

MARKET OPERATOR SERVICES LIMITED

Minutes of a meeting of the board of directors held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG on 14 September 2016 at 10.31 a.m.

Present:	Andrew Pinder (AP)	Chairman
	Ben Jeffs (BJ)	Chief Executive Officer
	Margaret Beels (MB)	Independent Director
	Peter Bucks (PB)	Independent Director
	Peter Simpson (PS)	Undertaker Director
	John Reynolds (JR)	New Entrant Director
In attendance	Steve Lyon (SL)	Finance Director
	Melanie Hughes	Addleshaw Goddard LLP
	Lucy Bridge	Addleshaw Goddard LLP

1 Preliminary

- 1.1 A quorum being present, the chairman declared the meeting open.
- 1.2 The chairman reminded those present that the meeting had been duly convened to consider and, if thought fit, approve certain proposals in relation to minutes of the last meeting, business progress update, finance update paper, financial statement, letter of assurance process and timeline paper, systems readiness assurance paper and business plan and Articles timeline paper.
- 1.3 As required by section 177 Companies Act 2006 and the articles of association of the Company each director present with an interest in the proposed business declared to the meeting the details of the nature and extent of that interest.

2 Minutes of the last meeting and action log

- 2.1 The minutes of the last meeting were approved and the open matters were discussed and acknowledged.

3 Business Progress Update – including: Progress update report, Risk register and dashboard, Market engagement paper and Market company readiness report

- 3.1 The Board acknowledged that performance issues with MPS/MPS2 (Market participant sandpit) has had an impact on market participant testing. MOSL has purchased and installed additional memory, as proposed by CGI, to improve the environment's performance. CGI to provide MOSL CEO with performance testing update on Thursday 15 September. This remains a top priority for management leading up to Shadow market.
- 3.2 The Board noted build phase 2.1 was deployed on the 10 September into MPS and user acceptance testing (UAT) environments. UAT has commenced, with 48 of 220 test cases completed. The main functionality within release 2.1 relates to functionality that will not be operational in the shadow market (such as interim supply) or MOSL reporting functionality.
- 3.3 The Board noted that Welsh Water and Sutton and East Surrey have successfully loaded their data into the production environment with further data loads scheduled during the week leading up to shadow market cut over on the 3 October.

- 3.4 The Board recognised the large amount of work that was being carried out by MOSL through the cut over activities and acknowledge there was still work to be completed leading up to shadow market. The cut over requires a shift from a strategic and design focus to an operation function with the movement of staff to operational roles in preparation for the shadow market.
- 3.5 The Board discussed the process MOSL is putting in place to prevent being swamped with issues during shadow market, including:
- Daily update calls highlighting status and lessons learnt,
 - Weekly 20 minute 'surgeries' for individual participants to discuss their issues in the first few weeks
 - FAQs to be added to the website and information to be made more accessible to support self help
 - Database of key contacts to be formed for urgent text alerts
 - Full service desk in operation (CGI first line)
 - MOSL operational processes being tested and rehearsed
 - Recruitment is underway with Berwick Partners (part of Odgers) for the permanent Directors of Market Design and Market Performance
- 3.6 The Board noted that the feedback from the CIO workshop and the re-iteration from MOSL that shadow market will be operating 'as live', with the programme expectation that all participant data will be loaded into the production environment. No barriers to shadow market were raised at the forum, however an opportunity to discuss specific company issues directly with MOSL was noted.
- 3.7 The Board noted that recruitment for a Market Performance Director and Market Design Director has been commenced and an offer had been made for the HR lead and been accepted.
- 3.8 The Board reviewed and discussed the risk register and dash board, and were satisfied the risks were being appropriately managed.

4. Finance Update

- 4.1 The Board discussed the financial update paper and explanations for the variances to budget for the month of August were presented.
- 4.2 The Board discussed MOSL budget and the current use of contingency. In doing so they noted the additional work MOSL has undertaken over the summer to resolve including the data protection issue, accelerating the finalisation of industry codes in response to the resolution of outstanding policy issues and putting on the market mixer event, which was well received. The Board discussed the need to start the market in a strong position to protect the market and requested an updated forecast to the end of the current financial year to be presented at the next Board meeting.
- 4.3 It was agreed that SL would provide the Board with a monthly cash forecast in forthcoming board meetings. **(Action point SL)**

5 Financial Statements

- 5.1 The Board were provided an update on the financial statements and it was agreed the audit committee would complete their review at the Audit committee on the 27 September with a

Board call scheduled to discuss and approve the financial statements pending any comments raised by the Audit committee. **(Action point SL)**

6 Letter of Assurance Process and Timeline Paper

6.1 The Board noted a need for the work plan on cut over to be pulled together into one document for assurance, with the proposed structure includes providing detail of progression against milestones and the evidence of such progression through the provision of third party assurance and an internal audit review of the process

6.2 The Board reviewed the letter of assurance process and timeline paper and will continue to keep this under review leading up to the signing of the Letter of Assurance.

7 Business Plan and Articles Timeline Paper

7.1 The Board reviewed the Timeline for approval of the business plan and agreed for the latest version of the company's articles to be circulated for comments and presented at the next meeting. **(Action SL)**

8 Closure of the meeting

There being no further business the Chairman closed the meeting.

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Chairman