9.

Respondents noted that although improvements have been made to market entry/exit, they are keen for MOSL to focus on continued development. One respondent suggested "MOSL could improve the delivery of entry, exit and reassurance by reducing the time from trading party application to membership and cost to serve through digitisation and prioritisation of processes" with another respondent stating, "Although we recognise that a great deal of progress has been made in this arena we would encourage continued development towards a more seamless functionality".

Performance and risk

We track and report on trading party performance to ensure better outcomes for business customers and mitigate the risks of operating within the water market.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.4.

Respondents support moving away from a 'one size fits all' approach as some metrics cannot be appropriately measured. Some respondents believe further development is required to consider areas such as customer demographics and economic growth.

Respondents reiterated "whilst tracking and reporting on trading party performance has improved it doesn't always seem to be shared or made easily accessible to trading parties". Some respondents noted that MOSL's website is not as informative as it could be and that the performance charts are hard to interpret and do not provide sufficient insight.

Respondents acknowledge "that the Market Performance Standards (MPS) is a great reporting tool for measuring performance in the market", however, improvements to performance and risk reporting are recommended to improve data quality and accountability. Trading parties believe improvements in this area would ensure timely reports, action tracking and trading party intervention.

Compliance and audit

We provide independent evidence to assure MOSL and trading party compliance with the market codes.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.2.

Respondents noted “MOSL’s own compliance is transparent and visible to all” and welcomed the reduction in this year’s audit budget. However, some respondents stated previous audits had “poor targeting with unenlightening outcomes” and that they “have seen very little output from this process”. One respondent noted “We consider that the final audit reports are not well communicated, and final reports should be issued with clear links to business plans”.

Q3. Market Improvement

Overall, respondents rated the Market Improvements service area an average score of 3.3. Market Improvement covers ‘Change delivery’, ‘Market Insight’ and ‘Strategic Market Development’.

Change delivery

We provide change assessment and implementation services to enable the market to evolve for the benefit of customers.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.4.

Respondents noted that they “appreciate a new change proposal has just been approved and yet to be tested”, however, there were mixed responses to the satisfaction of the delivery of this service. One respondent noted “having recently experienced MOSL’s support through the initial steps of the change process we have been very satisfied”. However, another trading party stated that “documents and forms are very long winded and repetitive” and require “some further refinement”.

Some respondents commented on improving change delivery through the Market Code Simplification improvement programme, to ensure the codes are suitable, adaptive and clear. Respondents believe this would facilitate innovation and help lower barriers for entry to the market.

Respondents stated change proposals need to be communicated to ensure that all trading parties are aware of the proposal as not all proposals are consulted on. One respondent suggested the “change proposals report produced is ‘pushed out’ to all stakeholders on a regular basis” rather than stakeholders having to access a

report on a website, this “would ensure trading parties were aware of the change before Ofwat has authorised it.”

Market Insight

We use data analytics, engagement with stakeholders and broader market intelligence gathering to provide actionable insight into the operation of the market.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.2.

Respondents believe MOSL has an important role to play in enabling trading parties to leverage market data to improve the efficiency of the market (so keeping costs down for customers).

Respondents commented they had seen an improvement with market insight, noting “the direction of travel from MOSL is right in focusing on making our joint market datasets more readily and flexibly available”.

However, a number of respondents are keen that market insight does not distract from the delivery of our priority improvement programmes and their associated activities, such as improving the Market Performance Framework (MPF).

One respondent commented “we are finding it increasingly difficult to keep track of the outcomes from all the groups and activities – we find that unless you are part of a group, it’s difficult to know what’s going on. Papers are difficult and time consuming to find on the MOSL website”. A lack of clarity and consistency in the publication of reports such as Market Performance and Operation Performance Standards reports was also noted by respondents, “it seems to come out at different times each month”.

Strategic market development

We use our position at the centre of the market to drive strategic improvements in the market for the benefit of business customers.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.2.

Respondents recognised strategic market developments had been limited given the need to focus on the response to COVID-19. Some respondents recognised the work MOSL has been undertaking with both the Bilateral Transactions Programme and Strategic Metering Review, noting “Strategic Market Development has been limited given the need to focus on the pandemic however we recognise the efforts on bilaterals has been significant with benefits coming in this upcoming financial year”.

However, some respondents noted that “Improvements to strategic market development delivery is required as this is often seen as slow, lacking in transparency” and “we are yet to see evidence of any developments and clarity of what MOSL is trying to achieve”.

Q4. Governance and Support Services

Overall, respondents rated the Market Operations service area an average score of 3.4. Governance and Support Services covers ‘Secretariat’, ‘Maintenance and development of the market codes’ and ‘Market Continuity, training and guidance’.

Secretariat

We provide expert secretariat support to the market to enable industry self-governance.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.3.

Respondents commented positively on the “creation of a separate secretariat service”, however, some respondents noted this service could be improved by “trading party summary accounts of all MOSL meetings to be provided within 5 business days of the meeting taking place” with a “set proforma layout to aid understanding and shared focus”.

Maintenance and development of the market codes

We publish and maintain the market code document set to provide open access to the current market rules and ensure clarity over their evolution.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.7.

The introduction of new templates for submitting a change proposal and draft recommendation report is seen by respondents as a step in the right direction with “a hope to see fewer change proposals reaching the Panel under the urgent change process”.

However, respondents also noted there are learning opportunities for the maintenance and development of the codes, commenting “While the codes are published timeously when there are changes there is a lack of clarity in them as to the evolution of the individual codes and the changes”, other responses advised “rejections should be a source of learning for where the process might further be improved and whether the issues raised by Ofwat were fully addressed as part of the change process”.

Market continuity, training and guidance

We provide training and guidance materials to support trading parties in delivering market processes. We also provide market continuity arrangements to ensure the market continues to function in the event of a significant disruption event.

Summary of feedback received

Overall respondents were satisfied with the delivery of this core service with an average score of 3.4.

Respondents noted guidance for COVID-19 could have been improved with closer and timelier MOSL / Ofwat collaboration. “Many Covid-19 market updates have been slow to materialise with financial and performance support provided to trading parties”.

Some respondents noted access to training was difficult to find on the MOSL website with one respondent commenting “experience of trying to access training guides to complete a process which were unavailable... made completing the process difficult”. Respondents believe that “whilst it is useful to access training guides and materials more direct support through an advice line or similar would add value”.

Summary and next steps

We would like to thank trading parties again for submitting responses to our Annual Trading Party Survey.

The feedback received from this survey will be used to identify actions for improvements in the delivery of our services. We will also be reaching out to a handful of trading parties to understand their feedback in more detail. We will then be issuing a mid-year ‘light touch’ survey in September, which will enable us to continue to assess, measure and improve the delivery of our services throughout the financial year.