

Minutes of Panel Meeting 21a

17 August 2018 | 13:30 – 15:30
Etc. Venues, 8 Fenchurch Place, London, EC3M 4PB;

Status of the Minutes: Final

MEMBERS PRESENT

Jim Keohane	JK	Chair	Nicola Smith (via teleconference)	NS	Panel Member (Associated Retailer)
Mike Brindle (via teleconference)	MB	Panel Member (Associated Retailer)	Dylan Freeman	DF	Panel Member (Wholesaler)
Helyn Mensah (via teleconference)	HM	Panel Member (Independent)	Kat Grimley	KG	Alternate Panel Member (Wholesaler)
Nigel Sisman	NS	Panel Member (Independent) and Alternate Associated Retailer	Howard Smith (via teleconference)	HS	Panel Member (Wholesaler)
Elsa Wye (via teleconference)	EW	Panel Member (Independent)	Dan Mason (via teleconference)	DM	Affiliated Panel Member (Ofwat)
Trevor Nelson (via teleconference)	TN	Panel Member (Unassociated Retailer)	Chris Scoggins	CS	Affiliated Panel Member (MOSL)
David Siddall (via teleconference)	DS	Alternate Panel Member (Unassociated Retailer)	Steve Hobbs (via teleconference)	SH	Affiliated Panel Member (CCWater)
Peter Strain (via teleconference)	PS	Alternate Panel Member (Unassociated Retailer)	Adam Richardson	AR	Panel Secretary

OTHER ATTENDEES

Elliot Bird	Meeting Secretary	Rebecca Mottram	Presenter (MOSL)
Mihai Ciurba	Presenter (MOSL)	Graham Pontin	Observer (Ofwat)

APOLOGIES

Christina Blackwell	Affiliated Panel Member (CCWater)
Wendy Monk	Panel Member (Associated Retailer)
Simon Wilshire	Panel Member (Associated Retailer)
Richard Moore	Panel Member (Unassociated Retailer)
Mark Holloway	Panel Member (Wholesaler)



1. Welcome and Introductions

Purpose: For Information

- 1.1. The Chair welcomed Panel Members to the ad-hoc meeting of the Panel.
- 1.2. The Chair passed on the apologies of Wendy Monk, Simon Wilshire, Richard Moore, Mark Holloway and Christina Blackwell who were unable to attend the meeting.
- 1.3. The Chair also welcomed Peter Strain, David Siddall, Steve Hobbs and Kat Grimley to the meeting, who were attending as alternates.
- 1.4. The Chair also noted that Wendy Monk had appointed Nigel Sisman as her alternate in her absence, and that he would therefore have 2 votes in any Panel decisions at the meeting.

2. Draft Recommendation Report: CPW041 – G Read Removal Governance

Purpose: For Decision

- 2.1. MOSL provided the Panel with a summary of CPW041, highlighting that there was no functionality in the system to delete system generated reads (G reads) and therefore no way to amend material errors to settlement caused by them. This is not the case with any other data items affecting settlement and there is no drafting in the market codes to suggest this should be the case with G reads either. MOSL felt that this change was required to support disputes that may occur in the future, caused by inaccurate G reads.
- 2.2. MOSL highlighted that discussions were held with the Open Water codes team to determine the reason for G reads being unchangeable. They explained that the intention was for them to be unchangeable, but that the Market Operator in limited circumstances could use scripts to change them if required.
- 2.3. MOSL explained that ownership of G reads had been altered so they are co-owned by both Wholesalers and Retailers. This allows them to be deleted, for market meters, by both Wholesalers and Retailers. However, a condition of this is that an Unplanned Settlement Report is requested prior to G read removal, provided that the materiality threshold has been exceeded.
- 2.4. MOSL highlighted that it would be monitoring the removal of G reads and compare this list with the list of SPIDs for which Unplanned Settlement Runs had been requested. MOSL explained that these re-runs are required to ensure the accuracy of settlement.
- 2.5. MOSL highlighted that there had been 19 respondents to the Request for Information (RFI), with the majority of respondents supportive of the proposal
- 2.6. MOSL highlighted some specific requests and comments it received from the RFI, including:
 - The requirement to determine whether Wholesalers can invoice Retailers on a meter read that was replaced following a Post-RF settlement re-run, and Retailers subsequently invoice their customers, as it is currently unclear in the Ofwat Customer Protection Code of Practice and Wholesaler Retailer Code (WRC) market codes.



- The need for every G read deletion to be followed by a settlement re-run, not just those above the materiality threshold.
 - The suggestion to consider the change as a temporary change rather than an enduring change.
 - Concerns that it would be difficult to calculate whether charge differences are above the materiality threshold and whether the materiality threshold is currently too high.
 - Parties expressed concerns that a large number of unplanned settlement runs might be required, and this might have an operational impact on MOSL.
- 2.7. MOSL highlighted that the implementation date was proposed for the 31 August 2018, to ensure this process was in place before the April 2017 RF is run. This was proposed in the event Ofwat did not approve the deferral of RF in CPW039. However, an alternative date of 21 September 2018 was proposed to allow the removal of G reads prior to the May 2017 RF being run.
- 2.8. Panel Members raised a number of questions on the presentation, including questions that had been raised by respondents to the RFI.
- The Panel sought clarification on whether a Wholesaler could bill a Retailer following a Post-RF settlement re-run, as this was not clear based on the code discrepancy in the Market Terms and Business Terms and Ofwat's Customer Protection Code of Practice.
 - A question was raised on whether a Post-RF Settlement re-run would also update the details of a linked sewerage SPID when the water SPID is updated. MOSL confirmed that if a water SPID is updated following the deletion of a G read then the sewerage SPIDs would also need to be updated.
 - Another Panel Member asked whether a SPID could possibly not be re-run when it should because its sewerage materiality is much higher than the water. MOSL noted the comment and highlighted that the materiality of both SPIDs should be considered and should be re-run if either are over the materiality threshold.
 - Some Panel Members were concerned with the implications of allowing joint data item ownership both in terms of consistency of the market codes and for purposes of data protection. MOSL confirmed that this change in data ownership was isolated to this one data item and that it should not represent a significant change in the definition or the processing of existing data.
 - A Panel Member raised that a respondent to the RFI had suggested the codes already allowed for the deletion of G reads, in line with other settlement affecting data item, and that the inability to do so was the reflection of system limitations. They also highlighted that the governance arrangements around this data item were different to other settlement impacting data items, that would usually require a mutual agreement between Trading Parties to approve a change.
 - A Panel Member raised concerns that the provisions gave MOSL an opportunity to review the deletion of G reads and settlement re-runs rather than obligate them to do so. MOSL reminded Panel Members that MOSL already has an obligation to investigate and monitor non-



compliance of Trading Parties as well as develop performance rectification plans where appropriate.

- In response to Panel's request for clarity MOSL confirmed that it would provide any settlement re-runs free of charge, required due to the deletion of G Reads, for a period as suggested as part of MOSL's RFI response to CPW039.
- Concerns were raised that the solution had changed since their previous review and it now only required re-runs if a materiality threshold was exceeded. MOSL highlighted that this amendment came from the working group meetings in early July on this change, who had suggested to use a materiality threshold.
- A Panel Member highlighted that there was currently no restriction on how far back a G read could be deleted which could lead to issues in the future if retrospective changes are made far back in the past.
- Panel Members queried why the change needed to be implemented on such short notice, given that G Reads could be deleted retrospectively even if the RF run had already happened. MOSL highlighted that, the longer the market goes without this functionality, the more amendments would need to be made at once which has implications operationally and on systems.

- 2.9. Following the collecting of these issues, Panel Members highlighted that the invoicing issue between Wholesalers and Retailers following Post RF Settlement Reports being run was the highest priority issue to be resolved.
- 2.10. One Panel Member highlighted that previously the Interim Codes Panel had reviewed a change to the Market Terms which indicated that the principle around invoicing was that Wholesalers could not charge Retailers for costs the Retailer could not recover.
- 2.11. Ofwat highlighted that, previously it had investigated the inconsistency around Wholesalers charging Retailers based on RF Settlement Reports and determined that it was linked to the definition of a Final Settlement Report in the WRC, which included any subsequent re-runs. This was challenged by Panel Members who highlighted that a re-run could be requested for any period in the past and would allow a Customer to be back-billed a number of years previous to the current date.
- 2.12. DM recognised this issue and agreed that this was not the intention of the Ofwat policy. DM took an action to clarify the charging rules between Wholesalers, Retailers and Customers when a Post RF Settlement Report is run.

ACTION 21a_01

- 2.13. MOSL clarified that if the Panel were not able to make a decision on CPW041 then the G read removal functionality would be switched off and if the accuracy of a G read was disputed then a mechanism to correct such G reads will need to be reviewed.
- 2.14. The Panel concluded their discussion and highlighted that the following issues remained:
- The ruling for back billing customers, Wholesalers charging Retailers, and Retailers collecting these charges from Customers, following a Post-RF Settlement Report being run.



- The costs for MOSL operationally to undertake any requested Unplanned Settlement Reports was unknown due to the uncertainty in demand.
- The implications of creating data items with joint ownership was not fully understood, particularly in whether there would be a GDPR impact.
- It was unclear whether MOSL should have a right or an obligation to investigate G read deletions and whether Unplanned Settlement Reports should be requested.
- It was unclear whether this change was more appropriate as an interim or enduring solution.
- It was unclear whether the level of materiality threshold was appropriate.
- What was the scale of the issue i.e. the number of G reads and Unplanned Settlement Reports that are expected, and the potential customer impact as a result.
- Whether or not the governance proposed was appropriate, given how it differed to governance on other settlement impacting data items.

2.15. The Panel Secretary reviewed this list of outstanding issues and indicated that, in the time allowed before a revised proposal could be presented. He highlighted that MOSL would seek to address the issues on the clarity of the proposal and the impacts of having a joint ownership data item. However, it was highlighted that it would be unlikely that issues such as the scale of the issue or the potential impact on MOSL operationally could be answered at this stage.

2.16. The Panel unanimously agreed that it would be unable to make a decision with the current outstanding issues. The Panel suggested that, should CPW039 be rejected, a further ad-hoc meeting could take place in September, to ensure that an agreement could be reached prior to the end of September, as to whether a refined change should be recommended for implementation.

2.17. The Panel requested when Ofwat would be able to provide a response to the action captured on the market code discrepancy. DM indicated that would be achievable before a potential middle of September ad hoc meeting.

The Panel:

- **DEFERRED** the decision to recommend implementation of the Change Proposal to the Authority, to allow for MOSL to review the governance proposals further; and
- **AGREED** to review the Change Proposal in September 2018, subject to the Authority's decision on CPW039 and further work being undertaken.

2.18. The Panel raised a unanimous appreciation for the recent work the MOSL team had put in to support the Panel on this Change Proposal in such short timescales.



3. Minutes and Outstanding Actions

Purpose: For Decision

- 3.1. The Panel agreed to the accuracy of the minutes from the previous meeting following an update from the Panel Secretariat, subject to any further comments from other Panel Members not in attendance at the meeting.

4. Any Other Business (AOB)

Purpose: For Information

- 4.1. The Panel Secretary provided an update to the Panel on a further Ofwat RFI related to CPW039 due to further information being provided to them by a Trading Party outside of the formal processes. Ofwat was seeking clarification from the Panel on 3 points raised in the response:
 - Retailers have retrospectively amended YVE's to 1 from April 2017 on a number of meters.
 - There has been an increase in the number of vacant flags, which reduces income further.
 - Wholesaler charges will be based on the RF and customer bills could go up as a result of the described issues.
- 4.2. The Panel noted the points raised by Ofwat and agreed to provide a response within the provided timescales.
- 4.3. Panel Members expressed a view that the MPOP did not identify the required monitoring of underlying activities of Trading Parties and the circumstances that would lead to data improvements within these.
- 4.4. Some Panel Members highlighted that it was desirable to establish a dedicated project, in addition to the MPOP, to work with Trading Parties to ensure they achieve their targets for data improvement. They believed this plan would be key to influencing the Authority's decision on whether to defer the RF settlement run.
- 4.5. The Panel also expressed an interest in seeing plan on key deliverables and to understand how they will be resourced. MOSL highlighted this was the purpose of the MPOP update at the August meeting, but took an action to liaise with NS and TN in advance of the meeting to provide some further insight.

ACTION 21a_02

- 4.6. There was no further business and the Chair concluded the meeting.

Actions:

- A21a_01** Ofwat to clarify the arrangements around Wholesalers Invoicing Retailers on Post-RF settlement runs and Retailers back-billing customers based on this.
- A21a_02** Liaise with NS and TN in advance of the upcoming Panel meeting to discuss the key deliverables.



The next Panel meeting is scheduled for: **28 August 2018, 10:30 – 15:30, at:**

**ETC Venues
Monument
8 Eastcheap
EC3M 1AE**

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