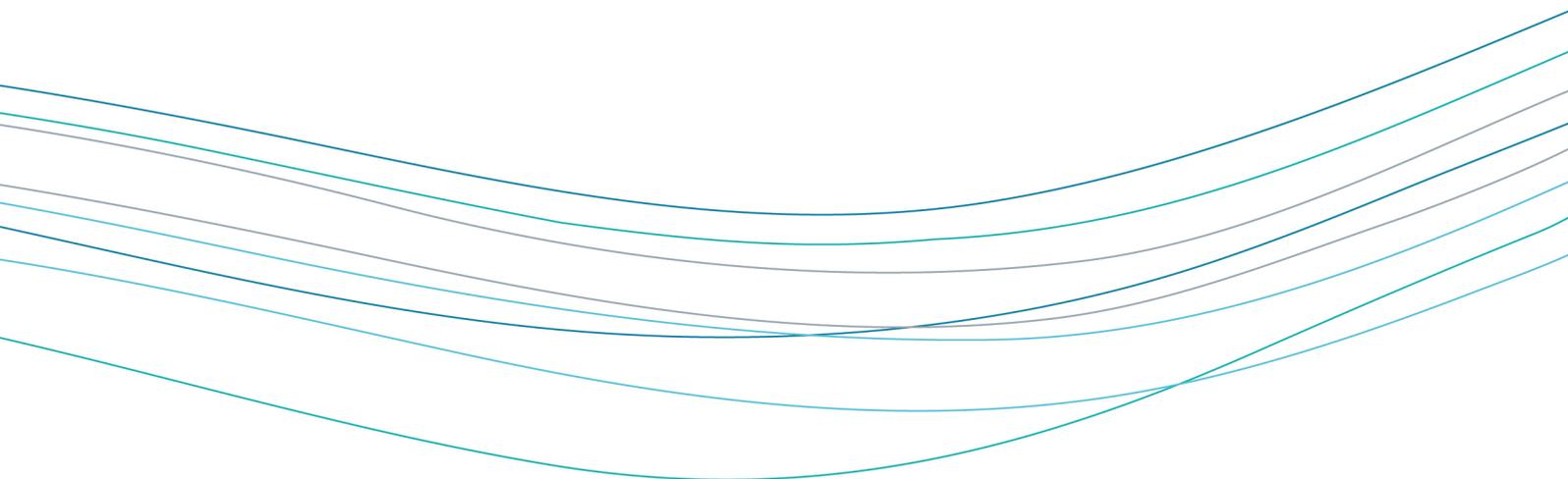


MOSL Quarterly Report (Q3 2020)

Providing an update on progress against MOSL's 2020/21 Business Plan



Business Plan commitments – Executive Summary

MOSL's second quarterly report was published on 22 October 2020, during which time the non-household water market was continuing to respond to the ongoing impact of the COVID-19 pandemic. As we present our quarter three (Q3) results, the country has moved into its third national lockdown. In response, MOSL is working closely with Ofwat and trading parties to support the market and deliver the commitments outlined in our 2020/21 Business Plan.

This report provides an update on the delivery of this quarter's milestones, those that are due to be delivered next quarter and the associated risks and mitigating plans for each commitment.

Our Business Plan commitments sit under the plan's five key themes:

- ◆ Service Excellence
- ◆ Market Assurance
- ◆ Market Improvement
- ◆ Governance
- ◆ Building Capability

We have made significant progress against many of our commitments and have increased the overall completion rate from **53%** to **79%**.

This has been achieved by an ongoing focus on their delivery, by reviewing lessons learnt from the previous quarter and adopting new and better ways of delivering business change. By putting greater focus on resource planning, we have prioritised key activities and increased productivity.

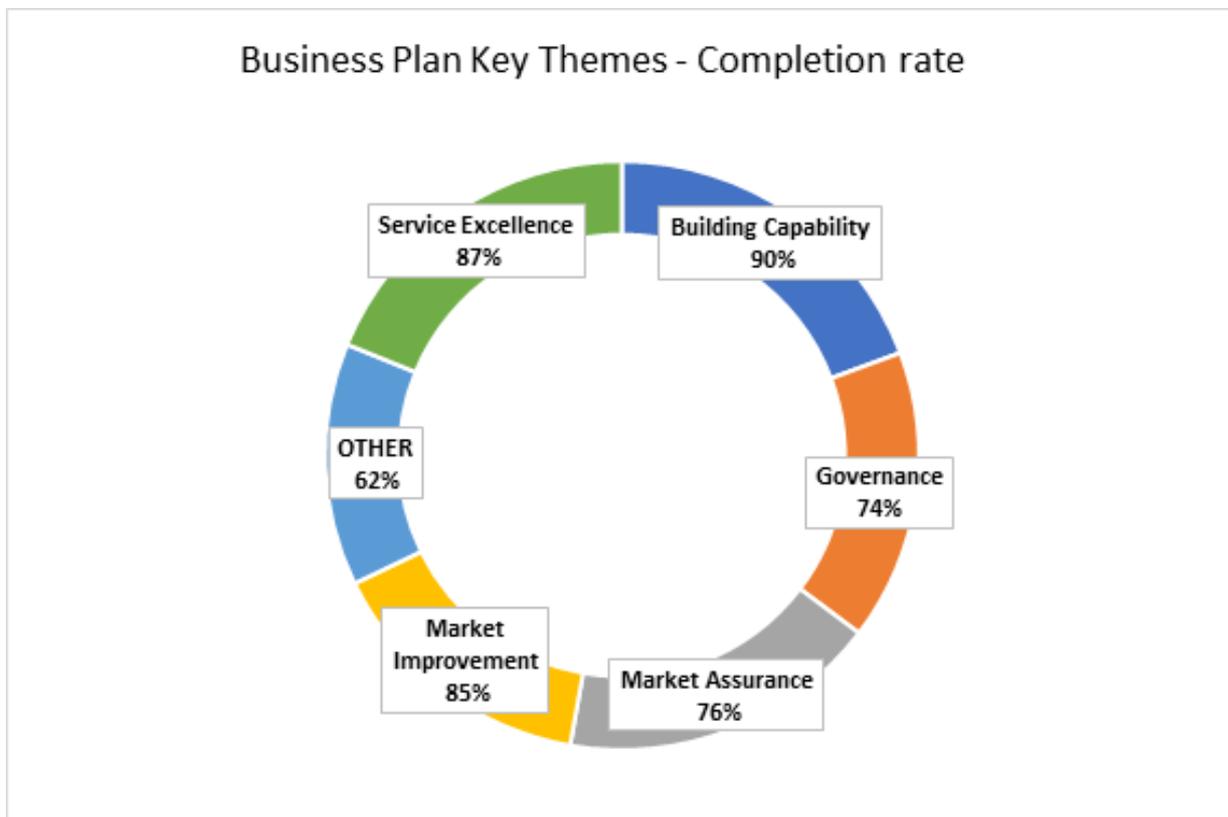
We continue to use the MOSCAR framework to ensure that potential risks and issues are identified and managed effectively. This is a framework that has now been embedded in our business change delivery process.

Some of the key successes for the period include:

- ◆ The first Bilateral Transactions Programme process - C1 - meter supply point verification – was demonstrated to trading parties and has received 260 views online to date. (Market Improvement)
- ◆ In-depth analysis and proposed mitigation activities for data quality issues were published as part of the Request for Information (RFI). The insight and responses from the RFI will be used to develop a data cleanse plan. (Market Improvement)

- ◆ PricewaterhouseCoopers (PWC) contract to serve as the market auditor was renewed and we have undertaken work to develop the scope of audit for 2021/22 including a clear plan for audit activities and how the outcomes and actions will be communicated to trading parties. (Market Assurance)
- ◆ The first Retailer Measure of experience (R-Mex) survey was issued and provided retailers an opportunity to rate the service they receive from their wholesaler(s) (Market Improvement)
- ◆ The Strategic Metering Review programme’s short, medium and long-term objectives were approved by the Panel (Market Improvement)
- ◆ As part of the Panel Effectiveness Review, feedback was collated by the Satori Board Review and presented to the Panel (Governance)
- ◆ The Change Service Charter has been developed to improve our change proposal forms and recommendation reports in line with feedback from trading parties and will be presented to Panel in February (Governance).

Above are key quarter highlights. We encourage you to read the full report for more information on each commitment and its progress. The diagram below provides an overview of progress of each key theme in 2020/21 Business Plan.



Service Excellence (SE)

Completion of commitments under the theme of Service Excellence is currently assessed at 87% complete.

In our 2020/21 Business Plan, we stated that:

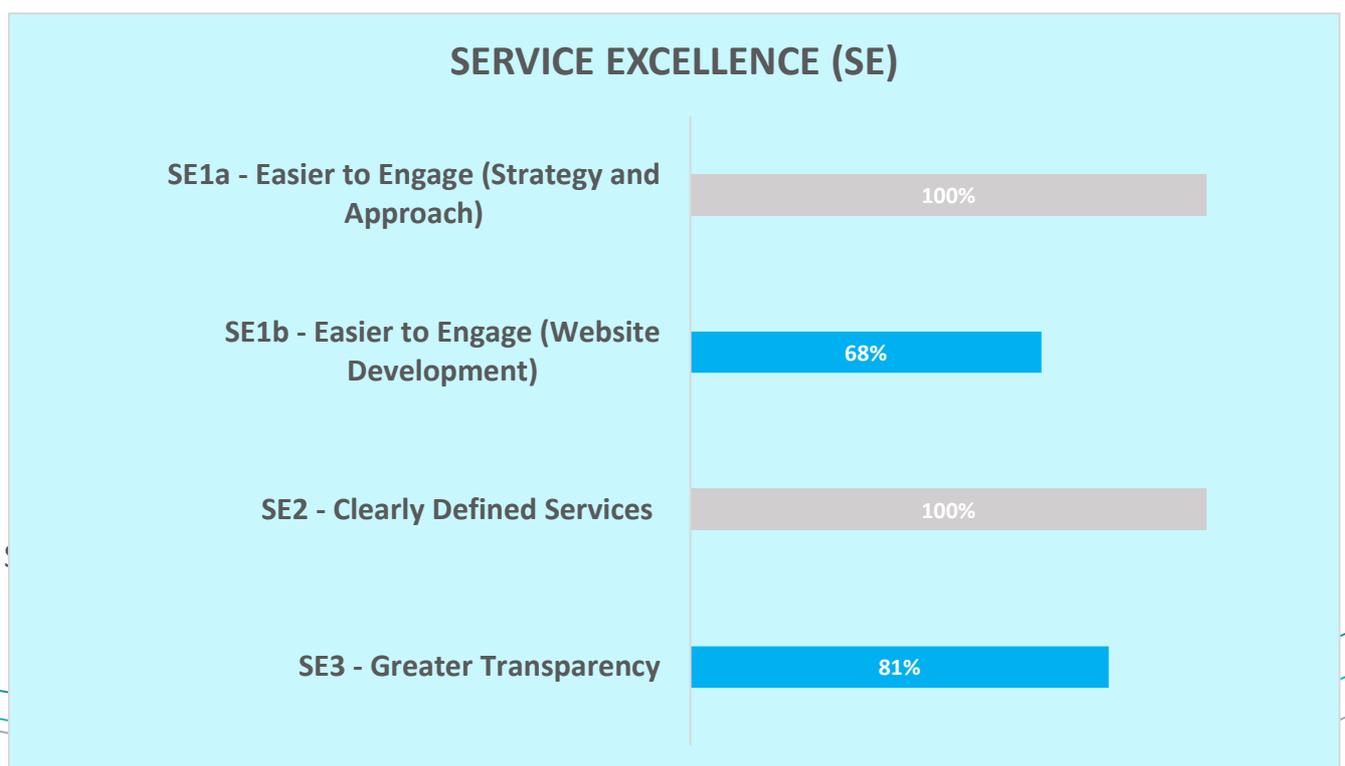
“Our priority focus for 2020/21 will be to ensure that the services we provide on behalf of the market are delivered seamlessly, efficiently and transparently.”

The focus on delivering Service Excellence is based on providing services which are easy to access and provide value for money for trading parties, ultimately for the benefit of customers.

We made three commitments to facilitate the delivery of Service Excellence:

- ◆ SE1 - Easier to engage (Channel management approach and website development)
- ◆ SE2 - Clearly defined services
- ◆ SE3 - Greater transparency

Significant progress has been made on the delivery of the ‘Greater transparency’ and ‘Easier to engage’ business commitments. In the Q2 report, we stated that the website rebuild and redesign project had commenced. The planning phase of the project is complete, and the website is currently in the design and build phase with support from an external agency. See the completion rates under Service Excellence in the graph below.



Our commitment, SE1 – Easier to engage, is made up of two parts – channel management approach and strategy (SE1a) and the redesign of the new MOSL website (SE1b).

The purpose of the redesign project is to move to a ‘single front door’ through which members can find information and access our various systems/processes through a phased integration, including our central system (CMOS), the Medium Volume Interface (MVI) and the Bilaterals ‘Hub’ (the latter of which is being developed in parallel). As we are now underway with the redesign of the website, in this report we will focus on the project milestones and upcoming deliverables (details of which can also be found in the channel management chapter of our [2021-24 Business Plan](#)).

We have made good progress on our Q3 deliverables. We have documented the functional and non-functional website user requirements and signed-off the finalised wireframes (through a newly created Project Steering Group) which will be used for the development of the website. We have made a request to trading parties to be members of the stakeholder ‘beta group’ to test the website in stages and provide feedback. The introductory Beta Group webinar took place on 12 January. In total, we received 14 responses from trading parties and interested parties to join the group.

With the sitemap and wireframes signed off, initial work has begun on the design and build of the website. We will be prioritising the pages that need to be developed for the Minimal Viable Project (MVP) to be delivered at the end of March 2021. This includes the market codes pages, primary charges, and market performance information.

Quarter 3 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> ◆ The prioritisation and approval of the functional and non-functional website user requirements 	<ul style="list-style-type: none"> ◆ Website design finalised
<ul style="list-style-type: none"> ◆ The creation of a stakeholder users’ group to take part in testing the website to ensure that the user requirement and the navigation of the new design is intuitive. Work with stakeholders through groups already established such as the User Forum and Retailer Wholesaler Group (RWG) 	<ul style="list-style-type: none"> ◆ Beta Group established to undertake user testing of website prototype and provide feedback to MOSL

<ul style="list-style-type: none"> Initial development stage of the new website towards delivering a Minimum Viable Product (MVP) in March 2021 	<ul style="list-style-type: none"> Initial build of website to be completed by external agency MOSL to undertake usability, functionality, and performance testing of website Pages for Medium Viable Product (MVP) prioritised based on market codes/obligations
	<ul style="list-style-type: none"> Full file migration completed Version control completed and implemented across the organisation Dual running of new website and current website.

Risks and issues

The following material project risks and/or issues have been identified since our previous Q2 report. These are detailed below together with our mitigation plans.

The timeframe for developing the new website (external agency support) is approximately four to six months, which could push out the delivery of the MVP to April.

Mitigation

As this is a known risk, we are asking the external agency to focus on the design and build of market code obligated pages so that members will have access to the information that is most essential from March 2021. We will then build other pages based on priority. We will continue the dual running of both websites for an extended period, to enable trading parties to access documents and information they require until it is fully migrated to the new site.

SE2 – Clearly Defined Services

As per the previous report, this commitment has been completed and embedded as business-as-usual practice.

We reviewed and updated the descriptions of MOSL’s services and will continue to provide clarity on how we measure and report against them. [MOSL’s Market Services Framework](#) was revised from 13 to 12 market services grouped into four areas - Market Operation, Market Assurance, Market Improvement and Governance and Support services. A summary of our services can be found here. In Q4 we will be issuing our annual Trading Party Survey to gather feedback from trading parties on the services we provide. This will support us in making improvements, particularly for the services which are harder to measure quantitatively, for example, Market Insight and Strategic Market Development.

SE3 - Greater Transparency

We are committed to providing greater transparency regarding the services we offer and our performance against them. In June 2020, we issued our newly defined [Market Services Framework](#) which catalogues twelve services that we provide to the market, grouped together as above.

Our [Annual Report and Financial Statements](#) published in June, included detailed reporting on the Key Performance Indicators (KPI’s) for each of our services, as well as a range of other measures to help give greater context and understanding of what we do. We committed to providing continued reporting on these KPI’s each quarter.

We also published MOSL’s first rolling three-year business plan for consultation. This will provide greater clarity to members on our priorities, their associated cost trajectory and how trading parties and customers will benefit.

Quarter 3 deliverable	Next quarter’s deliverable
<ul style="list-style-type: none"> Reports issued in October and January covering our 21 KPI’s for Q2 and Q3 	<ul style="list-style-type: none"> Full year reporting on performance will be carried out through MOSL’s 2020/21 Annual Report – this will cover performance using our 21 KPI’s with further improvements made in format and supporting information

<ul style="list-style-type: none"> ◆ The format of reporting was enhanced with more user-friendly format as well as increased data on trends and commentary to provide more context. This built on feedback received from stakeholders 	<ul style="list-style-type: none"> ◆ Annual report will also include our first full year assessment of delivery against wider Business Plan commitments, building on the progress reporting that has taken place through these quarterly reports.
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Risks and issues

There are no material risks or issues that currently impact the delivery.

Market Assurance (MA)

Completion of commitments under the theme of Market Assurance is currently assessed at 81% complete.

In our 2020/21 Business Plan, we stated that:

“By providing robust, intelligent assurance about the performance of the market and its participants, we can actively contribute to making it a more efficient and effective place for our members to do business.”

The way in which MOSL measures the performance of trading parties and the market is through the analysis of the Market Performance Standards (MPS), Operational Performance Standards (OPS) and annual market audit.

Although a lot of work has been done to improve performance reporting, for example, through the bi-annual publication of peer comparison league tables, we recognise there is still a need for further improve in this area.

We made three commitments to facilitate the delivery of Market Assurance:

- ◆ MA1 - Improving the Market Performance Framework (MPF)
- ◆ MA2 and MA3 - market audit (This is a combination of targeted market audit activity and developing a future market audit approach)

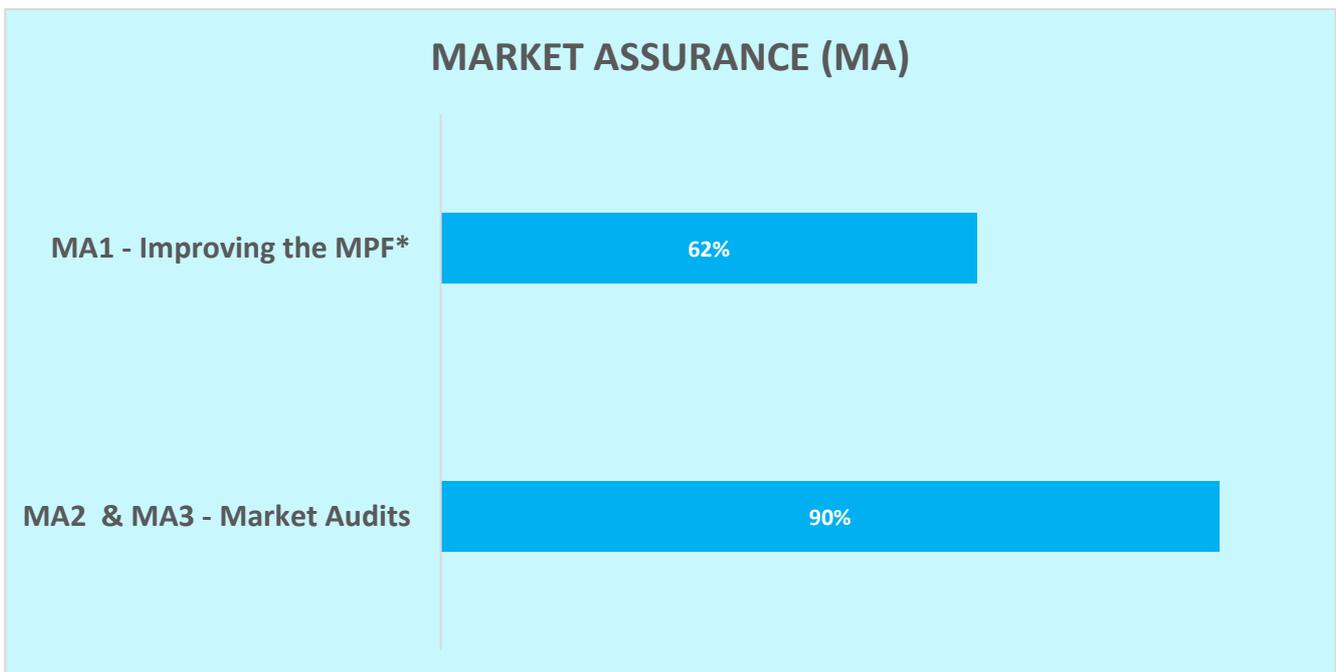
The market audit business commitment is on track for completion by the end of March. The PwC contract, as our third-party auditor, has been extended for a further year to deliver assurance over Market Operator compliance as well as the settlement process. We are on track to increase our internal assurance capacity, enabling MOSL to deliver more trading party audit work in-house during 2021/22 rather than through external

providers. We are also developing Terms of Reference (ToR) for the Audit Sub-group as well as an enhanced communication plan for the market audit programme in 2021/22.

This will outline:

- ◆ what the market audit is and its objectives
- ◆ how we ensure clear visibility of findings
- ◆ the process for addressing audit actions
- ◆ the scope of market audit activity; and the governance of the overall market audit.

MOSL continues to work closely with the Market Performance Committee (MPC) to develop the scope and roadmap for improving the MPF to ensure it incentivises the right behaviours. The standards are currently being reviewed and rescoped. See the completion rates of the business commitments under the Market Assurance theme, in the graph below.



MA1 - Improving the Market Performance Framework (MPF)

In our 2020/21 Business Plan we committed to addressing the first phase of the [three-year roadmap](#), which seeks to improve the Market Performance Framework. The roadmap focuses on several key elements, including data quality improvements to support the enhanced performance framework; the introduction of qualitative measures; and a more effective performance rectification process. We also committed to identifying potential performance standards for removal, or simplification, where they have been identified as adding little benefit for customer outcomes or assurance of trading parties' performance.

Quarter 3 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> ◆ An end-to-end review of current market performance standards by the MPC subgroup. Options around those standards which could be merged and those which could be removed 	<ul style="list-style-type: none"> ◆ Present prioritised list of performance standards for simplification or removal to MPC ◆ Draft necessary changes ◆ Prepare proposals for consultation
<ul style="list-style-type: none"> ◆ Data Cleanse plan defined with core focus on premises data, meter data and customer data. Plan included in Request for Information (RFI) for validation 	<ul style="list-style-type: none"> ◆ Integration of RFI feedback into the Data Cleanse Plan. Plan to focus on the provision of information around key fields in CMOS ◆ Establish performance metrics focusing on accuracy, validity and timeliness against premises, meter and customer data ◆ Develop reporting dashboards and proposed Additional Performance Indicators (APIs)
<ul style="list-style-type: none"> ◆ Responses to Data Quality (RFI) to understand the cost of poor-quality data and trading party approach to delivering and sustaining improved core data received at end of Q3 (24 responses received) 	
<ul style="list-style-type: none"> ◆ First Retailer Measure of experience (R-MeX) survey issued (10 retailers responded reviewing 17 wholesalers). Feedback collated and presented back to trading parties and the Panel ◆ Publish the results from the first R-MeX survey 	<ul style="list-style-type: none"> ◆ Prepare the second survey, incorporating the lessons learned and agreed timescales ◆ Issue questionnaire to retailers and wholesalers to capture improvements which have been implemented as a result of feedback from the first R-MeX survey.

Risk and Issues

There are no material risks or issues that currently impact the delivery. An MPC sub-group has been assigned to support this activity.

MA2 and MA3 – Market Audit

This commitment seeks to put in place a targeted scope of activity for the market audit in 2020/21 and develop a multi-year audit strategy to incorporate a blended use of MOSL and third-party resources.

The multi-year audit strategy has now been developed and shared with the Panel. In addition to the targeted audit activities which were delivered through the first three quarters of 2020/21, the Panel Audit sub-group agreed the approach trading parties have undertaken to applying temporary COVID-19 vacancy flags, how retailers have assessed and reported on COVID-19 payment deferral and the closing out of settlement assurance work spanning 2019/20 and 2020/21 settlement periods.

These audit activities were largely focused on COVID-19 impacted areas. A revised approach is being developed for market operator (MO) compliance auditing for this year as part of a more risk-based approach.

Quarter 3 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> Panel Audit sub-group reviewed the scope for 2020/21 trading party compliance audit activities 	<ul style="list-style-type: none"> Implementation of first elements of multi-year audit strategy including building inhouse capability.
<ul style="list-style-type: none"> PricewaterhouseCoopers (PwC) contract extension to serve as the market auditor for one year (2020/21) and deliver on the agreed scope 	<ul style="list-style-type: none"> Audit Sub-Group ToR
	<ul style="list-style-type: none"> 2021/22 Market Audit communications plan

Risk and Issues

There are no material risks or issues that currently impact the delivery.

Market Improvement (Mi)

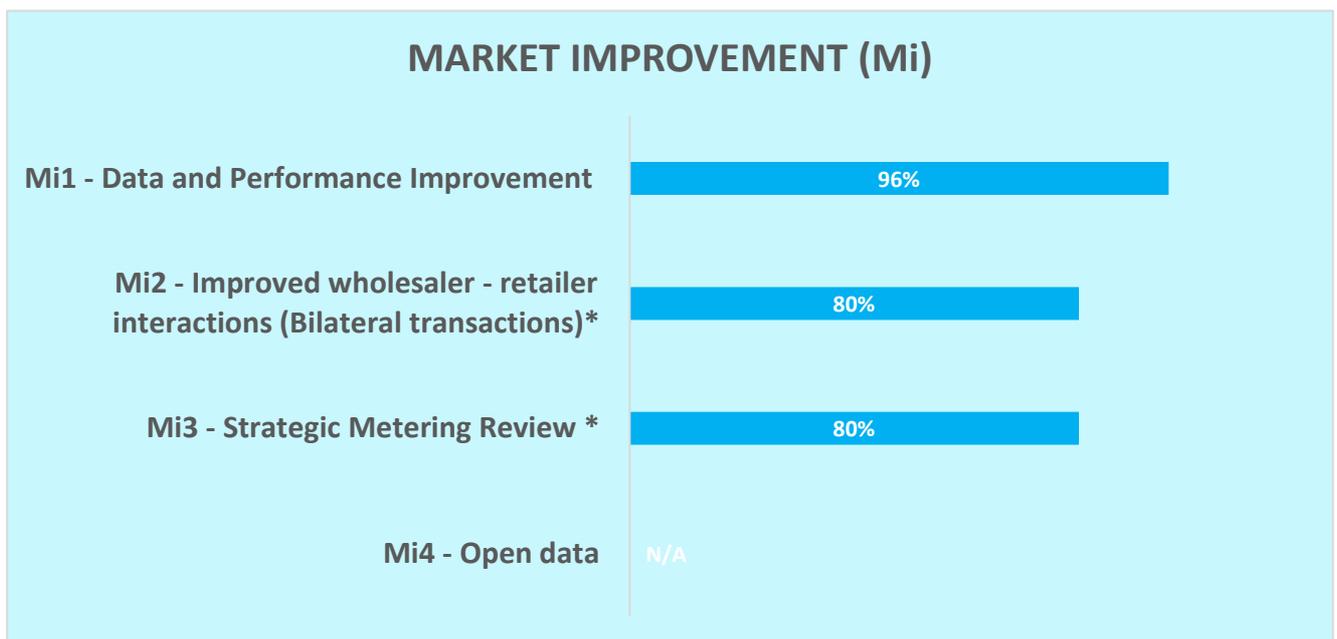
Completion of commitments under the theme of Market Improvement is currently assessed at 74% complete.

This theme continues to address the key market frictions still hindering progress in the market. Issues such as metering and data quality issues, performance, finding ways to make data more accessible to trading parties and the need to create a more efficient way for wholesalers and retailers to collaborate and serve customers efficiently.

MOSL’s commitment to address the challenges being faced by the market is still being delivered under these four commitments:

- ◆ Mi1 - Data performance and improvement
- ◆ Mi2 - Improved wholesaler- retailer interactions
- ◆ Mi3 - Metering
- ◆ Mi4 - Open data

See the completion rates of the business commitments under the Market Improvement theme, in the graph below.



* This completion rate is based on outputs that will be delivered up until March 2021

Mi1 – Data and Performance Improvement

The commitments captured in the [Market Performance Operating Plan 2020/21](#) include improving the quality of customer, premises and asset data, enabling timely and robust consumption data, in addition to delivering the necessary remediation activity relating to COVID-19.

Quarter 3 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> Published our in-depth analysis and proposed mitigation activities for data quality issues as part of our Request for Information (RFI) to help us develop a market data cleanse plan 	<ul style="list-style-type: none"> Publish of our findings from the data cleanse RFI with required prioritisation of trading party activities Implement data quality performance measures and release data cleanse dashboard tools for monitoring and prioritising data cleanse activity
<ul style="list-style-type: none"> Submitted a change proposal and completed consultation for addressing long-term vacant premises 	<ul style="list-style-type: none"> Refine proposed solution for addressing long-term vacant premises and develop and submit the draft recommendation report to Panel
<ul style="list-style-type: none"> Launched an RFI to inform the streamlining of the new connections process to reduce data quality issues and levels of inaccurate vacancy 	<ul style="list-style-type: none"> Publish of our analysis of the new connections RFI with proposed next steps for possible code changes and performance measures
<ul style="list-style-type: none"> Completed analysis of estimation settlement and recommended performance measures to improve estimation accuracy 	<ul style="list-style-type: none"> Develop estimation accuracy and settlement monitoring reporting and implement a retrospective performance measure to improve the accuracy of Yearly Volume Estimates (YVEs)
<ul style="list-style-type: none"> Drafted strategic plan for addressing vacancy issues in the market throughout 2021 	<ul style="list-style-type: none"> Publish of our strategic plan for addressing vacancy in the market with required prioritisation and trading party activities

	<ul style="list-style-type: none"> Implement vacancy performance measures and release vacancy dashboard tools for monitoring and prioritising vacancy activity
<ul style="list-style-type: none"> Improved internal reporting for the Vacancy Change Application (VCA) process allowing better monitoring of the volume of applications and any issues arising 	<ul style="list-style-type: none"> Confirm next steps and priorities for pursuing an enduring, longer-term solution for improving or replacing the VCA
<ul style="list-style-type: none"> Developed process and reporting to support the transition out of the use of the “temporary vacancy” flag denoting a COVID-19 vacancy and created YVE reporting to assess ongoing impacts 	<ul style="list-style-type: none"> Establish YVE reporting on a regular basis in line with settlement analysis to understand the impact of temporary customer closures arising from lockdown or other factors on settlement.

Risk and Issues

There are no material risks or issues that currently impact the delivery.

Mi2 – Improved wholesaler -retailer interactions (Bilateral Transactions Programme)

In our 2020/21 Business Plan, we committed to work with trading party members to develop a ‘bilateral transactions’ solution to address the issue of poor wholesaler-retailer interactions.

The [Full Business Case](#) for the Bilateral Transactions Programme was approved by the MOSL Board in September 2020. Following approval, the programme has moved into the execution phase. Working with Ofwat, we have reviewed and amended the programme mandate ([CPW070: ‘Bilaterals Interface Solution’](#)) to reflect the development, code change and planned rollout of bilateral transactions. We remain on track to deliver our first process, meter supply point verification (C1), in April 2021.

We recognise the importance of the programme and have therefore appointed a dedicated Integration Manager to work with trading parties in order to ensure its successful implementation. Alongside this we continue to benefit from trading party engagement through the programmes four advisory groups.

We have concluded the quarter with the first of our bi-annual programme audits. The findings of this audit will be made available to trading parties and we will use these findings to improve our delivery capabilities.

Quarter 3 deliverable	Next Quarter's deliverables
<ul style="list-style-type: none"> ◆ A demonstration of the bilateral process (C1 - meter supply point verification) 	<ul style="list-style-type: none"> ◆ Complete all C1 user stories ◆ Develop front-end web portal for MVP for C1 transactions ◆ C1 go-live date and forward plan agreed
<ul style="list-style-type: none"> ◆ High Volume Interface (HVI) definition document - V1.0 versions of the following were issued to trading parties in December: <ul style="list-style-type: none"> • XSD (XML) schema definition • CSD0601 data catalogue to trading parties • Interface specification 	
<ul style="list-style-type: none"> ◆ The Pathfinder Group tested some user deliverables in a sandbox environment ◆ The MOSL Bilaterals Hub was created and pathfinder organisations were given access to test login and security certificates 	<ul style="list-style-type: none"> ◆ Integration testing with Pathfinder group ◆ Web interface testing with Pathfinder group
<ul style="list-style-type: none"> ◆ B5 Repair and replace process map reviews completed ◆ Work commenced on the repair and replace meter process (B5) 	<ul style="list-style-type: none"> ◆ Completion of B5 requirements and user stories.

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Risk and Issues

As we reported in our Q2 report, the nature and complexity of this programme warrants its own Risk, Assumption, Issues and Dependencies (RAID) log. This is formally reviewed weekly and issues are escalated, where required, to the Programme Board and Steering Group.

We continue to monitor the risk that trading party input may be adversely affected by COVID-19. To date, this has not been an issue and trading party input remains high. A mitigation plan is in place and is being monitored.

As defined by [CPW070: 'Bilaterals Interface Solution'](#) the first programme audit was undertaken in December 2020. This audit is due to be shared with the Steering Group, Ofwat and trading parties at the end of January. The draft audit report has found no major areas of non-compliance.

Mitigation

To mitigate the risks, we are proactively communicating with trading parties and sharing advisory group and pathfinder activities. The [dedicated bilateral transactions page](#) on our website is a 'self-serve' resource for all information related to the progression of the Bilateral Transactions Programme.

Mi3 – Metering

The [Strategic Metering Review](#) is focused on identifying and surfacing all issues that are impacting the availability of accurate and timely consumption information in the non-household market and defining a series of corrective actions. It comprises five core workstreams:

- ◆ Asset and data ownership
- ◆ Responsibilities and accountabilities
- ◆ Incentives and disincentives and the behaviors these drive
- ◆ Technology

- ◆ Data quality (both legacy and enduring).

Quarter 3 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> ◆ Shared programme structure in industry forums, including CEO Forum, Strategic User Forum, Major Energy Users Council (MEUC) and the Self-Supply Users Forum 	
<ul style="list-style-type: none"> ◆ Overlaid the five strategic workstreams (identified above) onto the detailed metering journeys to identify a series of short, medium, and long term programme objectives. These have been reviewed, refined, and agreed with the Panel ◆ Prioritised short term objectives and defined a series of 'quick start' initiatives that we will begin to progress in this financial year. One-page proposals developed for each, to be refined with Panel sub-group ◆ Issued RFI on metering programmes and refined priorities based on input ◆ Agreed governance of programme would be via a formal Panel sub-group with nominated members 	<ul style="list-style-type: none"> ◆ Establish formal governance (sub-group or Committee) ◆ Mobilise initial "quick start" projects <p>Build outline delivery plan for the short term programme objectives in 2021/22</p>
<ul style="list-style-type: none"> ◆ Undertook detailed analysis of CMOS meter read rejections 	<ul style="list-style-type: none"> ◆ Publish findings of read-rejection analysis and proposed next steps.

<ul style="list-style-type: none"> ◆ Developed an API Gateway for CMOS to allow MOSL to surface discrete CMOS functions to new user or system interfaces ◆ Developed a point of contact to demonstrate the potential to simplify the capture of meter reads and maintenance of key asset data 	
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Risks and Issues

It is recognised that the consultation required to implement the programme could create an unacceptable burden on trading parties. It is also recognised that there is limited specific funding included in the three-year business plan to support more significant technology investments that may arise from the Strategic Metering Review.

Mitigation

The risk will be mitigated by managing the consultation timing and using alternative and less onerous methods such as one-to-one interviews with trading parties to gather information. As and when significant investment opportunities are identified, the programme will explore available funding mechanisms and formulate the appropriate business cases.

Mi4 – Open Data

Improving data quality and insight is central to MOSL’s 2020-21 Business Plan and some of our primary business plan commitments have specific objectives to deliver improvements in this area.

MOSL has continued to enrich the central market data (including establishing an initial data analytics platform) to support improved reporting and insight and encourage market discussions on strategic areas such as metering and water efficiency.

In Q3, work has focused on both the basics of core data quality in CMOS and the longer-term opportunities associated with data sharing and enrichment across the market and wider water sector. This included continued involvement in the Open Data Challenge Stream as part of the Northumbrian Innovation Festival.

We investigated the feasibility of generating and redistributing value in the market. A hypothesis was explored with a specific Southern Water, Water Resource Zone (WRZ) and included workshops with several interested trading parties. The initial view is that there is an opportunity to unlock and distribute value and further workshops are scheduled in January to explore for a small group of customers.

The Open Data Challenge workshops demonstrated several proof points, including the willingness to collaborate and share data, along with the mechanics of establishing a sharing platform. There is now a desire to build on the success of these early use cases with other trading parties.

Quarter 3 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> ◆ Established an MS Azure based data analytics platform, including a Proof of Concept (PoC) to assimilating the work to date on segmentation and consumption analysis ◆ Enriched market reporting, leveraging a combination of customer segmentation, consumption analysis and geospatial analysis to support both market performance and improvement 	<ul style="list-style-type: none"> ◆ Explore the opportunity to access and assimilate granular consumption data from trading parties to support more accurate and timely consumption data
<ul style="list-style-type: none"> ◆ Issued and analysed an RFI on core data quality in CMOS, identifying a subset of data items that are fundamental to the effective operation of the market 	<ul style="list-style-type: none"> ◆ Define and communicate a core market data quality improvement plan. ◆ Create a data quality dashboard
<ul style="list-style-type: none"> ◆ Conducted a feasibility study of generating and redistributing value in the market. Tested for a specific Water Resource Zone (WRZ). Concept paper presented 	<ul style="list-style-type: none"> ◆ Case study on identifying and redistributing value in the market through engagement with high-consuming customers in a specific WRZ Assess scalability of learnings and define next steps.

<ul style="list-style-type: none"> • Took part in the Open Data Challenge led by Northumbrian Water and Sia Partners – four PoCs executed, and learnings assimilated. 	<ul style="list-style-type: none"> • Define next steps on Open Data for the water sector, building on success of PoCs.
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Risks and Issues

Data protection obligations in the Market Arrangements Code (MAC) and Wholesale Retail Code (WRC) could limit the value that can be obtained from open data. We need to be mindful that this could encroach on the competitive nature of the market i.e. differentiated services that retailers are investing in.

Mitigation

The risks highlighted above will be taken into consideration when defining a data sharing strategy and data quality improvement plan.

Governance (GOV)

Completion of commitments under the theme of Governance is currently assessed at 74% complete.

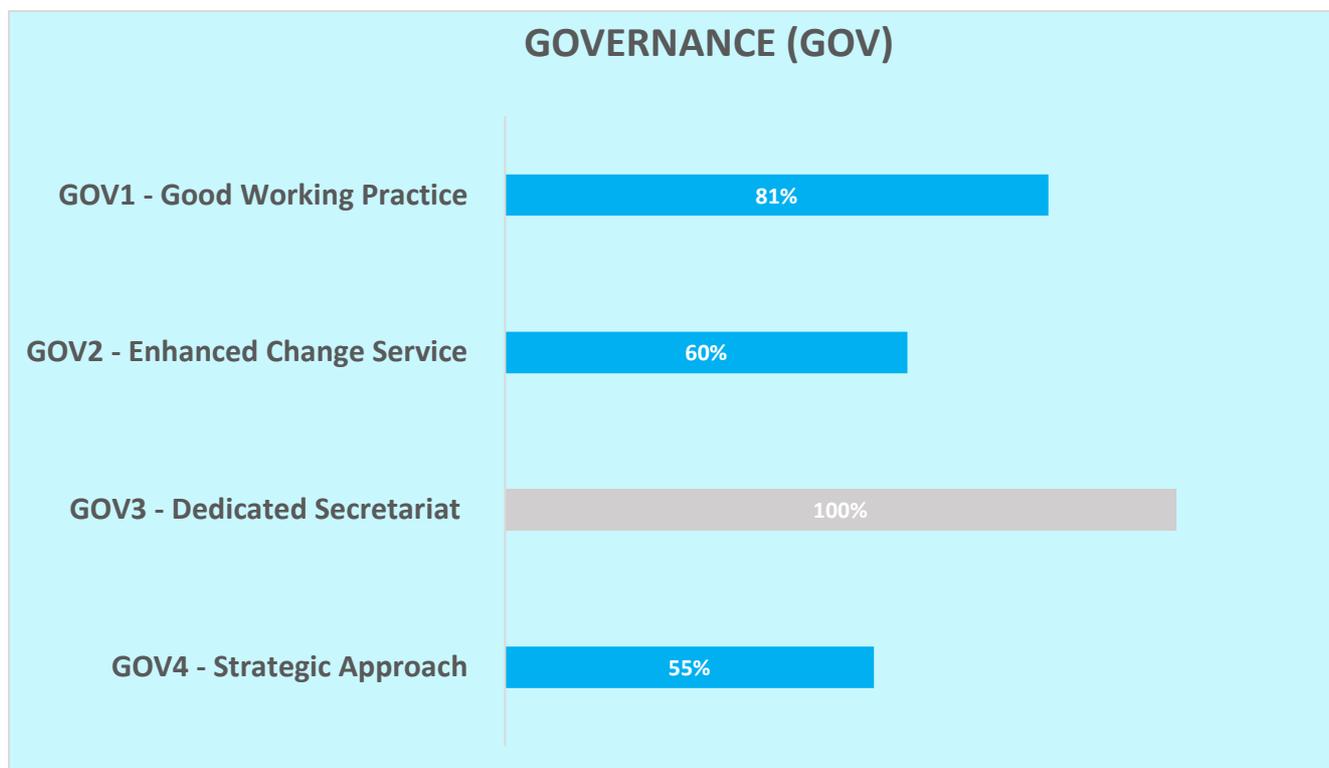
In our 2020/21 Business Plan, we stated that:

“Robust, efficient and effective governance is an essential component of a well-functioning market, as well as being a key enabler for the change and improvement agenda that is required to deliver a step change in the success of the market”.

MOSL made four commitments to facilitate the delivery of Governance:

- GOV1 - Good working practice
- GOV2 - Enhanced change service
- GOV3 - Dedicated secretariat
- GOV4 – Strategic approach

See the completion rates of the business commitments under the Governance theme, in the graph below.



GOV1 – Good Working Practice

In our 2020/21 Business Plan we committed to working with the Panel to improve the existing governance arrangements (building on the work completed last year to standardise the Panel’s approach to assessing change proposals); implemented new Panel voting rules to support efficient decision-making; and added a voting customer representative to the Panel.

The Panel Effectiveness and Market Governance reviews were conducted by an independent consultant, Satori Board Review. The feedback from trading parties will help to identify both quick wins regarding good working practice for the Panel and potential improvements for the longer-term.

Quarter 3 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> Gathered trading party feedback on the effectiveness of the Panel and market governance via consultation (as part of Panel 	<ul style="list-style-type: none"> Satori Board Review to present its recommendations for improving Panel effectiveness

Effectiveness and Market Governance reviews)	and market governance to the Panel in January 2021
<ul style="list-style-type: none"> Feedback from trading parties and from detailed interviews with Panel members and stakeholders has been shared with the Panel 	
<ul style="list-style-type: none"> Governance in other markets has been considered by the Panel’s Market Governance Steering Group 	<ul style="list-style-type: none"> The implementation of changes to market governance that arise from the recommendations of this work will be considered by the Panel in February and March and will progress through 2021.

Risk and Issues

There are no material risks or issues that currently impact the delivery.

GOV2 - Enhanced Change Service

In our 2020/21 Business Plan we noted an upward trend in the volume of market changes arising from market improvement work. We committed to implementing new approaches to enhance our market change service to make it easier for trading parties to raise and engage on market changes. To support this work, we have sought input from industry stakeholders on potential improvements. Other improvements interact with MOSL’s channel management and technology roadmap and may need to be delivered in subsequent periods. These include plans to deliver dynamic web content that will show visitors the progress of live changes.

Quarter 3 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> Gathered trading party feedback on the change service via consultation 	

<ul style="list-style-type: none"> ◆ Incorporated feedback into an improvement programme including development of: <ul style="list-style-type: none"> ● A Change Service Charter ● Improvements to change proposal forms and recommendation reports to promote clarity and accessibility ● Raising the profile and accessibility of the monthly Change Report to facilitate transparency of the change portfolio 	<ul style="list-style-type: none"> ◆ Panel approval of improvements, where required, (e.g. revisions to the change proposal forms) and implementation of improved approaches ◆ Publish end user guidance and FAQs for change proposers.
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Risk and Issues

Risks remain unchanged from our Q2 report. There is an interdependency between enhancing our change service, channel management and improvements to the MOSL website (see SE1 – Easier to Engage). The two workstreams are collaborating to mutually support their deliveries.

Mitigation

Interdependencies are reviewed and monitored on both projects by PMO and each delivery team to assure alignment is maintained.

GOV3 - Dedicated Secretariat

As per the Q2 report, this commitment has been completed and embedded as business-as-usual practice with benefits being realised.

In our 2020/21 Business Plan we committed to establishing a dedicated secretariat function to deliver improved administrative and secretariat services to the Panel and its committees. We have appointed two Governance Managers, bringing experienced secretariat and governance experts into the business.

Our Governance Managers provide consolidated secretariat support and governance expertise to the Panel, its committees and groups as well as the User Forum. While MOSL has delivered on its commitment to establishing this function, we will also look to conduct a final handover of responsibilities for the Disputes Committee (DC) and Strategic User Forum.

GOV4 - Strategic Approach

In our 2020/21 Business Plan we committed to working jointly with the Panel to develop and deliver against a strategic, multi-year roadmap for the market, incorporating the key areas of focus identified by the Panel. Work has moved ahead on the three key workstreams identified by the Panel, two of which are specific business plan commitments. The business plan commitments are ‘Good Working Practice’ and ‘Strategic Metering Review’ (see GOV1 and Mi3 for status and milestone updates). The other key workstream is the review of the market codes which will consider the case for simplification of the market codes.

The update below relates to the progress on the code review workstream. This workstream commenced in Q2 and work is on track according to plan. The update also outlines the continuation of this approach through the Panel input to the MOSL [2021-24 Business Plan](#) and consideration of the Panel’s priorities and focus areas.

Quarter 3 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> ◆ The Panel’s Code Advisory Group (CAG) has considered the feedback from trading parties gathered via consultation at the end of Q2 on pain points and the impacts of code complexity 	<ul style="list-style-type: none"> ◆ The Panel will be invited to approve the findings and recommendations of the CAG
<ul style="list-style-type: none"> ◆ The CAG has identified and taken an initial view of prioritisation of a range of improvements. These include: <ul style="list-style-type: none"> ● Establishing architectural principles to guide future evolution of simplified codes ● Potential code changes to simplify existing areas of complexity ● Provision of guidance materials, where appropriate 	

<ul style="list-style-type: none"> ◆ The Panel has provided input to the development of the 2021-24 MOSL Business Plan. This has ensured that the business plan integrates the Panel’s priorities and focus areas across its three-year horizon. These include focus on delivery of: <ul style="list-style-type: none"> ● Efficient market governance and an effective Panel which focuses on customer outcomes when assessing change (see GOV1) ● Codes which are easily navigable and accessible to trading parties and easy for market entrants to understand (see code simplification work under this workstream GOV4) ● Bilateral arrangements that are consistent and efficient and no longer a cause of friction (see Mi2) ● Metering arrangements that are efficient and effective and support robust market data and good customer outcomes (see Mi3) ● A performance framework that drives efficient and effective outcomes for customers and processes create the right data to deliver benefits to the market and its customers (see MA1) 	<ul style="list-style-type: none"> ◆ Develop a programme of work according to the prioritisation of the Panel. This will define the delivery of the code simplification programme through 2021 and beyond.
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Risk and Issues

There are no material risks or issues that currently impact the delivery.

Building Capability (BC)

Completion of commitments under the theme of Building Capability is currently assessed at 90% complete.

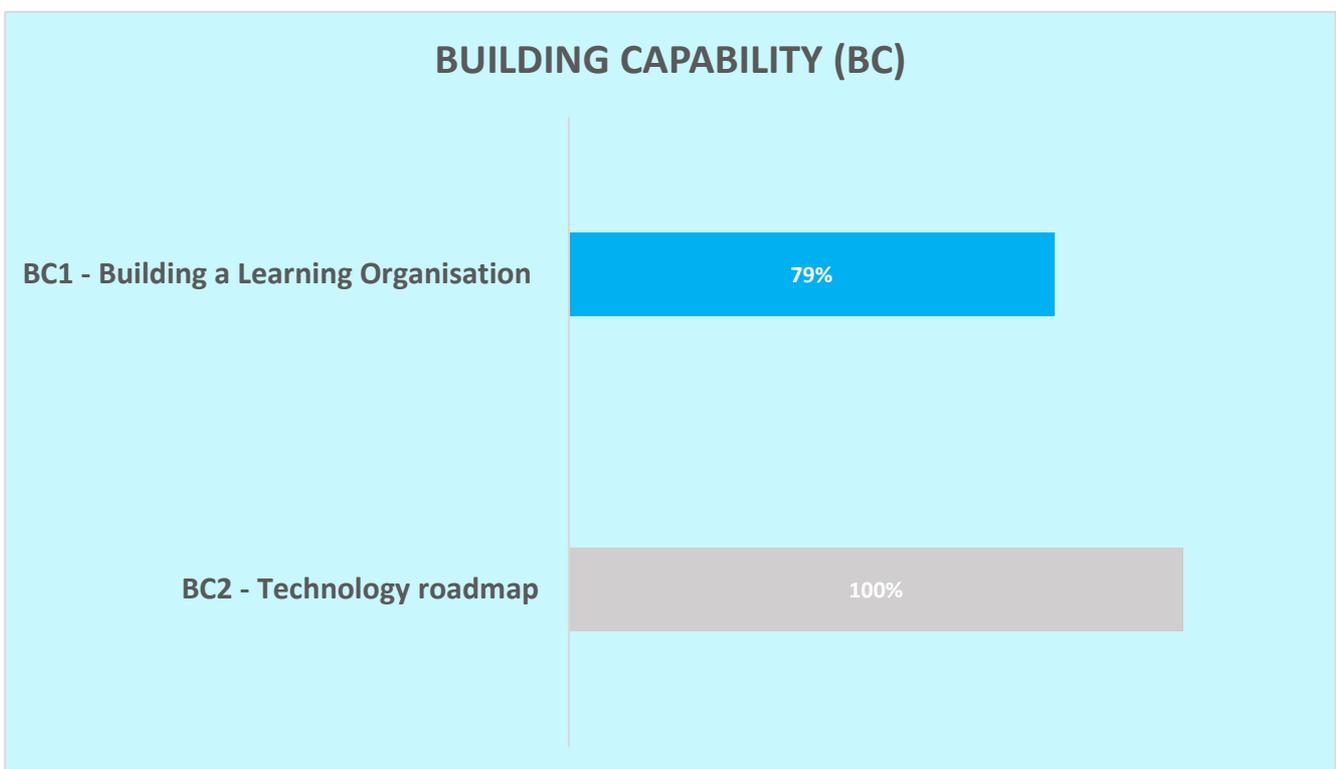
In the 2020/21 Business Plan, we stated that we will build MOSL’s people, data insight and technology capabilities, seeking to foster a culture of learning, collaboration and innovation across the market and help move the dial in all areas of market operation and improvement. This theme focuses on two things - people and culture and technology and data. MOSL has made strong progress in the people area, including a reduction in contractor resource, providing MOSL the opportunity to retain and build its own internal capability.

MOSL made two commitments to facilitate the delivery of the ‘Building Capability’ theme:

- ◆ BC1 - Building a Learning Organisation
- ◆ BC2 - Technology roadmap

As reported in our Q1 report that was published in July, the Technology Roadmap has now been completed and communicated with trading parties through various forums.

See the completion rates of the business commitments under the Building Capability theme, in the graph below.



BC1- Building a Learning Organisation

Since April 2020, we have remotely recruited and successfully onboarded 18 colleagues to ensure we have the skills and resources to deliver our commitments and develop internal capability. This includes two governance managers, a legal counsel, and a paralegal.

Quarter 3 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> Internal development plan of our foundation stone training programme is complete. The focus of this programme is to enable colleagues to grow their skills to support the delivery of their role. Five courses will be delivered, totaling 108 training days, including Managing Successful Programmes and Practical Business Analysis 	<ul style="list-style-type: none"> Continue with our Foundation Stone Training Programme delivering further skills courses
<ul style="list-style-type: none"> The secondment from Yorkshire Water into the Bilateral Transactions Programme 	<ul style="list-style-type: none"> Recruit two 'Kick Start' placements (rolled over from last quarter due to delays from the Department of Work and Pensions)
<ul style="list-style-type: none"> Organisational Design activity progressed in collaboration with all colleagues 	<ul style="list-style-type: none"> Conclude work on our Organisational Design including the identification of how we can more efficiently deliver our assurance commitments to the market
<ul style="list-style-type: none"> The appointment of Hunada Nouss as Non-Executive Director providing greater financial acumen to the Board 	<ul style="list-style-type: none"> Conclude the delivery of Discovery Insights to all colleagues to raise self-awareness and build stronger teams.

Risk and Issues

Risks and issues remain unchanged from our Q1 report.

There is a risk that certain outputs of the delivery plan will be delayed due to the impact of lockdown procedures outside of MOSL's control, including the timing of the Government's 'Kick Start' programme.

Mitigation

With COVID-19 restrictions continuing, we have taken the decision to suspend our Internship Programme with Southampton University for summer 2021.

BC2- Technology Roadmap

This commitment has been completed and embedded as business-as-usual practice with benefits being realised.

In the 2020/21 Business Plan, we highlighted the importance of technology and its ability to enable the market to operate efficiently. MOSL has been exploring options for the future provision of the core systems capability as part of our development of a longer-term, multi-year technology roadmap for the market.

In order to understand the strategies that exist between MOSL and trading party systems, there has been continuous engagement with trading parties and wider stakeholders. A three-year transition roadmap has been developed and shared with trading parties. Please see appendix for more details.

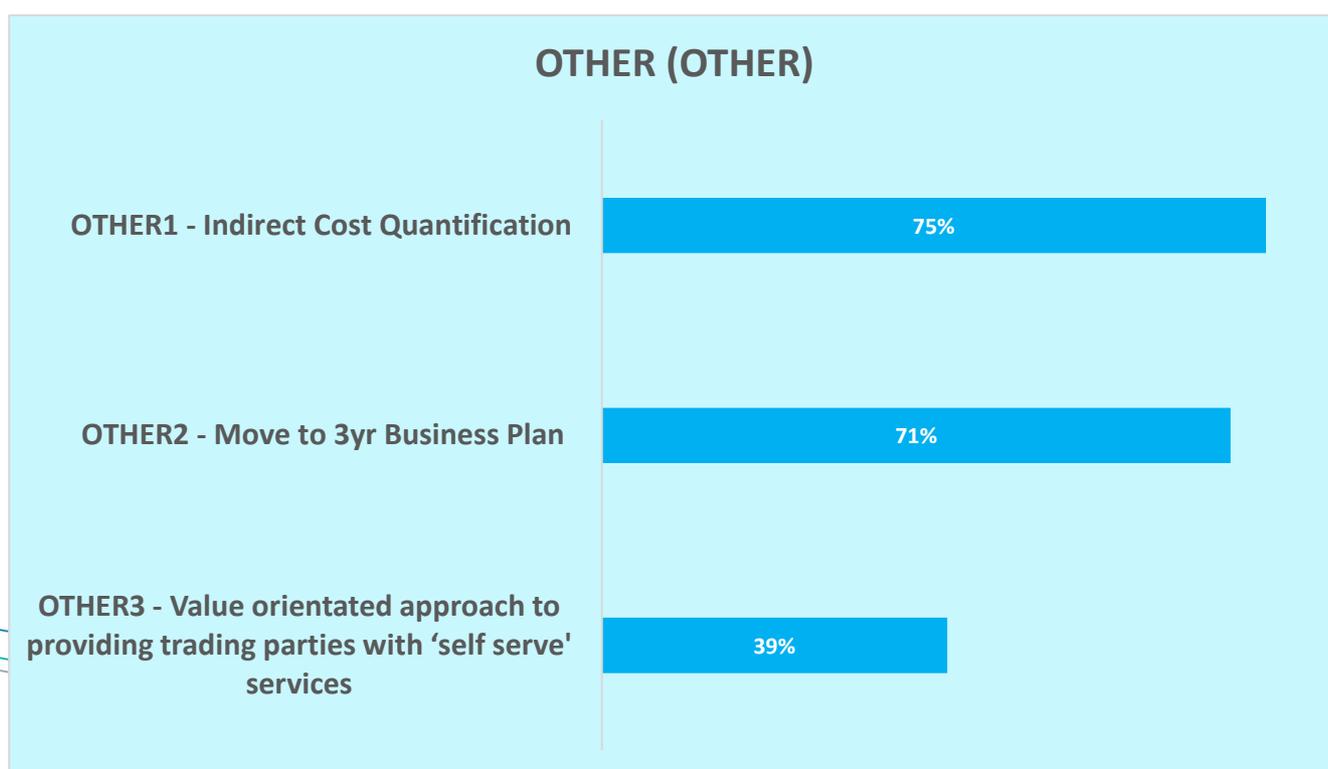
OTHER

Completion of commitments under the theme of 'Other' is currently assessed at 62% complete.

In the 2020/21 Business Plan, we included three overarching commitments aimed driving greater efficiency and effectiveness. These commitments are:

- ◆ OTHER1 - Indirect cost quantification
- ◆ OTHER2 - Move to three-year business plan cycle
- ◆ OTHER 3 - Value oriented approach to providing trading parties with self-serve services

See the completion rates of the business commitments under the OTHER theme, in the graph below.



OTHER1 - Indirect Cost Quantification

In our 2020/21 Business Plan we committed to improving our understanding of indirect cost of operating in the market and to use this information to prioritise our resource and investments in a way that drives the most overall value for our members. We remain on track to meet this commitment.

A key driver of indirect costs in the market is wholesaler-retailer interactions. The current high level of friction and cost inefficiency is being targeted by our Bilateral Transactions Programme. The programme’s Full Business Case contains a detailed benefits case, including the reduction in indirect costs, which will be delivered by the programme. It also incorporates an assessment of potential trading party integration costs to provide a more complete assessment of total costs and benefits to the market.

Other key drivers of indirect costs include the impact of poor-quality market data, metering activity and governance. We are improving indirect cost understanding in all of these areas to better target our related market improvement activity. This insight will also be used as part of our ongoing Governance review.

Quarter 3 deliverable	Next quarter’s deliverable
<ul style="list-style-type: none"> Analysis completed on estimated indirect cost impact of poor market data, using data collected from the recent Request for Information (RFI). This data is being used to target activity within the Data insight improvement programme 	<ul style="list-style-type: none"> Collect data on metering related costs incurred by trading parties (through RFI) to improve understanding in this area, as part of wider Strategic Metering Review
<ul style="list-style-type: none"> Deep dive on the costs of Panel and related activities included within our published 2021-24 Business Plan for consultation. Included breakdown of estimated indirect costs for trading parties to improve wider understanding and transparency. 	<ul style="list-style-type: none"> Use improved understanding of indirect costs in building more detailed delivery plans and benefit targets for 2021/22 improvement programmes
	<ul style="list-style-type: none"> Continue to enhance relationships at senior finance level between MOSL and trading parties, including through engagement on 2021- 24 Business Plan and how this targets indirect costs.

Risks and issues

There are no material risks or issues that currently impact the delivery.

OTHER 2 - Move to three-year business plan cycle

As part of our 2020/21 Business Plan, MOSL made the commitment to move to a three-year business planning cycle.

During this quarter we have published MOSL’s three-year business plan for consultation. MOSL will continue to work with stakeholders to ensure the business plan is aligned to the priorities of the market before publishing the final plan for member approval in February.

Our first three-year plan will be a rolling-plan to provide greater clarity on our longer-term initiatives. Our commitment to move to a three-year business planning cycle with a clearer cost-trajectory beyond one year has been completed.

Quarter 3 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> ◆ Draft of the three-year business plan presented to Panel, MOSL Board and published for consultation 	<ul style="list-style-type: none"> ◆ Final three-year business plan published for member approval ◆ General Meeting to be held for member voting.

Risk and Issues

There are no material risks or issues that currently impact the delivery.

OTHER 3 - Value oriented approach to providing trading parties with self-serve services

In Q2, we reported that, with respect to enabling trading parties to ‘self-serve’ progress against this requirement would sit under commitment SE1- Easier to Engage. This commitment had been reviewed and its focus is on the introduction of a MOSL Programme Approval Board. The aim of this Board is to govern, approve and monitor all new business change activity, ensuring that change delivery is value adding. During the third quarter we have worked on establishing the scope and Terms of Reference (ToR) of the Programme Approval Board and how it could be applied at MOSL. We have widened the scope of the Board from a Programme perspective to that of a proposed Investment Board.

Whilst progress has been made in this area, our focus on the development of our three-year business plan has resulted in approximately two month’s slippage in signing off the Investment Board ToR. This activity is now scheduled for early February 2021.

Quarter 3 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> ◆ The sign-off of terms of reference for the MOSL Programme Board have been produced 	<ul style="list-style-type: none"> ◆ Senior Leadership Team decision to sign off ToR and proposed approach
<ul style="list-style-type: none"> ◆ Establish Programme Board and initiate meeting schedule 	<ul style="list-style-type: none"> ◆ Initiate first Investment Board meeting for April 2021

Risks and issues

As above, there is approximately two-month slippage due to business planning commitments. It is recognised that any proposal needs to reflect MOSL’s future organisational design.

Mitigation

We are confident this commitment, as currently scoped, can be implemented for 2021/22. MOSL has undertaken a programme of work on its organisational design which is progressing in parallel. The interdependence of this activity has been identified and is being monitored to mitigate any impact on the delivery of this commitment.

Conclusion

In developing our quarterly report for Q3 we are pleased with the progress we have made against a number of our business plan commitments.

In order to establish a baseline and level of consistency for these reports we have kept the same format from Q2. As we move into the next financial year, we will review progress against our business plan commitments and the improvements we can make in both the quality of the content and the format as part of SE1 – Easier to engage.

We will continue to seek trading party feedback on this report to ensure it provides the information you would like to see; in the way you would like to see it. If you have any feedback on this report, please email the [Communications Inbox](#).