

Minutes of the Market Performance Committee Meeting 50

27 May 2021 | 9:30 – 15:00

Held via Videoconference (Microsoft Teams)

Status of the Minutes: Final

MEMBERS PRESENT

Pamela Taylor	PT	Chair	Wendy Monk	WM	Retailer Committee Member
Claire Yeates	CY	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Gerard Lyden	GL	Wholesaler Committee Member	Patrick McCart	PM	Retailer Committee Member
Adam Boyns	AB	Customer Representative Committee Member			

OTHER ATTENDEES

Samantha Webb	SW	MOSL Presenter	Adam Richardson	AR	MOSL Observer
Markus Lloyd	ML	MOSL Presenter	Alexandra Piper	AP	MOSL Presenter
Georgina Mills	GM	Ofwat Presenter	Ethan Fleming	EF	Secretariat
Darren Hayes	DH	Ofwat Presenter	Sam Mawby	SM	Secretariat
Matt Labrum	MLA	MOSL Presenter	Adam Boyns	AB	CCW Observer

APOLOGIES

Jo Ecroyd	JE	Wholesaler Committee Member			
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1. Welcome and Introductions

- 1.1. Apologies had been received and accepted from JE.
- 1.2. The committee welcomed Patrick McCart recently appointed as a Retailer committee member.
- 1.3. The committee noted that Adam Boyns was now a member of the committee with voting rights following the recent change to the committee terms of reference, approved by the Panel on 25 May.
- 1.4. The committee noted that EF would be leaving MOSL in June and thanked him for his effective and dedicated secretariat support of the MPC.
- 1.5. SM was welcomed by the committee and would be providing the secretariat support for the MPC going forward.

2. Minutes Signoff

- 2.1. A minor point of clarification had been made regarding the Ofwat update. The minutes had been updated to reflect this and were available in SharePoint.
- 2.2. No other comments were made, and the minutes of MPC49 were approved.

3. Actions

- 3.1. MOSL presented the actions to be closed namely: 49_02, 49_03, 49_05, 49_07, 49_08, 49_09.
- 3.2. The MPC approved the closure of these actions subject to reviewing their completion at the end of the meeting. MPC Members confirmed at the end of the meeting to close the actions.
- 3.3. An MPC member queried whether the open action 47_13 (MOSL to consider likely implementation timescales for bulk submissions, what it would mean for the MPC agenda and provide an update to the MPC) was still relevant. AR confirmed that further information is needed from the proposer but remains as an open action at this time.

4. Objectives and Priorities for 2021/22:

- 4.1 MPC considered the following questions in two break out group sessions (GL joined the meeting after the first breakout session concluded).

Breakout Session 1: What does success look like for the MPC at the end of the year?

(This session took account of the objectives set out in the [MPC Terms of Reference](#))

- 4.2 Observations raised by breakout groups during the first breakout session identified the following potential success factors:
 - The MPC's priorities and objectives are clear
 - The MPC's priorities and objectives to be taken into account in the deployment of the Market Performance Framework (MPF) as set out in the Market Performance Operating Plan (MPOP)
 - The review of the MPF and the work of the MPF review sub-group delivers against its milestone plan and takes account of the objectives and priorities of the MPC
 - Meeting agendas clearly focus on the MPC's priorities and objectives
 - Reporting requirements are led by the committee
 - The MPC is able to (and does) respond to issues with flexibility and agility
 - A holistic approach taken to monitoring market performance, identification of trends and actions that may be needed to manage underperformance in individual trading parties
 - The MPC draws on a wider range of information to inform its view – including, for example, customer feedback, complaints data, BMEX
 - The MPC has a greater awareness of impact of market performance on customers
 - The market is fully aware of scope and operation of the Market Performance Framework (MPF) and understand the role of the MPC in monitoring performance and addressing emerging issues
 - The MPC has proactively managed and increased pace of performance improvement and this is clear to the market

Breakout Session 2: What is the evaluation framework?

(This session built on the candidate success factors and considered any implications for MPC working).

- 4.3 Breakout groups were tasked with identifying two priorities for the MPC that could be achieved by the 31st March 2022. Observations raised in the second breakout session identified the following considerations:
- The MPC may be perceived to have been slow to act to rectify poor performance. Many parties have been on initial rectification plans for performance in specific areas. Escalation where parties' performance has not significantly improved while on long-standing initial plans has not been common. The MPC recognised that it needed a clearer framework and process to navigate these decisions
 - It would be important to develop a holistic framework for assessing performance – definition of analytical reporting, areas to monitor and what needs to be considered as part of a holistic approach, clear and transparent criteria for effective/poor performance, clarity of escalation process that is visible to market, timeliness of decision making that market is aware of
 - A holistic approach might include looking at timely and accurate settlement, company level performance (efficiency/customer outcomes), market level issues and ensuring that trading parties are fully aware of how they are being assessed. (A 'straw man' model could be developed by MOSL for the MPC to consider)
 - It was not clear to MPC members what was required of the MPC with respect to its market entry assurance/reassurance role
 - The role of the MPC in setting the new MPF framework must be clear given that there was a subgroup responsible for this work. The MPC should be responsible for overseeing the work, including testing and challenging the proposals the sub-group makes. One member likened the role to that of a project steering committee..
- 4.4 The feedback from the session outlined broad consensus around measures of success and agreement that the priority for MPC needed to be the Market Performance Framework (MPF). In particular: using the existing framework to monitor performance and drive performance improvement; and also reviewing and evolving the performance framework itself to ensure it was fit for the future via the MPF review. It was noted that the MPF sub-group was carrying out the detailed work in relation to this.
- 4.5 An MPC member noted that in developing any new reporting it was important to be mindful of the wider reporting ecosystem and that trading parties accessed and used the range of MOSL reports in different ways.
- 4.6 MPC noted that a range of information is available from external sources e.g. CCW that could provide useful data to inform reporting.
- 4.7 Discussion in relation to success measures raised a question as to whether monitoring market entry assurance and reassurance was still pertinent to the role of the MPC. This would need further consideration.
- 4.8 GM queried whether the MPC had been delegated any additional functions beyond those referenced in the Terms of Reference (ToR). AR confirmed that the ToR encompasses everything pertinent to the duties of the MPC.
- 4.9 GM commented that MPF reform was important to the MPC with the committee to provide challenge to the thinking of the MPF review working group.

4.10 The MPC outlined the following draft priorities and objectives:

Priority 1: To proactively monitor market and individual trading parties' performance and, using appropriate indicators, make decisions, to escalate poor performance and hold parties to account to improve their performance.

- **Objective for 2022/23:**

- to have developed and utilised a holistic set of measures beyond Market Performance Standards (MPS) and Operational Performance Standards (OPS) based on their impact to customers to enable the MPC to prioritise rectification of the performance that has the greatest detriment to customers
- to have communicated the indicators and the process of escalation to the market
- to have taken appropriate actions to rectify and escalate trading parties where poor performance is identified and have ensured this is done in a transparent manner to demonstrate MPC action

Priority 2: To oversee, test and challenge the development of a new market performance framework that better reflects the impact on customers.

- **Objective for 2022/23:**

- to have clarity on the high-level design for new standards by end April 2022
- to have identified a workplan for the detailed development and implementation of the high-level design through 2022/23 by April 2022

4.11 The MPC asked MOSL to consider what it needed from the MPC in relation to market entry and reassurance.

ACTION: A50_01

4.12 MPC agreed to include a summary of the MPC draft objectives in the draft Market Performance Operating Plan (MPOP) due to go out for consultation.

ACTION: A50_02

4.13 MPC noted that a working group to look at how to transition from the current working format could start to look at the objectives in more detail and develop a 'straw man' model that sets out the indicators of good and poor performance and explains how the MPC will make decisions to escalate poor performance .

ACTION: A50_03

4.13 An MPC member commented that gaining the wider views of trading parties would be useful but acknowledged that it would be important not to duplicate the work of the MPF working group.

4.14 The MPC noted that a high volume of consultations is underway in the market now so there could be scope to capitalise on those opportunities for feedback.

The MPC:

- **AGREED** to convene a working group comprising members of MOSL staff and two volunteers (to be determined) from the MPC to refine the objectives for 2021-22.
- **AGREED** to include a summary of the MPC draft objectives in the draft Market Performance Operating Plan (MPOP) due to go out for consultation.

5. Market Performance Operating Plan

- 5.1 MPC were asked to provide comment on the draft [Market Performance Operating Plan 21-22](#) (MPOP) ahead of going out to consultation to the market.
- 5.2 MPC noted the plan's holistic approach with performance measures not being taken in isolation.
- 5.3 ML commented that it was currently mandated to publish an MPOP annually which would mean the plan would be reviewed in Autumn 21 for publication in March 22. The MPC may wish to consider utilising the current MPOP until Autumn 22 but needed to be aware that taking this approach would require a change to the Code.
- 5.4 ML confirmed that the draft MPOP was building in greater flexibility by signalling greater use of Additional Performance Indicators (APIs).
- 5.5 An MPC member queried section 2.1 of the consultation document where greater clarity could be provided in relation to vacancy rates.
- 5.6 An MPC member suggested that clearer linkage between the questions and the main body of the consultation document would make it more accessible.
- 5.7 An MPC member queried the focus on switching. ML commented that switching volumes had been lower than hoped, especially through the period of the pandemic. There may be potential blockers to customer switching which it would be useful to investigate.
- 5.8 An MPC member queried whether it was appropriate at this time to include switching as an area of focus as there may be more urgent areas to look at. This was echoed by a further MPC member.
- 5.9 GM added that with low levels of engagement in relation to switching it was important to investigate this area if there were potential blockers that were impacting customers.
- 5.10 ML confirmed that the consultation document would go out in June for a period of 3 weeks.
- 5.11 An MPC member commented that the consultation alluded to integrating the MPOP with MOSL business planning in future and that this should be clarified. ML commented that an integrated approach may be preferred if timing was aligned and would consolidate consultation on the business plan and the performance operating plan. AR added that the publication of the MPOP in summer (as current practice) could make it hard for Trading Parties to take account of the priorities and focus set out in the MPOP. If the MPOP was aligned to the MOSL Business Plan this could assist Trading Party planning.

The MPC:

- **COMMENTED** on the draft MPOP consultation document and the criteria set out within it.

6. BMEX Terms of Reference

- 6.1 The MPC considered the BMEX ToR for approval pending final changes recommended by Ofwat.

- 6.2 An MPC member suggested that greater clarity as to how the BMEX sub-group interacted with the MPF working group would be useful.
- 6.3 Another MPC member commented that the governance for the sub-group was appropriate (reporting in to the MPC).
- 6.4 An MPC member advocated for greater clarity in section 2 regarding the outputs of the sub-group.
- 6.5 In relation to membership of the sub- group an MPC member suggested that at least 1 MPC member formed part of the group for continuity. A further MPC member commented that a sub-group member with RMEX experience would also be useful.
- 6.6 The MPC approved the ToR in principle but agreed to receive the updated ToR, incorporating the Ofwat recommendations and feedback from MPC ex-committee, for approval.

ACTION: 50_04

- 6.7 The MPC confirmed that nominations should be sought for the BMEX sub-group subject to the ex-committee approval of the ToR (by 4th June 2021).
- 6.8 AB left the meeting.

The MPC:

- **AGREED** to approve the BMEX ToR in principle with the final version approved ex-committee by Friday 4th June.

7. Market Level Performance

- 7.1 The MPC considered the paper detailing market performance.
- 7.2 AP noted that the latest data for performance in April 2021 had just been processed (in addition to the data in the performance pack). AP confirmed that April 2021 was the first month where charging had been reinstated for MPS following the suspension of charges during the pandemic.
- 7.3 Based on a very early initial review of this latest data, four trading parties may require additional attention over the coming months, and this may lead to additional Initial Performance Rectification Plans (IPRPs) from MOSL or escalation to the MPC. A further, more detailed update on this will come to the June MPC when more data is available. AR added that it was not possible to go into more specific detail at this time as further analysis would be needed incorporating additional data.
- 7.4 GM asked why trading parties are named in some areas of the report but not others? ML responded that in relation to Yearly Volume Estimates (YVEs) this is not a contentious area, but in relation to settlement data for Trading Parties to be named this would require an MPC closed session, taking account of commercial sensitivities and Competition law.
- 7.5 An MPC member queried the % settlement figures on p.12 highlighting that the final reconciliation settlement run (RF) is under 70% based on actuals. They queried whether this figure included both metered and unmetered premises. ML confirmed that the figure relates to all charges and that splitting this information out in future would be useful.
- 7.7 The MPC noted that the figure of 70% at RF was concerningly low. ML agreed and noted that by excluding certain retailers, the figure would be over 70%. The low figure appears to relate to individual trading party issues as opposed to something more systemic.
- 7.8 Data in the form of an embryonic score card, to assist in highlighting specific issues, will be brought to the next MPC meeting for discussion within the closed session.

ACTION: 50_05

- 7.9 An MPC member noted the importance of balancing visibility and confidentiality. Discussing performance in open session assisted with greater levels of transparency so consideration needed to be given to what could be discussed in open session and what should be discussed in closed session.
- 7.10 An MPC member also noted that discussing market performance in closed session could potentially feature at the beginning of the agenda.

The MPC:

- **NOTED** the Market Performance Report.

8. Any Other Business

- 8.1 The Chair summarised the outputs from the meeting and AR provided an outline of MPC activity for the coming months:
- June – Consider initial overview of trading party performance, consider feedback from trading parties relating to the MPOP consultation
 - July – Consider ‘straw man’ model regarding MPC objectives
- 8.2 DH made MPC aware of two reports recently published by Ofwat:
- [Notice of Intention to Accept Binding Commitments from Thames Water Utilities Ltd in Relation to the Provision of Access to its Smart Meters and Digital Data Services](#)
 - [PR 24 and beyond: Creating Tomorrow, Together](#)
- 8.3 AR made MPC aware that the governance consultation had been published and that the deadline for responses has been extended to Friday 18th June.
- 8.4 The MPC noted that, depending on the outcome, the Panel may consider the composition and membership of all Panel Committees (including the MPC) in autumn 2021 following the conclusion of the governance review. It was noted that this would be a matter for the Panel appointed from October 2021 and that such considerations may or may not result in amendments to the composition of Panel Committees.
- 8.5 MPC agreed that a closed session was not required for this meeting.

The Chair thanked everyone for their contribution and closed the meeting.