MOSL's 2024-27 Strategy

Introduction

We are pleased to introduce MOSL's Strategy for 2024-27.

This is our second strategy, setting out priorities and defined programmes of work for the next three years. Our first strategy was developed in July 2020 and established, for the first time, a clear vision and purpose for MOSL.

In 2020 we set out four strategic priorities: Service Excellence, Market Improvement, Data Insight and Organisational Capability. These priorities and the activities that sat beneath them were not designed to tick a box, but to be embedded in our ways of working, to keep us on track, to hold us to account and to be measurable. They would also be used to inform our business planning as we matured to a three-year planning cycle – a commitment we made to the market to provide greater clarity and transparency on our costs.

As we started work on our 2024-27 Strategy, we considered our current context and what we have delivered. Our commitments centred on being an excellent service provider with the right capability and information to drive continuous improvement in the market. We have retained a relentless focus on delivering improved outcomes not just for those who operate in the market, but for those it serves – customers.

Notably we have strengthened, and in some areas, built new capabilities in data and the insight we provide as well as the in the capability of our teams – bringing and retaining knowledge into MOSL. We have moved the dial in these two areas and now consider ourselves a data and people organisation. That's why these have become the foundations of our new strategy and underpin how we operate. They are the enablers for our newly defined priorities.

This strategy is not a revolution, but an evolution. It builds on work to date in these areas and our other strategic priorities. Service Excellence and our commitment to being an excellent service provider becomes part of how we provide confidence to the market in terms of providing governance, assurance and in building resilience. Market Improvement and our work to address market 'pain points' becomes part of how we seek to evolve the market and remove barriers to it operating effectively.

You will notice familiar principles in how we prioritise work – finding the balance between delivering our services and driving wider improvement. While this balance may shift during the course of our strategy, we will never lose sight of the need to 'get the basics right' as a trusted market operator.

This document sets our high-level strategy. It is a starting point for discussions. Whilst it is MOSL's strategy, it cannot be delivered without support and input from our stakeholders. We look forward to sharing conversations with you as we further define our work over the next three years.

This strategy is not a revolution, but an evolution.

2017
Non-household water market opens

2018
MOSL creates its values

2019
MOSL moves to Southampton and appoints new CEO

2020
MOSL creates its vision, purpose and its first three-year strategy for 2021-24

A word from our CEO

Work to define this strategy started in January 2023 after we published our 2023-26 Business Plan. Encouragingly we realised we had achieved a number of milestones in the delivery of our first strategy. So, we needed to consider what was next for our key programmes of work but also where we may want to broaden our remit in light of market and wider water challenges.

In May 2023 we held strategy workshops with the MOSL Board. What was most noticeable to me was the step change in these conversations. Just a year previously when we talked about MOSL's role in water security and market economics there was hesitancy – a "yes, but not now."

In the space of 12-months we have experienced national droughts; Ofwat has set out price protections for customers in the final Retail Exit Code (REC) determinations; water companies have published their draft and final Water Resource Management Plans and Defra has set out its Plan for Water and introduced a new 9% demand reduction target for the non-household market by 2037. We, in turn, have sought to influence these outcomes while delivering a number of business plan commitments – launching further phases of the Bilateral Transactions Programme and progressing the reform of the Market Performance Framework – as just two examples. It's fair to say that the landscape in which we are operating has changed. We recognise this change and have evolved our strategy to meet the future needs of market participants, customers and the environment.

Through the Board strategy sessions, we workshopped MOSL's role and our boundaries and collectively established the two guiding principles of our strategy and programmes of work.

"We have evolved our strategy to meet the future needs of the market."

A word from our CEO

The first principle establishes a continuum of our role to **perform** as market operator and **transform** the market. It is our hope that we are now a trusted market operator but know that this trust is earned. Being an intelligent service provider, and meeting our obligations as a market operator, is critical to our ability to move into the transforming space. The two ends of the continuum are dependent on one another. We cannot deliver in one, without delivering in the other. You will notice that our strategic priorities span perform and transform – from building confidence and resilience in our systems and services to exploring our role in wider challenges such as Open Data, tariff complexity and market segmentation.

This leads me on to our second guiding principle rooted in how we make decisions. In setting out programmes of work we will challenge ourselves as to whether we are the **best placed or only ones able** to operate, facilitate, advise or make decisions. We will consider this based on where it is cost effective; where we have the skills and expertise; where we have the data, information, or systems or where we have an independent voice.

These guiding principles will keep us true to our strategy and demonstrate where we can add the most value.

A change you will notice in this strategy is that we have not set timings for when we will deliver our milestones. This is for three reasons. In building our first strategy we have matured our business planning process. We feel it is more appropriate to set out the detail of deliverables as part of our business plan, which members approve. Secondly, a number of the milestones we have set out in the strategy will be determined by the outcomes of others. We don't want to pre-empt what may be needed.

Thirdly, whilst this is very much MOSL's strategy we must be cognisant of other work being driven by our stakeholders. Work will be informed, for example, by the Strategic Panel's roadmap to a flourishing market or Ofwat's strategy on Open Data. We will retain a level of flexibility in our strategy as this work evolves.

I would like to thank all stakeholders and trading parties who have been involved in testing, challenging and inputting to elements of this strategy. As always, your feedback has helped us ask ourselves the right questions and strengthened what we set out to achieve for the market. This strategy sets out MOSL's ambition for an efficient and successful market and how MOSL will enable the best outcomes for customers.

Dr Sarah McMath
CEO

Context

What we have paid attention to:

Looking 'at ourselves'

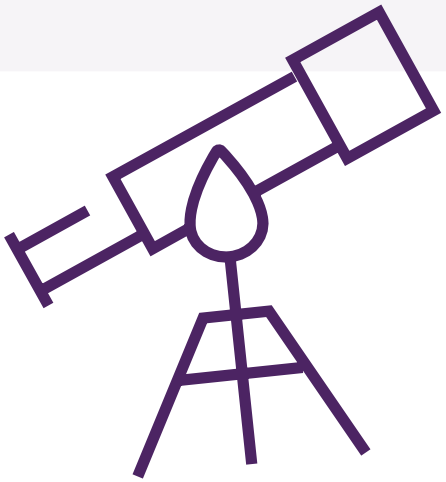
- Our culture
- Our external profile
- Evolving our ways of working

Looking 'within and across'

- Our core services
- Our stakeholders
- System resilience
- Leveraging data

Looking 'up and out'

- Non-household customers
- Our natural environment
- key risks and uncertainties
- The political landscape



Our vision

“Using our collective expertise and independent insight to enable the best customer outcomes.”

Our purpose

“Advancing simple and effective water markets to unlock value and choice for customers.”

Our Guiding Principles

What guides MOSL's remit

The guiding principle in developing our strategy and our programmes of work is to define whether MOSL is the best placed or the only one able to deliver work. Where we make decisions to operate, advise or influence outside of our core services, it will always be because we are:

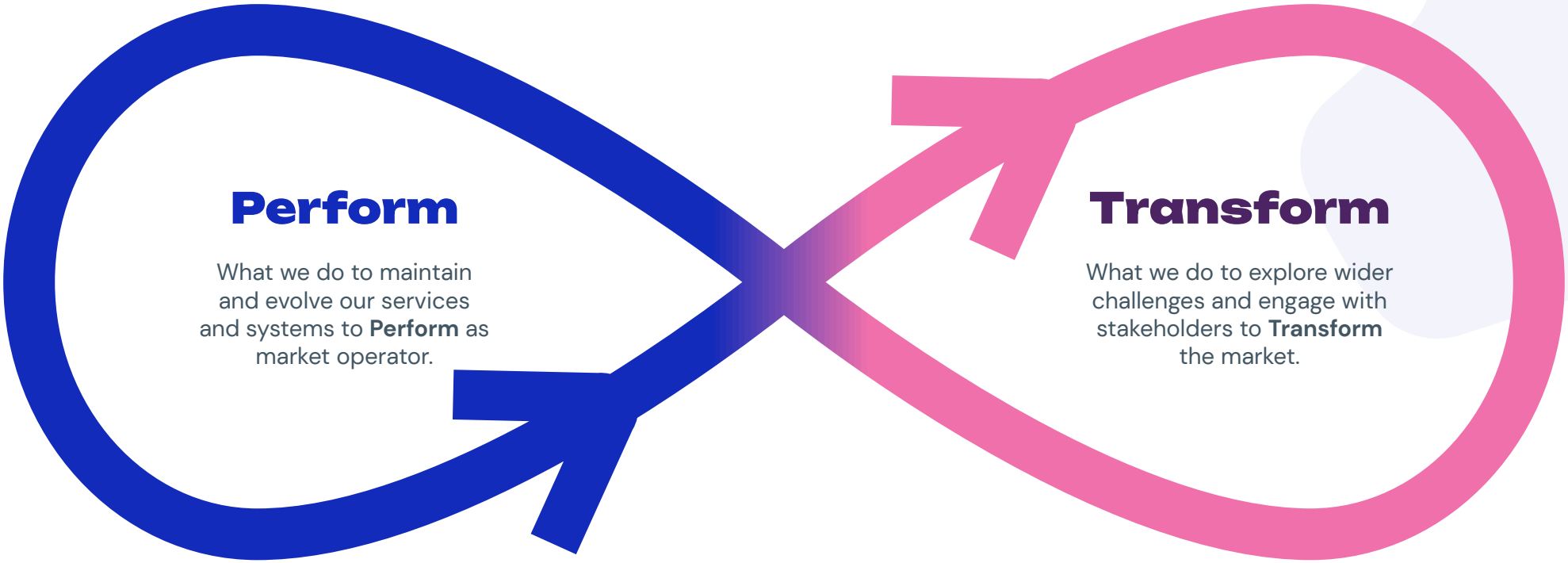
- The **best placed** to support trading parties and help the market flourish, and/or
- We are the **only one able** to fulfil the role

Best placed

Only placed

MOSL Perform and Transform infinity loop

Balancing our remit (perform) and the need to drive improvement (transform)



This is not an either/or decision for MOSL, the two dimensions are interdependent, and both drive our strategy, our decision making and our business planning process.

Introducing our Strategy House

MOSL Strategy 2024–2027

Vision
Where we want to get to...

Values
Our behaviours...

Strategic Foundations
Underpinned by...

"Using our collective expertise and independent insight to enable the best customer outcomes"

Expertise | **Respect** | **Influence** | **Clarity**

Perform → Perform → Transform → Transform

Strategic Priorities: Market Confidence
Our strategic focus is to be a trusted market operator that assures market performance and resilience

Programmes of Work through:
- Service Excellence
- Data Assurance
- Market Performance Assurance
- Market Resilience

Strategic Priorities: Market Systems
Our strategic focus is to provide secure and efficient technology to meet future market needs

Programmes of Work through:
- System Modernisation
- System Security
- Open Data

Strategic Priorities: Water Security
Our strategic focus is to drive data and information to enable the NHH market to positively affect water consumption

Programmes of Work through:
- Strategic Metering
- Market Segmentation
- Drought Scenario Planning

Strategic Priorities: Market Evolution
Our strategic focus is to influence policy and promote solutions to support a flourishing market

Programmes of Work through:
- Tariff Strategy
- Settlement Strategy
- Market Economics

People | **Data** | **Sustainability**

Our Programmes of Work

MOSL Strategic Priorities and Key Programmes of Work 2024-2027

Strategic Priorities: Market Confidence

Our strategic focus is to be a trusted market operator that assures market performance and resilience

Programmes of Work
Through...

Service Excellence	Embed a customer focused culture to deliver an efficient service to trading parties.
Data Assurance	Deliver a data assurance service that helps trading parties make a step change in data quality to enable better consumer outcomes.
Market Performance Assurance	Implement a simple and effective assurance framework that improves outcomes for customers.
Market Resilience	Work with Ofwat to ensure that customers are protected when trading parties fail.

Milestones

- Reformed Market Performance Framework delivered and embedded
- BR-MeX implemented
- Data assurance scorecard and improvement service developed
- Bilaterals Hub reporting
- Interim supply mechanisms improved
- Targeted process improvements based on feedback from trading party engagement

MOSL Strategic Priorities and Key Programmes of Work 2024-2027

Strategic Priorities: Market Systems

Our strategic focus is to provide secure and efficient technology to meet future market needs

Programmes of Work
Through...

System Modernisation	Deliver Central Market Operating System (CMOS) rehosting, single sign-on, separate settlement, improved user interface, to future proof market systems and mitigate cost later.
System Security	Maintain appropriate information security to ensure continuity of service and the protection of market and customer data.
Open Data	Work with stakeholders to define an open data strategy so that the value of data is maximised.

Milestones

- ✓ Technology roadmap implemented
- ✓ CMOS sandpit developed
- ✓ Cyber security accreditation
- ✓ Single sign on introduced for CMOS and Bilaterals hub
- ✓ CMOS underlying technology reviewed, including cost efficiency realisation
- ✓ Potential for Open Data/ Open Data Platform for the non-household market

MOSL Strategic Priorities and Key Programmes of Work 2024-2027

Strategic Priorities: Water Security

Our strategic focus is to drive data and information to enable the non-household market to positively affect water consumption

Programmes of Work

Through...

Strategic Metering	Provide strategic leadership and practical solutions to support timely and accurate consumption data and process responsibility changes.
Market Segmentation	Provide a clearer view of customers and the market to enable trading parties to help their customers manage the impact on the water cycle.
Drought scenario planning	Define MOSL's role before and during drought events to provide greater transparency on the impact to customers, roles and responsibilities and system changes. Plan, review and test market drought scenarios.

Milestones

- ✓ Non-household Metering Strategy developed and published (including PR29 influence)
- ✓ Meter reading improvements (IT and process) embedded
- ✓ Customer and Market Categorisation scheme implemented
- ✓ Data sharing platform/ mechanism agreed
- ✓ Define MOSL's role in Non-Essential Use Bans and drought scenarios

MOSL Strategic Priorities and Key Programmes of Work 2024-2027

Strategic Priorities: Market Evolution

Our strategic focus is to influence policy and promote solutions to support a flourishing market

Programmes of Work

Through...

Tariff Strategy

Identify market and customer impacts of tariffs to inform and influence future structures - working alongside the Retailer Wholesaler Group and Strategic Panel.

Settlement Strategy

Review and assess settlement and Unplanned Settlement Runs (within the context of Strategic Metering) to ensure it is fit for purpose.

Market Economics

Work with the Strategic Panel to prioritise improvements to the current market economic architecture to incentivise customer and environmental outcomes and ensure market participants can earn a fair return.

Milestones

- Tariff structure reviewed and piloted (e.g. rising block, time of day)
- Settlement redesigned and delivered (e.g. for smart meters)
- Review of the market undertaken in terms of water efficiency funding, market segmentation and eligibility criteria
- Retail Exit Code (REC), Water Resource Management Plans (WRMPs), PR29 influence reviewed (based on above)

Feedback

This document has been designed to be accessible for all readers. If you are finding difficulty in reading or accessing any part of the report, then please contact comms@mosl.co.uk

MOSL
White Building,
1-4 Cumberland Pl,
Southampton SO15 2NP

comms@mosl.co.uk
mosl.co.uk