

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 Wednesday 27th April 2016 at 10.30 a.m.

Present:	Andrew Pinder (AP)	in the chair
	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
	Samir Rahim (SR)	MOSL IT Director
	Tara McGeehan	CGI
	Tim Gregory	CGI
	Hazel Moffat	DLA Piper
	Martin Silcock (MS)	MOSL Market Services Director

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 the minutes of the last meeting, Business Progress update, Finance Report, Data protection, MEA Criteria, Membership approval and a RMOMG Update (**Transaction**).
- 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 Transaction declared to the meeting the following details of the nature and extent of that interest:

Director	Nature and extent of interest
Peter Simpson	Director of Anglian Water Services Limited. Membership application received from Anglian Water Business (National) Limited which is an associated company of Anglian Water Services Limited

2 Minutes of the last board meeting dated 16th March 2016

- 2.1 The minutes of the last meeting were approved and signed.

3 Progress report

- 3.1 The Board reviewed the current red status of the MOSL programme and discussed the following;

- 3.2 4 April release capability is being consumed with market participants submitting completed pro-formas including Master data, connecting to FTP and Portal. To date 31 pro-formas have been received with 20 market participants set up in the system. 6 sets of tariff data have been verified and loaded into the MPS environment, on- going work continues with the remaining participants to communicate lessons learnt and support them through the upload process.
- 3.3 Training had been bought forward from the 18 April and began 5 April with 10 training sessions attended through WebEx through to the 20 April, with recordings made available on the MOSL website for market participants who could not attend or for other people within the organisation. Overall feedback has been largely positive with respect to the process to date especially on the quality of the training.
- 3.4 On the 25 April the member's sandpit was made available. The code drop had been approximately 92% SIT tested with no major issues identified. A comprehensive defects note has been communicated to market participants. It was noted that members have accessed the sandpit in the last two days and are trailing transactions.
- 3.5 Progress has been made in SIT work around B2B and Portal however significant progress is required with settlement testing for SIT Exit and UAT commencement on 9 May. CGI focus needs to be maintained to achieve this deadline. We have requested CGI management continue to drive the Netherlands team.
- 3.6 MEA is now underway and the trading application process is now open with 32 applications and 7 application information returns received so far, with 3 in draft form for initial review and guidance. Participants are attending individual workshops with MOSL to receive feedback on the process and respond to further queries which have been well received.
- 3.7 Participants using middleware providers had indicated that their ability to undertake testing may be delayed by 1-3 months due to delays in the middleware solution being made available to them. This could affect their ability to be ready for shadow market operation. The board requested a further briefing note on this (Action Point BJ)
- 3.8 The Board noted the shift in focus now CMOS has been dropped, as MOSL supports the market participants in a service operational role. There has been a noted change in the way market participants engage with MOSL.
- 3.9 The Board noted that Practicus had served notice on their contract following the resignations of 2 members of the Practicus team. Replacements had been identified and have commenced work. An interim COO – Martin Coulthard has also been brought in to oversee Operational service, implementation of the target operating model and central programme governance.
- 3.10 The Risk register and Programme dash was discussed and three risks highlighted that have been escalated;
- *1.2 Participant readiness*
Due to the data protection issue currently stopping participants trial loading of data into the 'sandpit' environment and anecdotal feedback from a number of participants that their middleware (interface) providers are behind in their development.
 - *1.5 MOSL Readiness*
Due to the diversion of management attention from the market operator build activity to managing slippage of phase 1 release. Additional management resources are being recruited to recover this

- *1.6 Participants failing to provide data in the right format, at the right time*
In the light of experiences of loading tariff data. As per the experience with tariff data, this is likely to be an iterative process with MOSL working with participants to resolve the issue and provide guidance notes on lessons that emerge; a process that worked well for tariffs.

The Board noted a plan is being developed for turning the programme back to 'amber' once SIT has been exited and sufficient confidence has been gained that UAT is on track and operational service is meeting market participants expectations.

11.16am Tim Gregory (CGI UK President) and Tara MacGeehen (CGI Vice President, Energy, Utilities and Telecommunications) and Samir Rahim were invited to join the meeting

- 3.11 Tara and Tim updated the Board on the current status of the CMOS delivery and their analysis of the reasons for not achieving the 4 April milestone.
- 3.12 CGI outlined the lessons learnt over the past 3-4 months and how the actions they are taking to provide the Board with confidence in the future milestones and operational service that they must deliver on to maintain confidence.
- 3.13 CGI outlined the programme management changes that have been made within CGI to drive behaviour change that will make up the lost time, in particularly in the Netherlands, and give MOSL greater confidence and visibility of progress against future milestones. The Board noted the efforts of MOSL management is driving the project forward and expected this to reduce as the programme risks reduced and progress was back on track.
- 3.14 The Board noted all the hard work to reach 25 April however made it clear that we have not exited SIT and therefore the same drive was still required and expect management to drive this. The Board further requested CGI commitment and re-enforced the importance that CGI support participants with high quality service management now CMOS is operational through the sandpit. CGI confirmed that a new Service manager was to be bought early to manage this operational service.

12.24pm Tim Gregory, Tara McGeehan and Samir Rahim left the meeting

4 Data Protection

- 4.1 A further board paper was provided to the board.
- 4.2 The Board discussed the areas of concern regarding the Data Protection issues which had arisen from participants. The main discussion was surrounding what data would be collection, whether it was personal data or business data, how the data was to be handled and how it would be held.

12.38 Hazel Moffat and Martin Silcock were invited into the meeting

- 4.3 Hazel provided a report in relation to the Boards concerns over the Data protection issues. It was noted that CMOS did not actually contain a significant amount of sensitive personal data, but it did hold personal data mainly in relation to small businesses.
- 4.4 The Board recognised a policy question as to whether market participants should be able to use the data held in CMOS for marketing purposes, this is a programme issue that Defra/Ofwat need to clarify (**Action; BJ raise with Defra/Ofwat for consideration**).
- 4.5 MOSL role and obligation as a data processor was discussed and it was also acknowledged the MOSL need to conclude whether it also is a data controller. Both have different obligations as to how they handle that data.

- 4.6 The Board acknowledged the programme working Group that had been set up to work through market participant's data and acceptable use policy concerns and issues was the correct approach to resolve. MOSL will actively co-operate in this initiative to ensure the needs of new entrant retailers are not overlooked.
- 4.7 The Board advised that to avoid delay to the programme market participants should be asked to exclude or mask any sensitive/personal data when uploading data into the sandpit.
- 4.8 After further discussion the Board requested that a report be brought back to the board in respect of cyber security, persons responsible for security going forward and data protection policy in light of the new EU directive. **(Action point BJ/SL)**

5 MEA Criteria

- 5.1 The Board acknowledged the Market Entry Assurance decision making criteria and Senior Counsel Advice in respect to this.
- 5.2 The Board noted that the criteria put forward was fit for purpose but recommended that specific guidance be issued to support applicants of new entrant retailers and wider, to all companies completing the documentation, giving examples of the types of supporting evidence expected and also to make it clearer to retailer applicants which areas of codes are relative to them as a starting point but not as inclusive guidance.
- 5.3 The Board then discussed the appeals process given legal counsel advice. The Board agreed there would be a need for an independent panel or pool of people in order to undertake the appeals process. This panel would needed to be in place by September/October. A job specification/advertisement would be drawn up and circulated to the Board by correspondence **(Action point BJ)**

15.05 Hazel Moffat left the meeting

6 Membership Application

- 6.1 The Board noted that PS had a conflict of interest in respect of the application received from Anglia Water Business (National) Limited and as such PS did not partake in the discussion (6.2).
- 6.2 The Board rejected the application for membership from Anglian Water Business (National) Limited under the Articles which prohibit associated companies of an existing member joining MOSL. The Board noted the contention between the current WSSL licensing processing and the MOSL Articles. The Board agreed to raise this with Ofwat through the transitional group. **(Action Point SL)**.
- 6.4 Application from Cutgroup was rejected on the basis that they do not hold the requisite licences and therefore cannot become a member per the Articles.

- 6.5 The application form from Independent Water Network Limited be approved as they do hold the requisite licences and therefore fulfil the membership entry criteria.

The Board agreed to create an informal, non-voting category for membership for associated companies who cannot become members, until the Articles are reviewed ahead of market opening.

7 RMOMG Update

- 7.1 The Board were provided with an update on the RMOMG and the main point made was that there was concern over Independent Review and how it could impact the programme. It was noted that it had not been reviewed by Ofwat or Defra.

8 Any other business

- 8.1 The Board were pleased to note that the code change proposal from Thames Water in relation to Developer Services being suspended for 18 months from the codes had been recommended by the Interim Code Panel (ICP) to Ofwat for approval.

- 8.2 The Board discussed a proposal put forward by Southern Water (on behalf of CIOs representing 12 participants) and supported by the Open Water Programme Management Group (PMG) for MOSL to support the market in agreeing and maintaining a common interface specification for system-to-system communications in relation to the Operational Terms as set out in the codes.

- 8.3 The Board noted that these requirements have previously not been within MOSL's scope and were the responsibility of individual wholesalers. The Board also noted the short timescales between now and the start of shadow market and was concerned to ensure that its involvement in the process at this late stage was not seen/perceived to be a reason why participants were not ready.

In the interests of the wider programme, the Board agreed to support the proposal, on the proviso that Southern Water, and the companies supporting them in raising this request, would resource and carry out the work

A new risk will be raised on MOSL's risk register to reflect the Board's concern.

Close of meeting

There being no further business, the chairman declared the meeting closed at 15.54.

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Chairman