2024-27 Business Plan Consultation

Survey information

Type of organisation:

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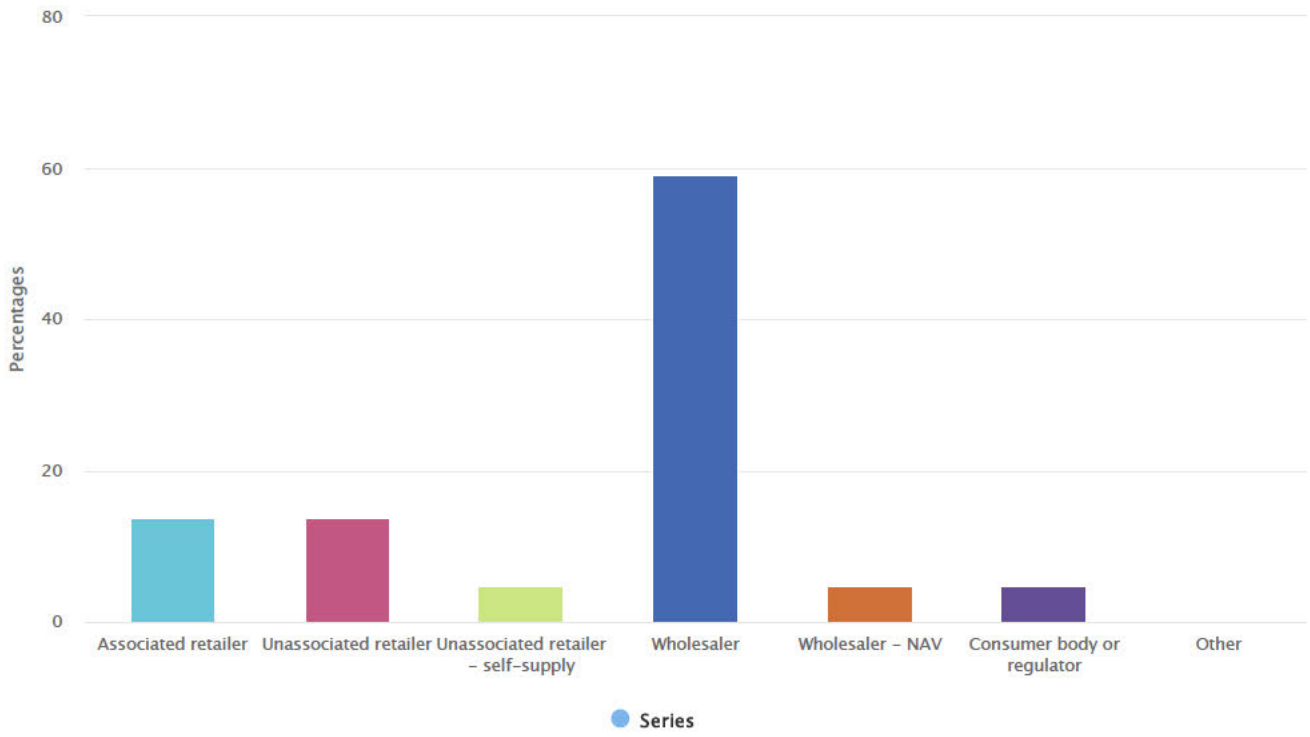

1 Associated retailer	3 (14%)
2 Unassociated retailer	3 (14%)
3 Unassociated retailer - self-supply	1 (5%)
4 Wholesaler	13 (59%)
5 Wholesaler - NAV	1 (5%)
6 Consumer body or regulator	1 (5%)
7 Other	0 (0%)
Answers	22

The business plan aims to drive efficiency in delivering our core services and sets out five key improvement programmes to advance the market. Our proposed 2024/25 budget for total expenditure and Market Operator (MO) charges is £13,640k (all trading parties), along with £550k of charges for Data Assurance funded by wholesalers only.

Question 1

Are you supportive of the overall level of MO charges proposed for 2024/25?

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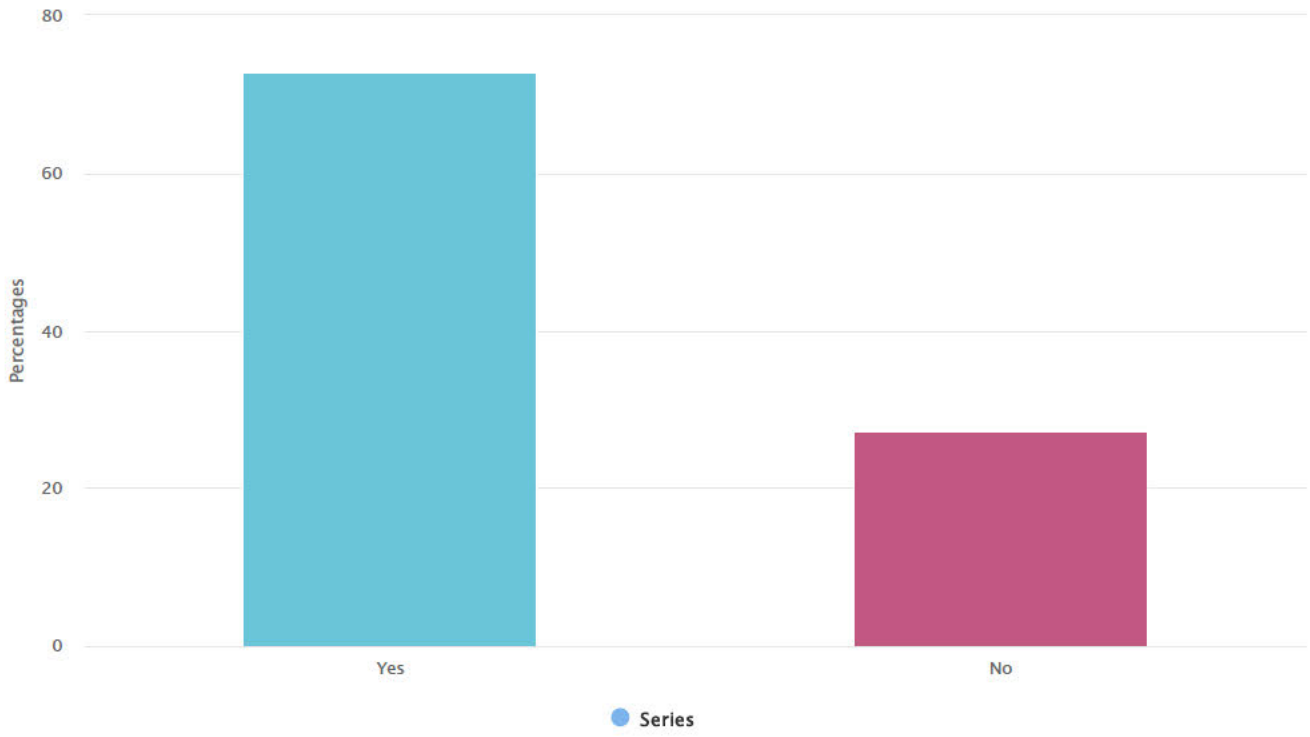


1 Yes	16 (77%)
2 No	5 (23%)
Answers	22

ANSWERS

N/A

While we recognise the shared ambitions set out in the Business Plan, we consider that the charge increase is not reflective of the cost-challenging environment that trading parties (TPs) are operating in. We believe that further challenges should be made by MOSL to drive the cost requirement down, mirroring the level of challenge that TPs apply to their own controllable costs. It is understood that additional costs for the Market Performance Framework (MPF) Reform are required, however we suggest that as well as challenging the scope of MPF related activities, other projects/programmes are stepped down, activity reduced or reprioritised to provide part or all the funding required.

Other more established Improvement Programmes have already delivered much of the strategic and high value outputs they were set up to achieve, with diminishing returns in terms of value. Two examples of activity that could be paused are the quick start initiatives under the Strategic Metering Review and Phase 12 of the Bilaterals Hub programme. Pausing the former would enable effort to be focused on the priority actions for the National Metering Strategy, rather than tactical activity much of which overlaps with pre-existing and lower cost work such as RWG good practice. Pausing the latter would be unlikely to cause disruption to the market as it focuses on low volume processes, particularly meter-related Accredited Entity processes, which we believe have never been used since market opening.

We also recognise that the data assurance programme directly feeds into the MPF reform, and as such we suggest there may be duplication to remove between the activities, resources and funding for the data assurance programme and the MPF reform programme. There should be greater challenge to the value for money for the activities listed. For example, to date, the Central Data Cleanse activity that had a strong theoretical business case has more to do to demonstrate value for money versus wholesalers' own data improvement work in order to provide confidence that further work should be funded.

N/A

N/A

N/A

Overall and following confirmation from MOSL on the detail of the significant provision for funding of MPF we re are comfortable with the plan and associated budget. As stated previously we are of the view that the MPF and its requirements should either be self funding or partially funded through existing market performance penalties. This seems to us an appropriate funding mechanism for this initiative. It also sends a positive signal around the use of penalties to fund market performance improvements and negates redistribution of collected penalty charges.

We note the change in name from data cleanse and scope to assurance and the removal of the word service. We have previously put forward our reservations on the value and benefit of the current plan. Having now had a further 12 months to consider and also a chance to review the outputs, we remain of this view. Our findings so far demonstrate that 50% of the highly likely to be ineligible, remain eligible. A further 30% are a change of use which suggests the root cause is customer management with the remaining 20% legitimate for deregistration. This is not materially different to our findings and feedback when we reviewed the test data circa two years ago. We also note that a significant number of records returned to use contain the word Farm. This suggests that mixed use has not been factored in by the third party. In addition to the direct funding this is diverting additional resources away from matching UPRN, VOA and improving GIS along with bau activities for eligibility.

In order to get the benefit to customers and the market we believe that MOSL should review the plan and bring forward other elements around customer naming and occupancy and run them in parallel.

We also note that the intention to create a Data Assurance Dashboard with a provision of £210k. As an organisation we have significant experience in the creation of dashboards. This cost seemed considerably high for dashboard creation therefore we assume that this is more substantial. It would be helpful to confirm this point in the final plan.

Yes. We are supportive of the proposed Market Operator (MO) charges of £13,640k for 2024/25.

Whilst this represents an above inflationary increase of 12%, in this coming year we recognise the additional focus that is required to further evolve the MPF (reform) so that it delivers the desired improvements and achieves the implementation date of April 2025. Furthermore, we are supportive of MOSL's proposal to provide £70,000 of support to the Retailer Wholesaler Group (RWG), which will expedite trading parties and customers ability to realise further benefits, particularly in respect of settlement, tariffs and water efficiency.

We also note and support the continued focus by MOSL in respect of prioritisation and efficiency through technology, which has in real terms resulted in costs being maintained below inflation.

We are supportive of the spend to support the plan, however we would expect costs to return to previous levels (with an adjustment for inflation) by next year.

Broadly, as we support charges where there are projects and initiatives that will deliver tangible benefits for business customers.

We welcome MOSL's proposed efficiency savings in the delivery of their core services. Given how these services account for the vast majority of MOSL's budget, it is positive that there has been a focus on savings, particularly given the 12% increase, overall. In our response to last year's business plan, we recommended that MOSL focus on efficiency savings, and concentrate on delivering its core functions, as a way of keeping MO charges at a manageable level for trading parties, and ultimately, business customers. Our recommendation remains for the 2024-25 plan.

The 12% increase in charges is significant, largely caused by the one-off additional Market Performance Framework (MPF) reform programme cost. However, we fully supported the MPF programme in our Five Year Review of the Market, and remain active in its development. Getting the MPF implementation right is critical to achieving long-term value for the market and customers. We will be looking to see that the proposed one-off additional cost is outweighed by the benefits that a reformed MPF will deliver for business customers.

[redacted] are broadly supportive of the MO charges proposed in the Business Plan. All uplifts seem fair and considered.

As the market evolves the longer-term ambition should be a real terms cost reduction and a forward-looking plan to achieve that. Whilst we are supportive of the budget, we are disappointed in the scale of the rise due to additional spend on MPF Reform, which we think could have been done more quickly/efficiently (for example the first consultation was very broad). We do support the need for MPF reform so recognise the need for the spend to complete the programme.

We are making these comments at a time when our own budget is very stretched, and we are having to make significant cost saving plans to our own budget so increases like this do not help. Please do not lose focus on MOSL's core job - streamlining market mechanisms (and making the market fair for participants) should provide operating cost savings.

N/A

Why is feed back only required if you respond in the negative, Or is it that you are fully aware that as a Plan or as a justification to the increased charges, this is not fit documentation for trading parties to give anything other than negative feed back.

Where as a 5% increase for Core activities, this this figure is immediately brought into question by a quick glance at "on how we spend the Budget" where it states "alongside recruitment of additional Analysts to support improvement programmes Particularly MPF" but this improvement programmes are listed outside "core activities". So instead, we would like to see more detail on each of these individual line items and justification for the expenditure in total, rather than the focus on the amount by which each will increase.

NA

N/A

N/A

N/A

While we are generally supportive of the requirement to support the market through MOSL activities, we have some concern at the level of cost associated with the MPF project, given the lack of visibility as to what this will be spent on and Ofwat separately progressing BR-MeX work directly. We are comfortable that inflationary costs are in line with inflationary pressure and the relatively small amount set aside to support the Industry groups (RWG) seem good value.

Our main concern however is on the additional £550k of charges levied on Wholesalers for what is now being called Data Assurance, but was initially described as "Central Data Cleanse" activity. Over the course of the existing rounds of activity on data cleanse, it has become clear that the quality of comparative data being supplied is not of a high standard, with low levels of acceptance by all Wholesalers being the norm. We also note that this has become almost a direct pass-through of data, with a great deal of the work being done by individual Wholesalers, this was not what was expected of a Central Data Cleanse solution. We feel that the project has yet to demonstrate good value given the level of spend already committed and the work required from all wholesalers to progress it.

Yes, we support the overall level of MO charges proposed for 2024/25. However, given the very low margins available in the market MOSL must be able to demonstrate value for money for the services it delivers. In practice, this means keeping its cost base as lean and efficient as possible, for both core service provision and improvement programmes.

Working practices have changed significantly as a result of COVID-19. MOSL employees now predominately work from home. Furthermore, the pandemic also changed the way that MOSL runs and operates committee and group meetings, with most conducted online instead of in-person. The proposed budget for office accommodation and associated costs for 2024/25 is £229k. This is a significant cost and MOSL should perhaps consider in the near term whether this still represents value for money in light of its changing approach to hosting in-person meetings and hybrid working.

We encourage MOSL to consider a change to the funding mechanism for the data assurance service in years 2 and 3. We would like to see a move to a “polluter pays” model. This approach could be linked to the Market Performance Framework and would remove or reduce the cost burden for trading parties that provide high(er) levels of data quality to the market and would incentivise those trading parties that haven’t yet focused on improving their data.

We are generally supportive of the overall level of MO charges proposed for 2024/25. We still feel the Data Assurance being funded by Wholesalers only is unfair as the data improvements will lead to more effective retailer billing and therefore feel they should also pay a proportion, particularly as some of the data items now being deemed as mandatory (UPRN and VOA BA) were not mandatory at market opening.

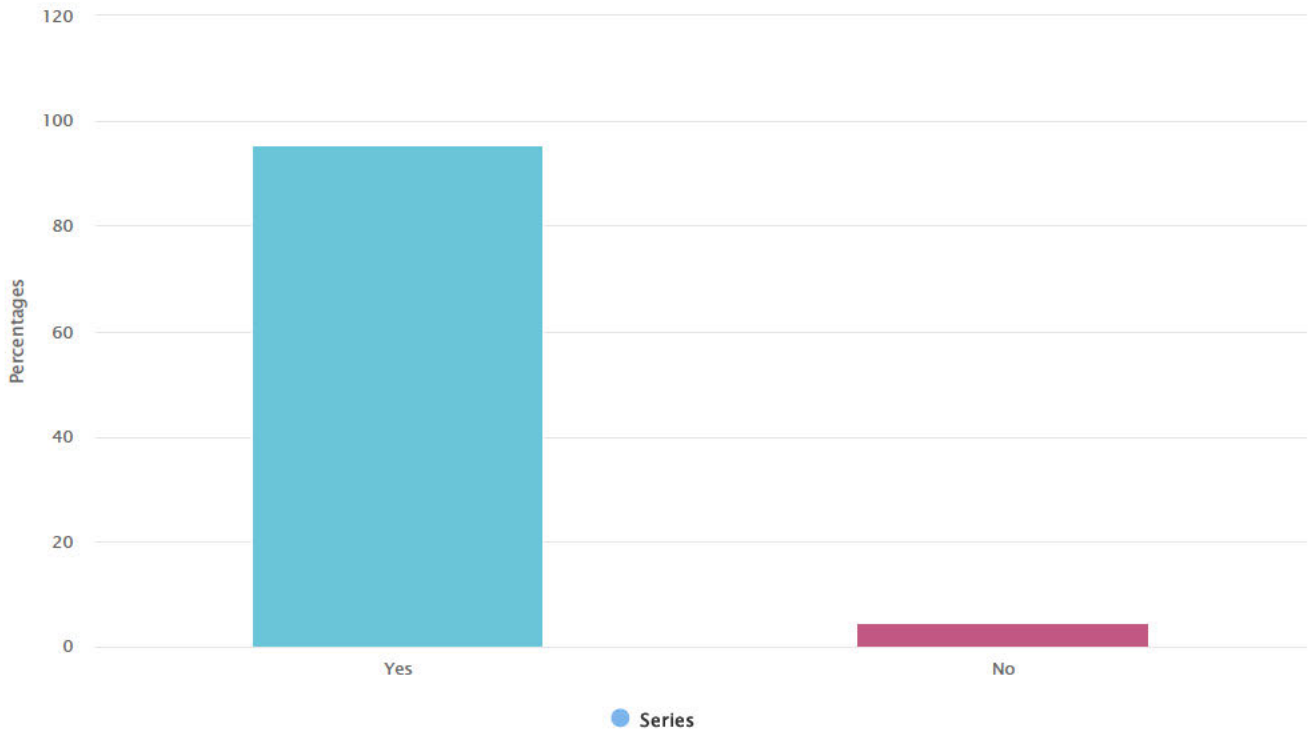
12% is significant year on year increase, we appreciate that a large proportion of the increase is related to MPF but feel this is a challenging increase for us to budget[redacted]

N/A

Question 2

The business plan sets out a three-year roadmap for improvement and delivery of MOSL's strategic priorities through five key improvement programmes. Do you consider that these improvement programmes are the right areas of focus?

Page 3 - Question 1 | Proposed Improvement Programmes



1 Yes	21 (95%)
2 No	1 (5%)
Answers	22

Question 3

If yes, are there any programmes where you think the phasing should be changed (brought forward or pushed back)?

If brought forward, what elements of the current plan do you think should be delayed/ removed to fund any additional activity and ensure it remains deliverable?

ANSWERS
We have reviewed the programmes and timings, based on our own user experience we feel the phasing is appropriate.
As stated in our response to question 1, we consider that MOSL should challenge the costs required for these programmes further to unlock funding for MPF reform. We have included some examples in our answer to question 1 but do not have access to the level of detailed planning within MOSL that should help to identify further opportunities for cost reduction.
N/A
We were not able to make any comments on question 1 so have added in here. Q-1.What efficiency deliveries have MOSL done and are looking to do in the future? Data cleanse – A breakdown of the charges for the data cleanse would be beneficial to understand how the money is being spent for this project. Q-2 National Metering strategy should be high on the priority – this is a friction in the market after the CEO forum the discussion over transition to smart meters, access to data and how this will look in the market. There could be commercial implications, there needs to be some thought into how this is going to look across the industry.
We are content with the programme as set out.
As per our response to question 1 we believe that other elements of data improvement should be brought forward (customer, occupancy)
Yes. We are agree that the five key improvement programmes are priorities for the industry and that these are focused in the areas which will deliver the most benefit for the market, trading parties and customers alike. Whilst we argree with the five programmes these will span multiple years, and are at different phases of delivery and have wider dependencies. As such there is a need to consider and continauly review priortisation and ambition in respect of delivery glidepaths vs wider industry priorties. This is especially true in the case of having only limited capacity (resources) with the necessary skills to support multiple projects. We're happy with the phasing however, as the work continues and the opportunities, benefist and challenges become clearer, emerging priorities may arise and the need to bring certain activities further forward or pushed out. The programme must continueto be flexible to account and adjust for this to ensure that the right outcomes and benefits are delivered.
We believe the programmes are the correct ones to focus on, with no changes. However completing the bilateral transactions programme sooner would be preferable.

Q3 answer) We are broadly supportive of the five key improvement programmes, particularly given the direct customer benefits that should result from the majority of these. [redacted]

- improving market data quality,
- clear plans for smart metering,
- increasing action in the area of water efficiency, and
- reforms to the MPF.

We agree that these are key areas of focus for the market and will deliver benefits to business customers.

The key driver of complaints [redacted] emains customer dissatisfaction with the accuracy of their billing and charges. In addition to this, poor data quality in the market continues to cause problems, such as customer premises being incorrectly registered in the market, and trading parties having incorrect or insufficient customer data to be able to provide a satisfactory level of service.

We, therefore, fully support both the MPF reform work, and the Data Assurance Programme, as these should result in both improved trading party accountability, and incentivisation, and an enduring data assurance mechanism. We are involved in the development of both work programmes through our membership of the relevant working groups, and we want to continue to collaborate with MOSL on delivering these programmes for the benefit of business customers.

[redacted] wholesalers commit to increasing smart metering for business customers, alongside working with retailers to implement water efficiency services. We are therefore fully supportive of the objectives of the Strategic Metering Review, given the alignment with our recommendations. We will continue to champion this through our own efforts, and in our membership on the Strategic Panel and the Metering Committee, to ensure there is a clear plan for smart meter rollout and prioritisation, and that the consumption data from this is made available, understandable, presented in a consistent manner and usable for retailers and customers. This will enable more accurate billing based on actual water usage, and allow customers to make informed decisions about their water use.

To ensure that all programmes continue to remain focused on customers and delivering tangible benefits to them, we welcome working with MOSL bilaterally and through our roles on the Strategic Panel, Code Change Committee, Market Performance Committee and the Steering Groups for the programmes, as well as working closely with the MOSL Bilateral Programme Team.

Q3a answer) Given the work involved in delivering all the programmes, we do not think, at this point, that the phasing should change, as any alterations may result in deliverables intended to produce significant customer benefits being impacted. It is important for market improvement work to deliver maximum value and benefit for business customers, with the time and resource committed to achieve this.

However, we do not believe it is possible to say that phasing should never change, as this may depend on the progress being made. For example, the Data Assurance Programme is a significant piece of work where there is a level of uncertainty in terms of how much market data may need correcting. In particular, the current cleansing of non-eligible premises is complex as a number of premises identified in this category may need further manual review by trading parties to determine the accurate status. This is a prime example of an area that should not be compromised in terms of delivering real change, so timescale changes may be justified in this area.

Similar to the above, it may be necessary to change or delay existing work programmes, if priorities for customers shift in the future. For example, a deterioration of performance across trading parties may become apparent under the new MPF in an area not previously recognised as needing significant improvement work. It is important that MOSL can adapt and re-prioritise resources, where necessary.

[redacted] generally happy with the three-year roadmap and the five key improvement programmes. These appear to align with [redacted] overall strategy for AMP8. In particular, we are pleased to note the market segmentation advanced view of customers, and the continued support for bilateral transactions. The strategic metering review is also of great interest, and we would be keen to delve into deeper discussions around these measures and metrics in future.

The Data Assurance Service remains a programme we find does not have clear customer outcomes or value for money. [redacted], we have still not seen any clearly delivered value for [redacted] In our response to the Business Plan, we would be keen to understand if MOSL is able to produce clear-cut data showing the actual monetary benefits of the Data Assurance Service to-date as well as projections going forward, to ensure this is an effective programme.

With the focus on the MPF reforms, MOSL could seek to incentivise both wholesalers and retailers to deliver better data assurance through those metrics, rather than add additional charges to wholesalers individually. A strong argument could be made that [redacted] s spend made towards the pilot could have been better allocated to internal efficiencies that would enhance our data assurance and deliver direct customer value where our specific data sets are weaker, rather than a broad and mandated approach from an external source. With this in mind MOSL should also look to review the individual data sets included under the Data Assurance Service, focusing on metrics that actually deliver stronger customer outcomes than outputs that are less beneficial, or already have increased accuracy due to other activities.

We have comments on some areas of the roadmap:

Strategic Metering Review

- We are supportive of the Strategic Metering Review, and welcome changes such as the notification of T reads.
- We note the recent charter sent to trading parties to sign, which to our knowledge was not consulted on – we believe consultation should have been conducted before asking trading parties to sign.
- We believe there are opportunities to improve TE meter reading, by asking Wholesalers to take meter reads whilst on sampling visits.

Data assurance service

- We are generally supportive of this programme, although as previously noted do have some concerns regarding the data being provided to us in relation to eligibility and the order in which this work is being done.
- When this work uncovers areas in the market where improvement is needed (e.g. clarity around eligibility rules) this should be addressed, whether by MOSL activity or with another relevant party.

Bilateral transactions programme

- We note that not all bilaterals go through the hub, even for processes that are already in the hib – this can mean OPS reporting is not accurate. We think this could be mitigated by allowing bulk submissions into the hub.

Note the below answer is additional text relating to question 2:
The improvement programmes align to and support the delivery of the broader market objectives. They represent areas where MOSL can best add value at a market level.

We look forward to engaging in the next phase of the Market Performance Framework programme and the development of a set of measures focused on delivering the best customer outcomes. We have found the regular updates and consultations very useful in helping to navigating the programme and we hope to see this approach continue.

We welcome the evolution of the data cleanse programme to focus on data assurance and support the broader benefits that a central view of data quality and profiling can bring. From a pure cleanse perspective, as an individual trading party, and based on our contribution cost, we would have made greater progress using this money in another way. During the first year of the programme we only had [redacted] identified as ineligible SPIDs. We would like to see MOSL focus on getting best value out of this central activity and being very clear on what the programme aims to deliver so that success, under the banner of "assurance", can be measured.

We support the planned activities on modernisation of market systems. Our users would certainly be in favour of the single sign on to CMOS, we would support this being extended to the associated test environments too.

We support the bilateral transaction programme delivering further key trading-party-prioritised functionality as part of phase 14.

The continuation of the strategic metering activity is also very welcome. MOSL have really helped to improve focus and provide direction in this area. Smart metering promises to deliver great benefits for the market and customers. MOSL can play a key role in helping make sure that smart meter roll-outs are successful and is ideally placed to deliver solutions for the storage and transfer of smart meter data and information between trading parties.

We have nothing to add for question 3

We would like to see the bilaterals programme closure completed by the end of 2024, whilst we understand the rationale by closing this out at the end of the financial year trading parties will be in the final stages of readiness for AMP8 and we would welcome the closure of this programme sooner.

We would accept a delay to activities related to the modernisation of market systems or data assurance activity.

The Strategic Metering Review should ensure it considers NAVs. This may alter the timescales planned.

The phasing seems sensible and achievable, the data cleanse service programme is a top priority, but it has to allow wholesalers the time to do the data cleanse through the Data Assurance programme. I agree the current plan gives this.

Bilaterals transactions Programme should be pushed forward.

While we broadly do agree with the roadmap, we have concerns about the Data Assurance Service, While we can see the value of improved data in the market, a good deal of work has already been done by individual wholesalers, driven by the Holistic reporting measures that the MPC implemented. From the work done so far, it is unclear whether this project will deliver value for money.
We do want to see the MPF reform program progress as the development of an efficient and productive market depends on this, although we do feel that there is a potential risk that a relatively expensive program could deliver an MPF2 which is very similar to the existing performance framework in all but name.
We also see value in the modernisation of market systems and the Bilateral transaction project being concluded. We believe there is also value in the strategic metering review, although we would like to see it run more along the lines of other projects such as the MPF reform and the Bilaterals Hub project, numerous quick start projects have made it more difficult to keep track of than other programs.

These are well-established, multi-year improvement programmes, which we would like to see continue; however, against challenging trading conditions, any continued financial investment in these areas should be based on a robust business case supported by strong return on investment criteria.

Some Strategic Panel priority areas have ringed-fenced funding through improvement programmes. A good example of this is the Strategic Metering Review which by the end of the proposed Business Plan period would result in circa £0.86m having been spent on the Review and associated initiatives. However, other crucial Strategic Panel priorities have no separate funding within the Business Plan nor recognition of potential costs from resulting initiatives in future years. The stand out in this is the development of the Roadmap for a Flourishing Market. For many trading parties, this Roadmap is as important as the Metering Review and the impact and benefits could be as profound. Strategic market development is an important part of market improvement and we were expecting to see ringfenced funding to support this vital programme of work.

We also have a comment on the MPF reform. One of the eight key success criteria for the reformed MPF is value for money. We note that in addition to £1.1m in year 1 of the business plan, in the post-go-live year (year 2 of the business plan) it is forecast that a further £0.1m will be required. However, with the proposed governance arrangements, such as the operational costs of the Performance Assurance Committee, calibration of target performance levels, optimisation of KPIs etc we consider that the ongoing costs are likely to be higher. While we want to ensure that KPIs are correctly configured, which we understand is a significant part of the year 1 cost, MOSL must ensure it meets all eight success criteria including value for money.

Finally, with the very clear benefits that will be derived from the Data Assurance Service, we expect MOSL to encourage and incentivise Wholesalers to complete their eligibility and address and premises data cleanse activities as quickly as possible.

N/A

No, but just be conscious of the delivery times scales and how they interlink with other consultations. i>E tariff implications as that will also be labour intensive.

We acknowledge the strategic orientation of the proposed budget, emphasising efficiency, financial prudence, and targeted investments in critical areas such as MPF Reform, cyber security, and core services. The commitment to transparent communication and the inclusion of potential refunds for underspending align with our collective objective of maintaining a customer-focused approach [redacted]

In reviewing MOSL's improvement programs for 2024/25, it is evident that there is a strategic focus on crucial elements like market performance framework reform, metering, data assurance, and the modernisation of market systems. The emphasis on quick wins, continuous improvement, and efficient integration of new functionalities showcases MOSL's dedication to market excellence and resilience, a perspective that resonates positively [redacted]

The early completion of the Bilateral Transactions Programme and the subsequent attention to enhanced reporting further align with market efficiency and elevated customer service standards. Overall, MOSL's approach appears to be well-aligned with current market needs and emerging priorities, reflecting positively on the direction of the market.

We acknowledge and value the importance of the MPF in driving performance for both Retailers and Wholesalers. While recognising the essential nature of the one-off work outlined in the plan, we would like to underscore the significance of exhaustively exploring all efforts to minimise and control costs. It would be beneficial for MOSL to more prominently articulate these efforts within the plan, demonstrating a robust commitment to cost reduction in alignment with the collective goals of all market trading parties.

Question 3b

If no, what areas of work or improvement programmes do you think should be added to the plan, or existing programmes that should be removed? (please write N/A if you answered yes above)

Page 3 - Question 3 | Proposed Improvement Programmes

ANSWERS
N/A
N/A
N/A
Water efficiency should form part of the improvement plan – This is an ongoing concern within the industry which we are all responsible for, we continue to see around the shared responsibilities for water efficiency in the market.
N/A
n/a
N/A
N/A
N/A
[redacted] has some concerns around the current timescales for the MPF Reform. If the proposed timings were to deviate this could potentially create a somewhat narrow time frame for delivery. With a number of other change programmes already in flight, including [redacted] would require as much notice and planning time as possible in order to avoid this while delivering our own modernisation and environmental projects. It is also worth MOSL noting that all wholesalers will have additional projects and deliverables under AMP8 that will almost certainly be in progress alongside the various programmes MOSL are proposing. We would encourage MOSL to consider that the vast majority of its change programmes currently rest heavily on wholesalers and would encourage the sharing of workload to retailers, who are less likely to have that dual regulatory burden. One area [redacted] would suggest retailers could contribute to the business plan would be in the Data Assurance Service; retailers could enhance their data around consumption on vacant properties, for example, bringing not only quality improvements but also wider water efficiency and network consumption benefits. Finally, having had some concerns around the governance of some more recent proposals – particularly from the RWG Settlements subgroup – [redacted] would like MOSL to look at the way these groups operate. MOSL ought to take a clearer stance on the responsibilities and limitations of the various working groups, ensuring they remain bound to their specific purpose. There is a risk that groups may step outside of their remit and veer into Ofwat-controlled areas (such as tariff controls), and MOSL should consider how their governance of individual working group activities are governed. Furthermore, we would like to see greater diversity among these panel memberships. Some smaller retailers are under-represented compared to larger ones, likely due to BAU commitments. It would benefit the wider market and competition if these smaller retailers had more of an opportunity to input into market change where possible. While we appreciate that these retailers are offered the chance to respond to open consultations, MOSL may find benefit in supporting and encouraging more direct participation in forums and panels.
N/A
N/A
The "plan" advises that these programmes are happening and while we have been supportive of some as they improve visibility they all require an update to the WRC and the starting point for all of these should have been the Code reform.