

Minutes of Panel Meeting 13

28th November 2017 | 10:30 – 15:30
4th floor, 16-18 Monument Street, London, EC3R 8AJ

Status of the Minutes: Final

MEMBERS PRESENT

Margaret Beels	MBe	Chair	John Vinson	JV	Alternate Panel Member for Nicola Smith (Unassociated Retailer)
Mike Brindle	MBr	Panel Member (Associated Retailer)	Mark Holloway	MH	Panel Member (Wholesaler)
Simon Wilshire	SW	Panel Member (Associated Retailer)	Ashley Marshman	AM	Alternate Panel Member for Dylan Freeman (Wholesaler)
Wendy Monk	WM	Panel Member (Associated Retailer)	Howard Smith	HS	Panel Member (Wholesaler)
Helyn Mensah	HM	Panel Member (Independent)	Steve Arthur	SA	Affiliated Panel Member (MOSL)
Nigel Sisman	NS	Panel Member (Independent)	Dan Mason	DM	Affiliated Panel Member (Ofwat)
Elsa Wye	EW	Panel Member (Independent)	Christina Blackwell	CB	Affiliated Panel Member (CCWater)
Trevor Nelson	TN	Panel Member (Unassociated Retailer)	Adam Richardson	AR	Panel Secretary

OTHER ATTENDEES

Elliot Bird	Meeting Secretary	Abu Rashid	Presenter (MOSL)
Rebecca Mottram	Observer (MOSL)	Natasha Sinnet	Presenter (MOSL)
Mihai Ciurba	Presenter (MOSL)	Katy Spackman	Presenter (NWG Business)
Harry Osei-Tutu	Presenter (MOSL)		

APOLOGIES

Dylan Freeman	Panel Member (Wholesaler)
Richard Moore	Panel Member (Unassociated Retailer)
Nicola Smith	Panel Member (Unassociated Retailer)

1. Welcome and Introductions

Purpose: For Information

- 1.1. The Chair welcomed the Panel to its 13th meeting.
- 1.2. The Chair gave Nicola Smith's apologies to the Panel, and welcomed John Vinson as her alternate.
- 1.3. The Chair also welcomed Steve Arthur to the Panel meeting, who was acting as deputy for Chris Scoggins on behalf of MOSL.

2. Minutes and Outstanding Actions

Purpose: For Decision

2.1. Minutes

- 2.2. The Panel **AGREED** upon the accuracy of the minutes for Panel meeting 12, subject to some amendments, and for the final minutes to be published on the MOSL website.

2.3. Actions

- 2.4. The Panel agreed to close 4 actions (**A08_02, A09_04, A12_02** and **A12_03**) from the previous meetings, based on the update provided by the Secretariat.

3. Update from Ofwat

Purpose: For Information

- 3.1. Dan Mason (DM) from Ofwat provided an update on the activities of Ofwat in the month since the previous Panel meeting, which included publishing a set of decision documents around 5 code modifications (**CPW012, CPW013, CPW022, CPW024** and **CPM003**).
- 3.2. DM also highlighted that the first wave of results of the customer insights monitoring work on the business retail market had been received, and that Ofwat was considering its State of the Market Report and what form that will take.
- 3.3. The Panel was also informed that Ofwat had Published a consultation on changes to the Retail Exit Code which would close on the 11th of December 2017.
- 3.4. DM also informed the Panel that Ofwat had granted new supply licenses to Marstons (self-supply) and First Business Water.
- 3.5. The Panel **NOTED** the presentation from Ofwat.

4. Update from MOSL

Purpose: For Information

- 4.1. Steve Arthur (SA) the MOSL Director of Market Performance provided an update on the key activities at MOSL including the ministerial office opening by Theresa Coffey the minister for water, and for which very positive comments were received from the Minister. It was also highlighted that Chris

Scoggins (CS) had provided [his reflections of the first 7 months of the market](#) at a recent Marketforce event.

- 4.2. SA highlighted that the Central Market Systems version 3.5 (CMOS 3.5) went into the Market Participant Sandbox (MPS) version 2.0 testing environment on the 17th November 2017, and introduced fixes for defects on market performance and better document referencing. In addition, Communications have been circulated on the tariff window and there are plans to circulate a guidance document to reflect the changes to tariffs to be made available on the MOSL website. Finally, it was also highlighted that a planned outage has been deferred to January.
- 4.3. SA then provided an update on the activities of the Committees and other groups that had met since the previous Panel meeting. The First digital strategy committee meeting was held on the 16th of November and discussed the Terms of Reference for the Committee, and how it will communicate to other committees. The Committee also discussed the digital initiatives and opportunities for the upcoming year. Additionally, the latest User Forum was held in the CGI Offices and was well attended and received. SA also reported that a Trade Effluent training workshop had been held on the 21st November 2017 and was well attended.
- 4.4. A Panel Member requested clarity on any feedback on the communications MOSL circulated on the tariffs changes described in the CMOS update, as there are concerns around the lack of knowledge of this change. SA indicated that guidance will be produced which will hopefully address any questions. He also highlighted that it will be item 2 on the agenda for the next meeting of the User Forum which will be presented by the Market Operations and Digital teams.
- 4.5. Another Panel Member asked how the outcomes from the Digital Strategy Committee (DSC) will be communicated to the Panel. SA indicated that DSC reports and recommendations should come from MOSL, as it is a MOSL Committee, and MOSL will update the Panel as part of its standing agenda item in future.
- 4.6. **NOTED** the presentation from MOSL.

5. Change Report

Purpose: For Information

- 5.1. MOSL highlighted a key update to the report in Section 3 which shows all the change proposals currently in the change process. Alongside this was the average number of business days Change Proposals have been at the indicated stage of the process. ICP changes have also been removed and the report reflects only Panel changes.
- 5.2. A Panel Member asked that MOSL make it clear how this average was calculated i.e. whether it would be a rolling average or will it represent a set point in time. MOSL agreed that it would consider how this would be reported in future and present it as an update to a future Panel meeting.

ACTION 13_01

- 5.3. A Panel Member requested clarity on whether the listed pipeline change for nominations and governance processes is coming from the Panel or MOSL. MOSL indicated that these changes were

expected to be MOSL led and were a placeholder in anticipation that changes may need to be progressed to address actions arising from the December workshop.

5.4. The Panel **NOTED** the contents of the Change Report.

6. Initial Written Assessment CPM006 – Introducing a Process for Urgent Change Proposals

Purpose: For Decision

- 6.1. The Panel considered a Market Arrangements Code (MAC) Change Proposal that sought to introduce a process for progressing Urgent Change Proposals to the market codes. This proposal had been developed following conversations with Ofwat, reflections from the Panel in summer and learning from energy market codes processes in response to Proposers submitting urgent Change Proposals.
- 6.2. It was highlighted that the change sought to address a gap in the Market Codes to provide a mechanism for managing urgent changes in a timely manner, as well as an approach for determining whether a change is urgent or not.
- 6.3. Ofwat had provided guidance on the urgency criteria, which the Panel noted was draft and subject to change.
- 6.4. A Panel Member requested clarity on whether the Panel would get the opportunity to comment on Ofwat's criteria for urgency. They were also interested to hear what status the guidance had, within the governance frameworks of MOSL and the Panel, and where would it be kept if it became a feature. The Panel requested that Ofwat and MOSL should consider comments on the criteria from the Panel before developing anything further.

ACTION 13_02

- 6.5. Panel Members raised concerns with the provision that ultimately allowed the Chair to make a decision in relation to an Urgent change if it proved impossible to achieve quorum for an Urgent meeting.
- 6.6. It was then suggested by a Panel Member that there is flexibility in the codes at the moment, and in reality, there would be very limited conditions that something needs to be progressed critically as this process prescribes.
- 6.7. The Panel Member noted that the proposal had drawn on provisions which existed in similar markets with established governance but felt that in other, similar, markets, procedures such as these aren't prescribed and instead there is flexibility in the codes to manage these issues as they arise. It was also raised that the provisions of arranging Urgent meetings can create perverse incentives to not prescribe reasonable timescales.
- 6.8. The Panel agreed that it would like to assess this proposal following the upcoming Panel workshop.
- 6.9. Another Panel Member felt that this change would have significant impacts, and as such should also go to industry consultation. The Panel was in agreement with this suggestion.

- 6.10. DM confirmed that the Authority agreed with the change in principle, and viewed it as a desirable change. In response to this a Panel Member requested clarity on whether the Authority had an opinion on whether it should be included in the Market Codes. DM indicated that the Authority did not have a specific vision for where the provisions would be kept and that they would not oppose a solution outside of the codes on that principle.
- 6.11. Panel Members highlighted that this urgency criteria should not allow individual companies to use the Change Process to solve urgent issues that specifically affect them. However, it should provide flexibility to address urgent systemic issues that arise as a consequence of the market rules.
- 6.12. Noting the radically different approach to procedures, the Panel **DEFERRED** the decision on this change, to allow for more thorough consideration of the management of urgent Change Proposals at its upcoming workshop review of Panel working practices.

7. Initial Written Assessment CPW026 – Removing SPID Version Design

Purpose: For Decision

- 7.1. The Panel considered a proposal to remove the concept of SPID version from the market codes, which will result in all SPIDs to have their version as version “1”.
- 7.2. The Proposer highlighted that the intention of including SPID versioning was to reduce the effort for Wholesalers and Retailers when making corrections to SPIDs, in the instance where they have been deregistered in error. Erroneous deregistration should be a comparatively rare occurrence, as there are a number of steps to go through before deregistration can take place, including the removal of meters.
- 7.3. However, CMOS currently does not support SPID versioning, and if this change were rejected it would be required to develop that functionality in CMOS. The Proposer highlighted that developing the SPID versioning functionality would likely result in significant cost and effort for all Trading Parties, as well as the Market Operator.
- 7.4. The Panel noted that the change had been presented to the Operations and Release Working Group (ORWG) twice and that ORWG Members broadly agree with it and haven’t raised concerns.
- 7.5. It was highlighted that if the Panel agreed with the recommendation there would be no system impacts to the Market Operator. However, there will be a clean-up activity to undertake in CMOS to correct inaccurate SPID information, i.e. where SPIDs versions have already been changed.
- 7.6. The Proposer highlighted that one issue to come out of this change would be that, in order to correct an erroneously deregistered SPID Trading Parties would be required to recreate the SPID pair. This does mean that if, for instance, the Sewerage Wholesaler erroneously deregisters the Sewerage SPID, the Water Wholesaler would also have to deregister the Water SPID and, together with the relevant Retailer, recreate it.
- 7.7. A Panel Member suggested that there should be some requirement within the change for Wholesalers who erroneously deregister a SPID to inform the relevant Trading Parties at the SPID pair of the erroneous deregistration.

7.8. A Panel Member highlighted that in the Scottish Market the absence of the SPID versioning functionality has previously been an issue and that there had been significant losses in data quality in some cases. They were concerned that removing this functionality from the English market could potentially have negative impacts on data quality, which is already a current issue in the market. An action was raised to investigate the historic impact of not having an equivalent to the SPID versioning functionality in the Scottish market.

ACTION 13_03

7.9. The Panel raised an action for the Panel Member who highlighted the previous issue to review the content of the report and ensure these issues are covered sufficiently.

ACTION 13_04

7.10. The Panel unanimously:

- **AGREED** to progress the Change Proposal to the Industry Consultation stage; and
- **AGREED** the questions to be considered in the Industry Consultation.

8. Initial Written Assessment CPW027 – QC Error Codes

Purpose: For Decision

- 8.1. The Panel Considered a proposal, raised by Katy Spackman from NWG Business, to separate the errors generated under the QC Error Code to allow Trading Parties to better target their resources.
- 8.2. The issue that was described by the Proposer was that currently all the validation failures return an identical error code. Trading Parties would ideally like to prioritise investigating issues with meter read submissions but cannot see which validation rule has led to the meter read being rejected. The proposed change would allow Trading Parties can determine why specific meter reads have been rejected, and specifically investigate any issues raised by these validations.
- 8.3. The Proposer provided some information from their own experience of the market, that showed the number of entries that were rejected by QC error codes of all rejections within the Central Systems. This indicated that on average 34% of transactions submitted are being rejected by validation.
- 8.4. The proposer highlighted that the Change Proposal had been raised at the User Forum on the 9th of November 2017, and there was a Request for Information (RFI) to gather opinions on the change and view of the implementation timetables.
- 8.5. The Proposer communicated the feedback from Trading Parties in the RFI, which came from 11 participants (7 Wholesalers and 4 Retailers), who all agreed with the Proposal.
- 8.6. The Panel noted that the indicative implementation costs for making the required change to the Central System (CMOS) would be low to medium and would have a low impact on Trading Party systems.
- 8.7. A Panel Member argued an alternative case, as the issues faced currently are to do with 1 or 2 specific validation rules. This Panel Member enquired whether it might be better to consider a reporting based

solution that would identify submitted reads implying what might be regarded as implying abnormally high consumptions perhaps as an alternative, or complement, to the proposal.

- 8.8. The Panel agreed that, given the wide-ranging discussions around the appropriateness of the validation rules, a review would provide insight into this. Panel Members noted that a review of the validation rules had been scheduled to be undertaken after April 2018 in light of the Panel's consideration of CPW013 'Meter Reading Validation'. However, the Panel recognised that such a review would not conclude in time to make changes to the central system in 2018.
- 8.9. The Proposer explained that currently the recommendation includes that the implementation date should be no later than September 2018, and if possible, sooner.
- 8.10. There was a sense of disappointment around the Panel that this Change Proposal could not be implemented before September.
- 8.11. This raised concern among the Panel that 2 releases for CMOS would not deliver change at the pace or with the flexibility in deployment windows that it requires. It was noted that the release schedule had been set in light of feedback that MOSL had received from Trading Parties, particularly the IT community.
- 8.12. SA highlighted that MOSL and the Panel needed to ensure there is an obvious pipeline about where changes will be implemented. The Panel notes that this also enables Trading Parties to better plan and prioritise resources.
- 8.13. The Panel acknowledged the importance of a well-managed change pipeline that takes due account of development and testing time for both the Market Operator and Trading Parties. Panel Members also noted that the MOSL Business Plan had been developed with two releases in mind and that additional releases would bring addition cost.
- 8.14. The Proposer highlighted that, currently the Change Process requires Proposers to submit their change 9 months prior to the release it is included in to ensure it is included in the upcoming release, otherwise it will be delayed a further 6 months. The Proposer felt that this minimum turnaround of 9 months did not seem like an acceptable pace for the market.
- 8.15. The Chair asked whether the Panel wanted MOSL to engage once again with Trading Parties' IT and business representatives regarding the number of planned CMOS releases. The Panel agreed that this would be worthwhile and suggested that it was important that Trading Parties understood the benefits as well as the costs of each approach.

ACTION 13_05

- 8.16. The Panel:
 - **AGREED** to recommend the implementation of CPW027 to the Authority for approval;
 - **AGREED** the proposed implementation date to align with the September 2018 release at the latest, if Authority approval is received by 1st June 2018; and
 - **AGREED** for MOSL to investigate with members the implications of the policy of only having 2 releases per annum.

9. Rollover Detection Algorithm

Purpose: For Decision

- 9.1. The Panel considered the findings of a review of the Rollover Detection Algorithm (RDA).
- 9.2. The Panel observed that, in the absence of any known material issues and given the short time the market had been in operation, there was insufficient evidence to justify any change to the algorithm.
- 9.3. The Panel unanimously:
 - **AGREED** no changes should be made to the Rollover Detection Algorithm at this time; and
 - **AGREED** to review the Rollover Detection Algorithm in the second quarter of 2018.

10. Trade Effluent Issues Committee Framework and Approach

Purpose: For Discussion

- 10.1. The Panel considered the draft Approach and Framework by which the Trade Effluent Issues Committee (TEIC) will identify, analyse and address issues relating to Trade Effluent in the non-household regulated market. The Panel was invited to review the draft document, and provide feedback on the approach and framework set out.
- 10.2. A Panel Member asked whether the Committee was anticipating a number of issues being raised or whether they have already been identified. The Chair of the Committee confirmed that the Committee has drawn on the Market Auditor's list of issues identified, and various other sources including the trade effluent practitioners group to identify current issues. The Chair of the Committee also highlighted that an issue register had been created, and the prioritisation is occurring within that. However, the second part of the framework looks at addressing any unidentified issues.
- 10.3. A Panel Member requested clarity on how issues were being addressed that were not within the Committee's remit. The Chair explained that there are Affiliated Members from the Environment Agency, CCWater and Ofwat in attendance to communicate and escalate issues belonging to them.
- 10.4. The Panel **NOTED** the presentation from MOSL.

11. Monthly Committee Updates

Purpose: For Information

- 11.1. The Panel was provided with a monthly update on the activities of the Panel Committees, which have met since the October 2017 Panel meeting.
- 11.2. The Chair of the Market Performance Committee (MPC) provided feedback on the consultation responses that had been submitted in respect of the MPC's review of Market Performance Standards and Charges.
- 11.3. Panel Members discussed the principles of the current and potential future framework of standards and charges.

- 11.4. The Chair of the MPC informed the Panel that the upcoming recommendation report from the MPC would not be able to be provided in time for Panel paper day. Therefore, the Panel agreed to accept the late paper from the MPC.
- 11.5. The Chair of the GDPR Issues Committee highlighted that the Committee considering responses to the consultation it had undertaken on draft changes to the codes. This incorporated further legal review on some areas of complexity which the Committee was looking to simplify.
- 11.6. The Chair also highlighted that the final recommendation to the Panel will likely contain a large volume of documentation, and cannot be finalised in time for Panel paper day. However, the Chair informed the Panel that the aim is to give the Panel the ability to give the recommendation to the Authority to accept the change, without the need for further consultation. This was bearing in mind that sufficient lead time needs to be provided in order to implement the necessary changes. The Panel agreed to accept the late paper from the GDPR Issues Committee.
- 11.7. The Chair of the Trading Disputes Committee (TDC) provided an update on the most recent meeting, which was held in November as a review for a Trading Dispute between Severn Trent Wholesale and Retail. Although this dispute was resolved bilaterally before it reached the Committee consideration stage, the Committee agreed it was useful to consider as a practice exercise.
- 11.8. Following this meeting, the Committee agreed that the materiality threshold for Trading Disputes would be reviewed, as it was preventing the dispute being raised in this case and is currently preventing another dispute from being raised.
- 11.9. The Chair of the TDC informed the Panel that the upcoming meeting is being cancelled as there are no live disputes.

12. Any Other Business (AOB)

Purpose: For Information

- 12.1. MOSL provided an Update on the progress of the Change Proposal CPW019. This update provided the Panel with a list of issues identified following the Change Proposal's further assessment and an indication of timescales.
- 12.2. MOSL agreed to provide the Panel with the Change Proposal, subject to its further assessment, at the Panel meeting on the 30th of January 2018. It was noted that the Proposer will be conducting further work and may amend its solution based on feedback from the previous Panel Meeting. In addition, MOSL will consider whether any alternative solution might better facilitate the code objectives and principles.
- 12.3. A confidential summary was provided to the Panel on the commercial situation around CPW019.
- 12.4. The Panel agreed that there was a need to look at credit more widely, and that this would not be possible within the timelines prescribed for CPW019.
- 12.5. The Panel agreed that MOSL should undertake a separate piece of work in the new year on behalf of the Panel to consider alternative credit support arrangements that could provide a lower barrier to entry than the current methods.

12.6. The Panel agreed that its response to the MOSL Business Plan should be published on the MOSL website.

CLOSED SESSION

13. Market Incident Management Plan Committee Nominations and Approval

Purpose: For Decision

13.1. The Panel considered the nominations received for the Panel to appoint members to the MIMP Committee and outlined the future steps to be taken due to not enough nominations being received.

13.2. The Panel recognised that this request was raised during a number of significant industry consultations and therefore may have been missed.

13.3. The Panel:

- **APPOINTED** Jon Last, Karen Winfield and John Spreadbury as Wholesaler members and Simon Brown as a Retailer member from the nominations received to the MIMP Committee;
- **AGREED** to review the membership requirements of the MIMP Committee;
- **AGREED** to re-open the request for nominations from Retailer members for the Committee;
- **NOTED** that the nominations period was extended by 5 Business Days, and any additional nominations received will be issued prior to the Panel meeting; and
- **NOTED** that, once appointed, MOSL will seek a confirmation letter and employer release letter for the newly appointed committee members.

13.4. There was no further business and the Chair closed the meeting.

Actions:

ACTION 13_01 The Panel to provide comments on the proposed urgency criteria provided by Ofwat.

ACTION 13_02 MOSL agreed that it would consider how the average number of days a change spends in each process would be reported in future, and present it as an update to a future Panel meeting.

ACTION 13_03 MOSL to investigate the historic impact of SPID versioning in the Scottish market.

ACTION 13_04 The Panel Member who highlighted previous issues within the Scottish Market to review the content of the report and ensure these issues are covered sufficiently.

ACTION 13_05 MOSL and the Panel to Investigate the impacts of an additional CMOS release and the potential of a-hoc releases. As well as communicating this information to the IT

representatives in the industry to determine whether they are willing to change their stance on having only 2 releases a year.

ACTION 13_06 The Panel agreed to start a separate piece of work to its own timetable and consider alternative credit support methods that would have lower costs than the current methods.

The next Panel meeting is scheduled for: **12th December 017, 10:30 – 15:30, at:**
MOSL Offices
16-18 Monument Street
London
EC3R 8AJ

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