



Minutes of the Market Performance Committee

Meeting 26

29th May 2019 | 10:00 – 15:30
 Venue: 8 Eastcheap, EC3M 1AE (ETC Monument),

Status of the Minutes: FINAL

MEMBERS PRESENT

Nigel Sisman	NS	Independent Chair	Wendy Monk	WM	Retailer Committee Member
Mike Brindle	MB	Retailer Committee Member	Paul Stelfox	PS	Alternate Wholesaler Committee Member
Claire Yeates (via telecom)	CY	Retailer Committee Member	Trevor Nelson	TN	Retailer Committee Member
Simon Bennett	SB	Wholesaler Committee Member	Mike Rathbone	MR	Wholesaler Committee Member
Don Maher	DM	Wholesaler Committee Member			

OTHER ATTENDEES

Darren Hayes	DH	Ofwat Observer	Samantha Webb	SW	MOSL Presenter
Georgina Mills	GM	Ofwat Observer	Katie Trehwella	KT	MOSL Presenter
Mark Crowley	MC	MOSL Presenter	Luke Austin	LA	MOSL Presenter
Milo Halford	MH	MPC Secretary	David Seymour	DS	Observer, Thames Water

APOLOGIES

Jesse Wright	JW	Wholesaler Committee Member	Steve Arthur	SA	MOSL Representative
Samantha Watson	SWa	MOSL Representative			



1. Welcome and Approval of Minutes

Purpose: For Information

- 1.1. The Chair began by welcoming the members of the Market Performance Committee and introductions around the room.
- 1.2. Several members commented that they had struggled to update the minutes due to a technical error and had to send amendments to MOSL. The Chair clarified that SW is the point of contact for administrative errors.
- 1.3. It was agreed that where members propose updates to the minutes, it is assumed that these will be accepted unless MOSL specifically goes back to individuals to clarify the point.
- 1.4. It was discussed that MOSL should consider aiming to get draft minutes out within three Business Days of the meeting as an aspiration. MOSL agree with the aspiration and hope to achieve it once recruitment is complete.

2. Outstanding Actions

Purpose: For Decision

- 2.1. MOSL provided an update on the action log.
- 2.2. MOSL stated that **A24_01** was still being researched and that it would stay open but to be completed by the next meeting.
- 2.3. It was agreed to keep **A25_01, A25_04, A25_05, A25_06** and **A25_07** open.
- 2.4. It was agreed to close **A25_02** and **A25_03**.
- 2.5. The Chair comments that there has been slippage on the delivery of MOSL actions since last month. In addition, a member expresses concern that no papers or data was made available to the MPC prior to the meeting. MOSL apologised and advised the MPC that May activity had been impacted by staff transition, with the issue expected to be resolved by the next meeting.

3. MPS, OPS and APIs

Purpose: For Discussion

- 3.1. MOSL shared that April had seen the lowest uncapped charges since charging began. MOSL explained that it was likely due to the charge lag for being charged for hitting the second SLA but not the first. The Chair concluded that this did not shed any light on performance but was a structural fact of the MPF.
- 3.2. The Chair questioned whether charges are driving performance or not. The Chair elaborated that the telling point was that uncapped charging far surpasses the cap level raising the question of the effectiveness of the current charging regime.
- 3.3. MOSL identified an improvement in OPS for April and noted that including the newly introduced G4a measure increased performance levels further. It was identified that this measure had a 97.4% compliance rate with significantly higher volume than all other OPS. A member suggested while it is only one month data this may



indicate that the measure did not represent a significant market issue and therefore further challenge and analysis may need to be made on proposals that come forward to in relation to new measures.

- 3.4. MOSL asked the MPC what information they would like on OPS data to better allow the experts in the room to analyse it effectively, noting that MOSL does not have access to un-aggregated data. The Chair asked the MPC how they could help fill this gap. A member responded that the Wholesale members in the room should provide information where they can and encouraged MOSL to visit Trading Parties to help develop understanding of OPS.
- 3.5. There was a discussion amongst MPC members around what would be useful to see as part of a data pack to be able to provide more insight.
- 3.6. **ACTION:** MOSL to return to MPC and present the available OPS data views in order to seek insight from the MPC on further analytical development.

A26_01

- 3.7. A member suggested there be a monthly call between available MPC members and MOSL to discuss the OPS data and any anomalies. The Chair expressed concern around MOSL's resourcing levels and asked the MPC to consider what they can take on to help relieve pressure on MOSL's performance team. MOSL also noted that the MPC had to review charging for OPS G4a and G4b. It was decided to hold off on a monthly call at this stage but that if members and MOSL were happy to have ad hoc calls then that would be fine.
- 3.8. MOSL shared the figures from the first months charging of the OPS. There was some discussion about whether any greater information could be extracted from this and MOSL noted that this information was shared more for information than for insight. It was agreed that MOSL and the MPC would need more data to evaluate whether charging was driving the right behaviours.
- 3.9. A member commented that there had been an increase in rejections with respect to OPS G. The MPC then discussed the importance of understanding the validity of these rejections with respect to behavioural implications and it was agreed that further monitoring of the position was required before any conclusions can be drawn.
- 3.10. MOSL presented information on OPS B5a evidencing the end of significant data cleanse activity. There was some discussion around the structure and SLA of OPS B5a and whether it was appropriate as it covers both Retailer raised requests and Wholesale Driven work. One member identified that the numbers of wholesale driven work was lower than normal as a result of bank holidays and stand down days with operational staff.

4. Performance Resolution

Purpose: For Discussion

- 4.1. It was suggested by MOSL that a confidential session was not required as analysis to be shared did not meet the relevant criteria.
- 4.2. MOSL presented information on current IPRPs, stating that it had not been an interesting month for new flags but there had been ongoing work with the plans from batch 1 that had been extended. It was noted that 5 plans had been de-escalated to standard performance monitoring.
- 4.3. A member challenged that MOSL's comments on batch 3 plans are contradicting the previous report that had been shown to Panel, expressing particular concern that MOSL has stated that there were "three plans substantially below projected metrics". MOSL clarified that there is a strict definition for the term and that it is



not used subjectively. The member responded that this document had gone out to approximately 20 Panel & Committee members and that it's very important to use appropriate and informative language. MOSL stated that they can change the wording accordingly. MOSL agreed that one of the three didn't look 'significantly below projected metrics and so presented a different risk position than as expressed in the paper.

- 4.4. A member stated that they have had only limited engagement with a Portfolio Manager since their organisation had been put on the IPRP even though the Portfolio Managers are promoted as a way of gathering data and insight on performance against IPRP. The member stated they would like to see more involvement from the Portfolio Managers in facilitating post-IPRP discussion or an alternative method used, such as feedback directly to the team in Southampton. They clarified that they would like MOSL to better engage with the points raised by Trading Parties such as system issues and that even feedback that the Trading Party's suggestions were wrong would be welcomed.
- 4.5. There was a discussion between MOSL and the MPC about the importance of the IPRP process being aimed at individual Trading Parties. It was emphasised that IPRPs are not the solution to any problem arising from systemic market issues.
- 4.6. The Chair questioned whether it would be reasonable to expect a candidate to be escalated in the near future. MOSL responded that if a Trading Party has done substantial amounts of work behind the scenes then escalation can send a poor message and that an appropriate candidate must be selected carefully.
- 4.7. MOSL raised MPS 3 as a poor performing measures indicating a median of 80%. MOSL also suggested that there had been feedback that there was ambiguity around the definition of Effective from Date.
- 4.8. A member stated that while the performance needed to improve there were some fundamental considerations around new connections that warranted further work. The member suggested that removal of Part A from the codes has left a gap that needs to be filled and currently the customer journey is being impacted. Retailers only know there is a new connection as soon as they are notified by CMOS following a request from the Wholesaler. Another member questioned whether the MPC and MOSL should be looking at getting MPS 3 levels to 100% or if they should be looking at the appropriateness of the SLA and the ways in which data is exchanged.
- 4.9. A member asked whether the new connection process and the Operational Terms are intensifying the number of vacancies in the market. MOSL responded that this evaluation ties in with their MPOP work.
- 4.10. A member expressed concern that if new connections are just considered as a subset of the vacancy issue it will not get full consideration, stating that it is a related but separate issue.

5. MOSL standardised MPC reporting

Purpose: For Discussion

- 5.1. MOSL apologised for Sam Watson's absence and clarified that this agenda item would be presented by SW.
- 5.2. MOSL presented a set of slides consisting of nine sections:
 1. Market Summary
 2. Economic Picture
 3. Customer Focus



4. Market Dynamics
5. Data Assets Health
6. MO Compliance
7. Trading Party Performance
8. Market Improvement Updates
9. Appendices

- 5.3. MOSL proposed the slides be used as a new way of presenting a very high-level overview of the market to the MPC every month, clarifying that some sections may be updated on a quarterly basis. MOSL stated that some of the information will be good for the MPC to see as it's data currently only MOSL has eyes on that may be useful for context.
- 5.4. The members suggested that the regional view of settlement had limited value as it covered a number of TPs but said that they would be interested in seeing the number of monthly Unplanned Settlement Runs in Section 2. The members were interested in the information relating to settlement from R1-RF and any issues it presented that might indicate performance issues by a TP.
- 5.5. The members suggested that for Section 3 MOSL could feed information about customer complaints from CCW's quarterly report.
- 5.6. A member stated that they were interested in cancelled switches and feedback to suggest that that Section 4 was populated with things that could be found on the website. MOSL agreed, clarifying that what was presented on the slide was a placeholder and that they were looking into cancelled switches currently.
- 5.7. MOSL clarified that Section 5 will develop over time based on work planned through the MPOP to understand and address data quality issues.
- 5.8. There was agreement amongst the MPC to show regular information about the CMOS defect log in Section 6, including information on the previous update. This may include performance against APIs if introduced.
- 5.9. The Chair asked MOSL where the MPC will get the routine breakdown of MPS and OPS by standards, stating that exception reporting is important. MOSL clarified that the standing MPS and OPS agenda item will be incorporated into Section 7.
- 5.10. MOSL stated that the Market Improvement Plan will be shown to the MPC every month.
- 5.11. MOSL asked the MPC if this is what they would like to see. A member asked whether it could be worth tailoring the slides to identifiable market frictions. Ofwat responded that they liked the slides but that they could be even better if tailored around market frictions. There was a general agreement that the slides could be a good way to report to the MPC but that they also could go a little further and include more information.
- 5.12. MOSL agreed to circulate proposed reporting slides to MPC members for comment.
- 5.13. MOSL clarified that this will most likely be behind the firewall and agreed to circulate the slides to the MPC and Ofwat and give time for them to give proper consideration.



6. MPOP Project approach

Purpose: For Discussion

- 6.1. MOSL apologised for Sam Watson's absence and clarified that MC will be presenting
- 6.2. MOSL provided an update on availability and approach of the MPOP, and on the Market Improvement Plan. A member queried how MOSL would capture the outcomes of the plan. MOSL responded that it is important to capture the impact of the programmes, particularly those that mature over time for longer-term projects.
- 6.3. MOSL spoke about a new internal approach being implemented around project management development, which will feed into MPOP work. MOSL outlined approach to delivery in terms of stage-gating methodology: initiation, analysis, deployment and monitoring.
- 6.4. The Chair asked what this means in the context of the MPOP. MOSL gave an overview of the delivery structure and the roles that will be involved in delivering these MPOP projects as part of the new MOSL project management approach. MOSL informed the MPC of the potential roles and engagement of committee members as Subject Matter Experts as part of the process, to get the MPC more involved with the MPOP projects. MOSL stated they were happy to discuss further and enquired on the thoughts of the members around the MPC's involvement. The Chair commented that it would be more appropriate for MPC to feedback on that question later in the process.
- 6.5. MOSL gave an overview of the reporting flows and key meetings. MOSL went into detail around Programme B on long unread meters and summarised some of the up-coming activity for the first quarter, and more broadly on the second quarter and how this will feed into the Market Performance Framework.
- 6.6. MOSL asked the Chair to share feedback from the Panel on the use of APIs. The Chair gave a summary, highlighting the sense of disappointment in the progress the market has made and the changes around data quality and performance needed. The Chair discussed evidence that individual performance can improve using tools such as IPRPs but that the bigger issues have not shown the same improvement. The Chair then said that the Panel had highlighted that the Escalation Policy could be used as a way of expediting performance issues and that there is an opportunity to use long unread meters as a metric to be trialled as an API.
- 6.7. MOSL responded that activity to consider how long unread meters could be brought within the formal performance rectification framework is contained within the MPOP and that this may consider both the role of the existing MPS standards and the potential introduction of new APIs. This is currently planned for Q2 but may be able to be accelerated.
- 6.8. MOSL highlighted that it's important to have the right measure to avoid unintended consequences or unwanted behaviour and that any measure will require careful calibration.
- 6.9. A member questioned what would be gained by using a combination of IPRPs and APIs, and whether this would divert from other work being carried out. Another member expressed frustration that long unread meters were being viewed as a Retailer issue, when really it is a 'tripartite' issue; Retailers, Wholesaler and MOSL/CMOS. The member argued the question should be what the market can do to improve the issue together, emphasising that this includes a need for MOSL to resolve related CMOS issues.
- 6.10. MOSL stated that there would be steps taken at a later stage but that there needed to be greater understanding of the issues first. There was a discussion around the potential use of APIs, and the potential measures that could be used.



- 6.11. MOSL gave a brief overview of the other programmes. It was commented by MOSL that Programmes A and B are expected to be programmes of work that more heavily rely on Trading Parties. MOSL clarified that Programmes C and D are primarily “enablers”. The Chair asked if the MPC were comfortable with what was discussed, to which no disagreements were raised.
- 6.12. MOSL requested Subject Matters Experts to assist with the long unread meter activities within the MPOP. TN agreed to be the SME for the Retailer community.

7. Update on Redistribution – Economic Insights

Purpose: For Information

- 7.1. The Chair stated that Economic Insights (EI) were the consultants chosen to undertake the work on CPM008: MPS and OPS Redistribution Options. It was also noted that unsuccessful parties also had feedback which was appreciated.
- 7.2. The Chair stated that they feel EI are on track and that they had reached out to Ofwat to make sure they understand their position. The Chair advised that EI had considered both previously suggested models also stated they had begun to consider alternative redistribution options for comparison.
- 7.3. The Chair explained that EI felt there were limitations with both models proposed in CPM008 in relation to incentives. On the original they felt there was an incentive dilution point but that it might not be as great as perceived but there may be potential ways to mitigate. On the revised proposal they agreed with the MPC that the proposition contained dysfunctional constructs. EI did feel however that redistribution schemes with good incentives could exist and that there is cause for change.
- 7.4. The Chair stated that EI had given good thought into making sure the chosen method is an enduring solution and are considering the long term.
- 7.5. The MPC subgroup that spoke with EI all stated that they offered positive feedback with EI. The MPC subgroup will be meeting with EI the week of the 3 June to discuss further.
- 7.6. The Chair stated that the MPC should ask Panel for a mandate.
- 7.7. **ACTION:** MPC to update Panel on progress of redistribution project by their June meeting with an accompanying paper the day after.
- A26_02
- 7.8. A member asked what the expected outcomes of this project are and what the expected input of the MPC is going forward. The Chair responded that there are many possible outcomes hence the need for a mandate as the MPC will need a degree of freedom over the next six-nine months to ensure the project is successful.
- 7.9. There was a discussion as to whether there will be a consultation. The Chair clarified that the MPC doesn't have to put it out to consultation but that the industry as a whole is very consultation focused. The Chair further clarified that this could end up being a large communication and justification exercise. Another member suggested that if there was a material change that it would seem appropriate to engage with wider TPs.



8: MPF Review

Purpose: For Discussion

- 8.1. MOSL introduced an overview for a proposed approach to defining key areas for question on the strategic strand of the MPF review, as well as current commitments for this year's review. This included a review of redistribution, the MPS cap, OPS charging for G4 and extremely late tasks, and priority revisions to the existing framework. Some slides relating to MPF Review emphasising a need to change the current chargeable standards regime.
- 8.2. A member enquired why the MPS charging cap was on the workplan for this year- MOSL clarified that the cap comes from Ofwat but that it is something that should be considered this review.
- 8.3. The Committee discussed whether the aspiration for the standards regime should be to drive enhanced performance or to incentivise the resolution of poor performance. The Chair noted that Economic Insight's had queried this as part of their redistribution work, and that the decision on this could shape a large part of the strategic review.
- 8.4. The Chair stated that defining the short-term activity was time-critical to enable the change proposal process to conclude in time for April 2020 implementation. Further to this, it was clarified that the end vision is a different stream of work with different timescales and means of work.
- 8.5. A member raised concerns that action 25_05, 06, 07 were being recombined together when at MPC 25 the committee agreed that these were two separate pieces of work. The member noted that it was agreed that a strategic longer-term review session would take place as an additional facilitated workshop with the MPC. In addition, as part of business as usual, MPF review to address existing areas for improvement would continue. The member noted that the discussion was replaying again the agreed position from MPC 25.
- 8.6. The Chair stated that if any change proposals are to come of this work it is important to define the short-term activity and to clarify that the end vision is a different question entirely.
- 8.7. A member noted that it was still unclear what the strategic review workplan will look like and what the objectives are. It was suggested the shaping of this work will use input from Committee members, MOSL, feedback from User Forum Workshops and relevant findings from Economic Insight. It was further suggested that the use of additional consultancy could be deployed, but that this could only be decided after the conclusion of the current redistribution piece.
- 8.8. Ofwat expressed that a strategic review of the framework needed to be conducted with note to improving market outcomes for the end-customer, and that this should be a lens applied to any decision made on changes. A member clarified that this is the MPCs plan as discussed last session: a 'short-term win' and a 'long-term vision' piece of work to be carried out concurrently.
- 8.9. A member expressed frustration that this action had already been actioned last month and that MOSL was facilitating the same conversation again instead of making any progress. It was agreed that MOSL needs to arrange the workshop for the strategic review.
- 8.10. A member asked about the upcoming MPC elections and whether this should be considered in regard to the timing of beginning the MPF review, particularly the strategic review workshop and it was discussed whether the MPC should wait until any new members are elected or whether they should do what they can beforehand. It was agreed that the strategic review would go ahead when new members were sitting.



- 8.11. A member stated that they felt it strange for the MPC to devise the market strategy and that they should be helping devise a framework to fit in with a strategy that is already established. Another member replied that they felt this is what the MPC is doing – creating an incentive framework to fit in with MOSL’s general plan.
- 8.12. A member specified that the current MPF is unclear in how it links back to its impact on end customers. The member stated that MOSL and the MPC have taken a longer-term view starting from a principled perspective in order to establish a framework to fit. The member then questioned whether after getting a new MPC might be the perfect time to devise the framework.
- 8.13. **ACTION:** MOSL to return to the MPC with a proposed approach for the strategic review.

A26_03

- 8.14. In relation to short-term wins, MOSL presented a collection of ‘strawman’ examples of changes that could be made to certain standards.
- 8.15. MOSL asked the MPC to provide any strawman examples of individual standard changes that could be made. MOSL asks for these to be sent to them in by 10 June 2019.
- 8.16. A member asked if the list of strawman examples included feedback on 3 MPF consultations. MOSL clarified that they are initial ideas based on data observations and comments from Trading Parties and that not all answers may be correct – some problems could have many (or potentially no) possible solutions.
- 8.17. The Chair stated that it would not be trivial to make fundamental changes to the standards and that it would take a couple of iterations to get right. The Chair asked if MOSL could focus on the first two examples around cyclic meter reads and see how that goes before moving onto the full list. It was decided that MOSL will follow through with the plan specified in the last slide but only for MPS 15 and MPS 18.
- 8.18. **ACTION:** MOSL to create paper with strawman examples of possible changes to individual standards by 10 June.

A26_04

- 8.19. **ACTION:** MOSL to collate thoughts of members and develop a plan around the Strawman examples pending MPC feedback, to share prior to the next meeting.

A26_05

- 8.20. The Chair asked whether changing an SLA is a system change to which MOSL responded that it isn’t.
- 8.21. A member stated that MOSL will be relying primarily on feedback to assess how effective the current regime has been. Ofwat stressed that MOSL shouldn’t put so much emphasis on quick wins that it detracts from the long-term strategy piece which is ultimately more important.

9: MPC Work Plan

Purpose: For Discussion

- 9.1. The Chair revisited the MPC Work Plan discussed at MPC23 and acknowledged inconsistencies with the version presented. It was decided that it can’t be discussed too deeply given the differences.
- 9.2. The Chair asked if the MPC have any problems with the current workstream, making note of a few changes in his document. There were no particular concerns.



10: Any Other Business (AOB)

Purpose: For Information

10.1. There was a discussion amongst the MPC around setting APIs for MOSL around CMOS.

10.2. **ACTION:** TN to collate some ideas to help MOSL develop APIs relating to CMOS defect/observation and work around logs

A26_06

10.3. **ACTION:** MOSL to circulate CMOS defect log

A26_07

10.4. A member asked whether current MPC members will have to reapply for a position on the new MPC to which MOSL responded affirmatively. MOSL clarified that the final decision will be made at June's Panel meeting.

10.5. It was confirmed that the next three MPC dates shall fall the day after Panel and occur in the same location.

10.6. It was confirmed that MPC meetings will occur on 26 June, 31 July, 28 August and 25 September, with the August and September meetings to fall the day after Panel and to take place in the same locations. The Chair expressed a desire to have the meeting on 31 July serve as a handover from the old MPC to the new.

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

New Actions:

A26_01 MOSL to return to MPC and present the available OPS data views in order to seek insight from the MPC on further analytical development.

A26_02 MPC to update Panel on the progress of the redistribution project by their June meeting, with an accompanying paper to be released the day after.

A26_03 MOSL to return to the MPC with a proposed approach for the MPF strategic review.

A26_04 MOSL to create paper with strawman examples of possible changes to individual MPS standards.

A26_05 MOSL to collate thoughts of members and develop a plan around the Strawman examples pending MPC response, to share prior to the next meeting.

A26_06 TN to collate some ideas to help MOSL develop APIs relating to CMOS defect/observation and work around logs.

A26_07 MOSL to circulate CMOS defect log.



The next MPC meeting is scheduled for: 26 June 2019

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