



# Minutes of the Market Performance Committee

## Meeting 19

31<sup>st</sup> October 2018 | 10:30 – 15:30  
Held at Monument Street (MOSL),

Status of the Minutes: Final

### MEMBERS PRESENT

Nigel Sisman	NS	Independent Chair	Katy Spackman	KS	Retailer Committee Member
Mike Brindle	MB	Retailer Committee Member	Trevor Nelson	TN	Retailer Committee Member
Claire Yeates	CY	Retailer Committee Member	Simon Bennett	SB	Wholesaler Committee Member
Don Maher	DM	Wholesaler Committee Member	Mike Rathbone	MR	Alternate Wholesaler Committee Member
Jesse Wright	JW	Wholesaler Committee Member			

### OTHER ATTENDEES

Dan Mason		Ofwat Observer	Katie Trehella	KT	MPC Secretary
Steve Arthur	SA	MOSL representative	Mark Crowley	TN	MOSL representative
Mike Robertson	MR	MOSL representative	Harry Osei	HO	MOSL representative
Gladys Sagwete	GS	MOSL representative	Luke Austin	MC	MOSL representative



## 1. Welcome, Minutes and Outstanding Actions

### **Purpose: For Decision**

- 1.0. The Chair began by welcoming the members of the Market Performance Committee and introductions around the room.
- 1.1. The Chair queried the rationale for the deviation from the standard MPC agenda item order, to which MOSL responded that they were trying to prioritise topics such as OPS so that they were given enough time for discussion, given the current priorities.
- 1.2. The Chair asked if anyone had questions regarding the outcome from the Panel meeting from the previous day, to which members queried where the location of MPC20 would be – the Committee agreed to revisit in AOB.
- 1.3. The Chair asked for some clarity on the action log which MOSL created following the action from MPC 18. MOSL the talked members through the log including the location on SharePoint where this is available for members.
- 1.4. MOSL asked for feedback from members to know if having the SharePoint site was useful/helpful and if members had issues accessing the site to which the majority said no and other members who had access issues stating that they received assistance from MOSL.
- 1.5. Members suggested that when notifying members about the availability of minutes on SharePoint, MOSL should share a link that leads directly to the where the minutes can be found. The Chair also suggested discipline when members are checking in and out documents such that other members were able to edit files.
- 1.6. MOSL – talked through the action log.
  - 1.6.1. The Committee agreed to leave A17\_05 open. The action owner confirmed a problem statement has been made and there is still some additional analysis to finish.
  - 1.6.2. The Committee agreed to close A17\_08; The Committee agreed that members would vote and decide on a replacement at the beginning the meeting in question, drawing from one of the permanent members. The decision as to whether the Acting Chair would have a vote will be decided at the beginning of the meeting.
  - 1.6.3. The Committee agreed to close A18\_01
  - 1.6.4. The Committee agreed to close A18\_02
  - 1.6.5. The Committee agreed to close A18\_03
  - 1.6.6. The Committee agreed to leave open A18\_04 - pending agenda item 3
  - 1.6.7. The Committee agreed to close A18\_05
  - 1.6.8. The Committee agreed to leave A18\_06 open
  - 1.6.9. The Committee agreed to close A18\_07



- 1.6.10. The Committee agreed to close A18\_08: The Chair relayed his response to a question on the progress of the OPS Review, raised by the CEO of MOSL. The Chair expressed a desire to remain transparent during these communications and a member concurred that the response seemed as accurate summary of the previous discussion at MPC 18
- 1.7. A member raised whether the MPC should consider putting forward an MPC response to Ofwat's forthcoming request on Wholesaler Performance. Another member questioned if the MPC would be able to give a single position, given differing views of members, but the proposer stated that this response could be centred on the Committee's experience and discussion on performance monitoring during the last eighteen months. The Committee agreed to revisit this once the Ofwat request had gone out.

A19\_01

## 2. CPM008 Update

**Purpose: For information**

- 2.1. The Chair confirmed that Panel had approved the revised CPM008 and submitted to the authority.
- 2.2. Ofwat advised that this proposal was unlikely to have a decision by the end of November, and that this was most likely to be early next year.

## 3. OPS Review

**Purpose: For Decision**

- 3.0. The Chair relayed that he had asked MOSL and the Chair of the OPSWG to advise on the likelihood of an implementation date of 1<sup>st</sup> April 2019 prior to the meeting.
- 3.1. The Chair of the OPSWG responded by noting that this had fallen in a busy period for Wholesale team and this contributed to the delay. He also further noted that the process for approval, and the Chair-led nature of a working group caused decision times to be increased. The Chair also commented however that the actual delay had only been a few days, but due to MPC/Panel timings this had caused the month delay.
- 3.2. The Chair raised the question of how the OPS methodology would be incorporated into the code. MOSL explained that there was a discussion of whether the OPS methodology would sit in the current CSD002 or if there is to be a new CSD created for the methodology due to timing. The Chair noted that the MPC had already agreed to a new CSD, however, MOSL commented to the Committee that external lawyers had given advice that adding to CSD0002 would be the quickest option and that, after removing 'good practice' tables and examples it would not be as long as previously anticipated.

A19\_02



- 3.3. The Chair asked whether the change is likely to go through before the end of the financial year, and when the legal draft will be seen. The OPSWG Chair responded that if the Committee approved that principles of the current methodology, then the December deadline would be possible.
- 3.4. The OPSWG Chair noted that the biggest area of concern for April 2019 implementation is potential changes to Wholesaler systems. However, it was commented that the change has been designed to minimise this, that Wholesalers should be able to cope with a three-month notice for systems changes, and that there was an option to postpone aspects of the change not critical to charging.
- 3.5. A member suggested mirroring CMOS systems releases and that this should give ample time and process to achieve any required systems changes.
- 3.6. Regarding redistribution of charges, the OPSWG Chair explained that although this was not his personal view, the OPSWG took the view that it would mirror MPS charges, with the knowledge that the redistribution was not going to happen until the 19/20 financial year and therefore changes to this redistribution could be made prior.
- 3.7. The OPSWG Chair outlined the timeline for the review as below:
- Consultation starts - 02/11/2018 (User forum on Thursday 15/11/2018– allows for feedback)
  - Consultation ends - 16/11/2018
  - Consolidated Consultation document - 20/11/2018
- A19\_03
- Draft Recommendation report to MPC (late paper) – 21/11/2018
- A19\_04
- Draft Recommendation report sign off at MPC 19 – 28/11/2018
  - Adjustments – 03/12/2018
  - December paper day – 12/11/2018
  - Final draft presented to the Panel – 18/12/2018
- 3.8. Regarding the Assurance Paper, the OPSWG Chair made 2 points; first, additional reporting such as cancellation / late reporting would provide greater transparency and that this could be used for third-party audit at some stage. The Committee agreed to propose self-assurance with the possibility of third-party assurance if required.
- 3.9. A member suggested that if there is uncertainty about the implementation of OPS, ‘clinics’ where Trading Parties have a chance to call and discuss or ask questions could be offered between January 2019 to end of March 2019.
- A19\_05
- 3.10. The OPSWG Chair raised some drafting concerns with the draft consultation in particular ensuring that questions were specific, targeted and not open ended. He asked that feedback be provided to the chair of the OPSWG within 48 hours. He also advised that there would be tight timescales to take on board responses which may impact on other areas of work.



- 3.11. The Chair noted the work load of the Committee in the coming months and requested that Committee provide an update of their anticipated future capacity for Committee-related work for the remainder of this financial year.

A19\_06

- 3.12. A member asked for information to know the resources that are available to MOSL considering all the work load that MOSL already has and if there is a need for external help be sought to ensure there is an adequate back up plan if the need arose. Another member added that having conversation about the workload that MOSL are currently working on and or prioritising would help to ensure that members come in better resourced.

- 3.13. Another member pointed that the change budget was currently being underspent therefore, if there was more work to be done then there is room that it could be given to a consultant which relieves MOSL and promotes good engagement.

## 4. Second MPS Review

### **Purpose: For Discussion**

- 4.1. The Committee noted the contents of the paper provided by MOSL, evaluating the effect of the threshold in the first six months of the charging regime.
- 4.2. Based on the current level evidence available the Committee agreed to indicate to Ofwat an intention to leave the Retailer Cyclic Meter Read Threshold unchanged in level and scope.
- 4.3. The Committee asked MOSL to make minor amendments to the presented paper and add a cover note, to be recirculated to the Committee before MPC 20.

A19\_07

## 5. Data Improvement Plans

### **Purpose: For Discussion**

- 5.1. MOSL presented the Data Improvement Plans background, initial findings/responses and the next steps.
- 5.2. MOSL described the current phase of activity at MOSL, which is reviewing the responses and reporting by exception where plans have not been provided and or any areas of concern.
- 5.3. MOSL explained that the plans requested information on retailers and wholesalers planned data improvement activities and targeted improvement paths using the following metrics for; retailers – requests were on the number of meters with no actual read in the past 12 months, meters with 'Null' YVE and meters with YVE of 0 and 1. For wholesalers, the requests targeted unpaired supply points, monthly and biannual missed non-market meter reads and on the qualitative side, the number of unread meters with missing location data. MOSL presented the summary of responses from wholesalers and retailers which the market coverage by SIPDs was 98% and 99% respectively.



- 5.4. MOSL noted the increase in meters unread for 12m since market open - rising from 7% to 15% of all meters and that the reasons for this were varied across trading parties.
- 5.5. From the responses, the main challenges that were identified were grouped into four categories namely scheduling reads, locating meters, obtaining reads and submitting reads. In summary, multiple retailers indicated that there was a need for wholesaler and retailer interaction to resolve 15%-30% of unread meters. Approximately 50% of retailers also indicated that improvement was dependent on skip code analysis therefore depending on wholesalers and meter reading providers and that where there are readings are available and that a big improvement will be seen in those readings being added to the system. In general, the responses stated that in 2-3years time there will be about 5% for long unread meters.
- 5.6. The plans indicate improvement at the overall market level, from the current 15% of meters not read within the past 12 months to 11% by end 2018/19 and to 5-6% by end 2019/20. The responses forecast an overall improvement by 50% from their baseline position to 80% by March 2019. The Median to Upper Quartile performance perceives an improvement to a level 1-3% of meters not read within the past 12 months by 2019/20, while the lower quartile performance sees an improvement to 6%. MC noted that the 1-3% consists of a range of different companies from self-supply, regional and national therefore not affecting a specific group and described how the trajectories shown by the 10<sup>th</sup> largest retailers drive up the whole market. Overall, most trading parties will improve in the first year however, it gets less clear what trading parties are going to do after 2019/20.
- 5.7. MOSL noted an ongoing discussion with one Trading Party regarding their submission, and that this might result in a slight change to the market forecast improvement numbers. A member suggested the usefulness of sharing the slides with some retailers to show that they are outliers.
- 5.8. MOSL talked about how the number of meters based on estimated consumption increased since the market opened with approximately 87% of those settling based on historical reads although percentages and types of estimation varies by trading parties.
- 5.9. Regarding NULL YVEs and YVEs that are 0 & 1, the consensus from Retailers' forecast that these will be reduced to about 98-100%. MOSL explained the justification for an outlier which had dragged up the mean for NULL YVE's.
- 5.10. The Committee discussed whether it was appropriate to accept a high number of Null YVE's, even if there is meter read history and agreement from the respective Wholesaler. A member noted that the importance in YVE's is not for current Retailer, but for an incoming Retailer should a switch take place.
- 5.11. A member requested confirmation of the duties of the MPC in relation to Data Improvement Plans as it has not been clarified what responsibilities, if any, the MPC has in relation to the timeliness, completeness or monitoring of the presented information. Due to time constraints this confirmation was not provided in the meeting. This will need to be covered at the next meeting.

A19\_10



- 5.12. A member queried if MOSL will provide a view on what 'good' or 'bad' looks like, and what the overarching aim and direction of these plans should be. MOSL agreed to provide greater detail on what the objectives, and potential actions, for this project would be at the next meeting.

A19\_08

## 6. MPS, OPS, APIs and Performance rectification plans

### **Purpose: For Information**

- 6.1. MOSL presented a brief summary of the September MPS reports and gave an update on the Performance Resolution Process, noting Trading Parties currently under an "IPRP" (Initial Performance Rectification Plan), new Trading Parties flagged under the metrics, and Trading Parties who had previously been flagged but performance had improved sufficiently to be above the trigger metrics.
- 6.2. MOSL noted that IPRP's had been distributed to Trading Parties on the 9<sup>th</sup> October and, due to a 20BD response time, would be able to give a more detailed update at MPC 20.
- 6.3. The Chair suggested that a sub-group be formed to determine what the MPC process should be in the event on an escalation. MOSL agreed to organise the first meeting and provide secretariat for this.

A19\_09

## 7. MO Compliance

### **Purpose: For Information**

- 7.1. MOSL presented an overview of the Q2 MO Compliance Report, noting that the number of non-compliant obligations was down 68 from the previous quarter, and that there was an increase of 3 MO obligations owing to newly approved code changes.
- 7.2. MOSL highlighted the high market-impact areas of non-compliance
- Business Continuity Management System – MOSL is required to achieve the ISO 22301 accreditation within six months of market open, this cannot take place until staff training and a rehearsal has taken place which is scheduled for January 2019
  - Escrow Agreement – MOSL has agreed an escrow solution, whereby CGI will deposit all CMOS collateral on a monthly basis, but Ofwat are yet to sign the deposit agreement
- 7.3. MOSL noted that the MPOP will remain non-compliant until the next financial year, despite publication.

## 8. Market Entry Assurance and Re-assurance

### **Purpose: For Information**

- 8.1. MOSL presented the market entry assurance and reassurance. The current update was that there are 71 trading parties currently in the market, 8 applications that are currently in the process of entry and 2 new trading parties that entered the market in the past 4 months namely, Tor Water and Utility Bidder.



- 8.2. MOSL are reviewing trading parties that have not registered any supply points since the market opened. There is also work in progress for development of integration between performance rectification plans and re-assurance to; identify the causes for performance issues requiring rectification plans to assist in monitoring the risk to the market and to assist wholesalers and retailers in identifying areas which have historically led to changes and performance issues.

## 9. Market Issues

### **Purpose: For information**

- 9.1. MOSL presented the process for allocation and prioritisation in the Market Issues Register. This involves an impact rating being assigned to a Market Issue, following an internal meeting with senior representatives from across MOSL.
- 9.2. MOSL provided issues currently on the register that are out of the MPOP scope, along with a proposed resolution route for these issues.
- 9.3. MOSL confirmed that the governance around the Market Issues register was currently being formalised and the Committee would be updated on this.

## 10. Any Other Business (AOB)

### **Purpose: For information**

- 10.1. The Committee agreed to close A17\_04, with new action replacing
- 10.2. The Committee agreed to close A18\_04
- 10.3. A member updated the Committee on future locations of meetings, following a discussion at Panel and intention that sub-committees should follow the same process if they wish. The Committee agreed that meetings would continue to be held in London until the new Committee was elected – after which the new Committee should decide where to meet. It was agreed however that the February MPC will be held in Southampton to enable members to trial travel arrangements and AV. One member confirmed that owing to travel to Southampton that they intended to join MPC meetings via digital conference rather than in person.

## 11. New Actions

- A19\_01** MPC TO consider putting forward an MPC response to Ofwat's forthcoming request on Wholesaler Performance.
- A19\_02** MOSL to manage CSD red-lining process with external lawyers and report update at MPC 20
- A19\_03** MOSL to distributed consolidated OPS Review consultation document to members on 20<sup>th</sup> November



- A19\_04** OPSWG, with MOSL support, to provide Draft Recommendation report to MPC on 21<sup>st</sup> November
- A19\_05** OPSWG to consider initiating 'clinics' for support with the guidance from Jan – April 2019
- A19\_06** Committee to provide an update of their anticipated future capacity for Committee-related work for the remainder of this financial year
- A19\_07** MOSL to make minor amendments to the document and add a cover note, to be recirculated to the Committee before MPC 20
- A19\_08** MOSL to provide greater detail on the objectives, and potential actions, for the data improvement plan project
- A19\_09** MOSL to organise Performance Resolution process sub-group
- A19\_10** MOSL to confirm roles and responsibilities of the MPC in relation to Data Improvement Plans

**The next MPC meeting is scheduled for: September 2018**

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