



Minutes of the Market Performance Committee

Meeting 30

25th September 2019 | 10:00 – 16:00

Held at ETC Venues Fenchurch Street, 8 Fenchurch Place, London, EC3M 4PB

Status of the Minutes: Final Minutes

MEMBERS PRESENT

Nigel Sisman	NS	Independent Chair	Mike Rathbone	MR	Wholesaler Committee Member
Mike Brindle	MB	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Claire Yeates	CY	Retailer Committee Member	Trevor Nelson	TN	Retailer Committee Member
Don Maher	DM	Wholesaler Committee Member (via telecom)	Gerard Lyden	GL	Wholesaler Committee Member

OTHER ATTENDEES

Shaun Kent	SK	Ofwat Observer	Steve Arthur	SA	MOSL Representative
Georgina Mills	GM	Ofwat Observer	Andrew Howorth	AH	MOSL Representative
Christina Blackwell	CB	CC Water Representative (via telecom)	Markus Lloyd	ML	MOSL Representative
Pam Nash	PM	MOSL Representative	Andrew Welborn	AW	MOSL Presenter
Luke Austin	LA	MOSL Presenter	Samantha Webb	SW	MOSL Presenter
Milo Halford	MH	MPC Representative (via telecom)	Alexandra Piper	AP	MOSL Presenter/Secretary

APOLOGIES

Wendy Monk	WM	Retailer Committee Member			

1. Welcome and Introductions

Purpose: For Information



- 1.1. The Chair began by welcoming the members of the Market Performance Committee and introductions around the room.
- 1.2. The Chair asked if there was a change in policy with regards to recording the meeting. All members were happy to have the MPC meetings recorded from now on.

2. Minutes and Outstanding Actions

Purpose: For Decision

- 2.1. The Chair raised that only he had added comments to the minutes of the previous MPC (MPC 29) and strongly encouraged MPC members to read the minutes thoroughly and provide comments in a timely fashion. MOSL further encouraged MPC members to comment on the minutes.
- 2.2. MOSL went through the previous actions.
- 2.3. Actions to be closed: A27_03, A28_06, A28_07, A28_09, A29_01, A29_02, A29_03, A29_06
- 2.4. Action A27_10 (open) – MOSL stated that league tables will go out in late October and show trading parties' capped charges. These tables will be published every 6 months. MOSL need to follow the action up with Panel and check Panel agree that the information should be in the public domain, but MOSL determined that a trading party's total charges cannot be worked out from capped charges. MOSL clarified that they would talk to trading parties and provide a provisional document to them beforehand in early October. They also stated that they have a goal to publish capped charges information monthly in the future. "Publish" was clarified as in the public domain. The Chair asked MOSL to inform MPC in October if there were any objections to the publication of capped charges. MOSL agreed.
- 2.5. A discussion was held on A29_01 (closed). MPC members were happy with the outcome of this action.
- 2.6. Action A29_04 was split into two parts. One part was left open, the other closed.
- 2.7. A discussion was held on A29_05 (open). The Chair asked if MOSL had an update. MOSL stated they must wait for the next TEIC meeting (mid-October) before MOSL can update the MPC.

3. MPOP Programme C: Priority Changes

Purpose: For Decision

- 3.1. The Chair clarified that we were not coming to any final decisions today, but a recommendation that the MPC will put forward for industry consultation.

MPS 18

- 3.2. The MPC noted that MPS 18 is by far the largest contributor to MPS failures and that reform of MPS 18 and/or the cap is essential to deliver meaningful incentives.
- 3.3. JW and MOSL presented detailed analysis of 48 possible scenarios of how many SPIDs will be brought into the incentive range when adjusting the cap, MPS 18 Time Parameter and the MPS 18 charge. This

was based on six months' worth of data (January – June 2019) assuming no behavioural change, i.e. it is a “static analysis”.

- 3.4. The presenters showed that that half of retailers were over the cap in the current MPF and that, weighted by SPIDs, only around 30% of the market was under the cap. This may disincentivise retailers from investing resources to obtain and submit meter reads in a timely fashion. The need to increase the “incentive region” is an objective of the priority change consideration.
- 3.5. It was presented that moving individual components (changing time parameters, charging level or cap) had little impact on the percentage of SPIDs in the incentive region. The presenters showed that any change needed to encompass changes to all three components.
- 3.6. It was clarified that the analysis was done by ORG-ID.
- 3.7. Different caps (0.15, 0.20, 0.25 and 0.30), different charges levels (£20, £15, £10) and different Time Parameters (140BD, 170BD, 200BD, 250BD) were incorporated into the scenario analysis.
- 3.8. A Time Parameter of 200BD was argued to be the best option by the presenters. Increasing it from 200BD to 250BD did not have a sizeable change in the number of SPIDs in the incentive region.
- 3.9. With regards to the charge level and meter read costs, the presenters emphasised that the available data was limited and primarily based on public information provided by wholesaler Meter Reading Services. The presenters expressed that it was important to create a financial incentive to take meter readings. ~~An MPC member asked whether the analysis was based on cyclic meter reading costs. The presenters confirmed this was the case.~~ An MPC member raised that the presenters had undertaken their analysis at SPID level, and the implications of that was that the majority of SPIDs sit within a concentration around the Thames region or ‘Thames corridor’. The MPC member felt that the ‘extreme’ values of cyclic meter reading costs should be discounted because the average meter read cost in the region that contains a large concentration of SPIDs is substantially below what the presenters determined to be the average cost (£10-£15). The MPC member stated that they believed the average meter read cost for the middle of England was much cheaper and closer to the lower end of the average level than suggested by the evidence used by the presenters. The MPC member argued that extremes should be taken out of the analysis for deciding the recommended charge level. The presenters stated that they felt that if a trading party missed a cyclic read then there needs to be an incentive to take an ad-hoc read.
- 3.10. An indication of the financial impacts in all 48 scenarios was explored assuming no behavioural change. For example, a cap of 0.30, charge level of £10 and 200BD Time Parameter resulted in a 15% increase in charges received and recovered by the MO. It was suggested that this would incentivise improvement in trading party performance.
- 3.11. The presenters specified that the objective is not to recover more charges but incentivise an increase in performance.
- 3.12. Analysis of the percentage change in charges for each trading party in 48 different scenarios were shown. Some scenarios resulted in trading parties doubling their charges and some had a reduction.



3.13. The presenters recommended two options for priority changes with an April-2020 implementation:

- Option 1: A single Time Parameter only of 200BD. £15 charge level. Use a 0.25 cap in April 2020 for the first year before reviewing the impacts and potentially increasing the cap to 0.30 in April 2021.
- Option 2: A single Time Parameter only of 200BD. £15 charge level. 0.25 cap that would be increased to 0.30 in October 2020.

3.14. Some MPC members said that overall, they were supportive of recommending Option 2, but some disagreed. There followed a discussion on various points, particularly the appropriateness of the Time Parameter, the incentivisation of meter reading due to the MPS charge, and the timing of implementing an increase in the cap.

3.15. The presenters asked if anyone was not happy with a 200BD Time Parameter. One member raised that there could be concern about leakage from a wholesaler perspective but overall, they were comfortable compared to the other options. Many members felt that 200BD was a reasonable Time Parameter, as long as charges are set to provide an adequate financial incentive and other methods are used to address those not captured in the incentive region, such as IPRPs.

3.16. An Ofwat Observer asked whether moving the Time Parameter from 140BD to 200BD could have a potential negative effect on the customer – for example, would their bills be based on less accurate data. JW and MOSL argued that there should not be any impact on customer billing as trading parties are still required to comply with the Customer Code of Practice obligation of basing customer bills on at least one meter read per year. Whilst performance in respect of this obligation is unsatisfactory at present they argued that the proposed changes, including extending the Time Parameter, would lead to more meter reads being entered into the system overall, which would benefit timely and accurate settlement.

3.17. An MPC member asked if the analysis was just based on retailers and mentioned that a change in the cap would affect retailers and wholesalers. The presenters confirmed this but stated that not many wholesalers reached their cap and it would therefore have less of an impact on wholesalers compared to retailers.

3.18. The Chair asked if retailers could give MOSL data on meter reading charges to better inform the recommended charge level.

3.19. It was also noted that public domain information about cyclic meter reading costs could be included in the consultation document as context for MPC's initial recommendation. It was also agreed that further information regarding meter reading costs could be obtained through the consultation process to inform MPC's final recommendation.

3.20. Whilst some MPC members indicated a preference for different changes that might bring around 60% of SPIDs in the analysis into the "incentive range" the Chair wondered if, in the fourth year of the market, 80% of SPIDs within the incentive region (and below the cap) should be the minimum target.



- 3.21. The presenters stated that the limit for the proportion of SPIDS in the incentive region is 80% since there were two trading parties, with apparently very poor performance, that remain above the cap in all scenarios analysed.
- 3.22. The presenters also highlighted that the Performance Resolution process could be used for those trading parties that remained above the cap.
- 3.23. An MPC retailer member said that they felt the financial impacts and changing the charge to £15 would not have an impact on the underlying business processes (i.e. walk orders) or efficiency of their business. They raised that their issues were related to reads they have but cannot submit. However, it would provide incentive to improve systems to allow meter reads to get into CMOS and improve efficiency of business systems.
- 3.24. MOSL asked whether the charge and extended Time Parameter would impact instead on how hard the retailer tries to acquire a meter read in the first place, as this was MOSL's main goal (acquire more data). The MPC retailer member agreed that the proposed longer time frames would impact that, as they have failed tasks before when second or third attempts to locate and read a meter would have been outside of the time parameters. They felt that the proposed changes would give retailers more time to work with third parties to locate and read meters.
- 3.25. A member asked whether peaks in MPS 18 failures would still be present with all the recommended changes and the one Time Parameter of 200BD. MOSL stated that legacy long-unread meters (LUMs) could potentially be excluded from MPS 18 but that this was probably beyond the scope of the current changes. JW also noted that instead of the current spikes in MPS 18 twice a year, the spikes would only occur once every 200BD. JW raised that a lot of retailers would reach the cap every 200BD if the cap was 0.30% and the charge level was not changed.
- 3.26. The presenters highlighted that the timeline for priority changes was tight. They stated MPC would have to agree the consultation paper by the next MPC in October 2019 (MPC 31), and that MPC must approve the recommendation for the package of priority changes for consultation in the current meeting. The MPC decided ad-hoc calls may need to take place to deliver a draft consultation paper and that written feedback on the draft would be encouraged ahead of MPC 31.
- 3.27. A MOSL representative stated that they agreed with the second recommendation to go from a cap of 0.25 in April 2020 to 0.30 in October 2020, as opposed to 0.25 in April 2020 to 0.30 to April 2021. The difference would be the financial impact on TPs. The MOSL representative stated that the discussion held today would give visibility about the changes to trading parties in the consultation and ahead of the implementation date.
- 3.28. Some MPC members felt that October 2020 for a cap of 0.30% was too soon, and retailers would need more time to adjust.
- 3.29. Other members felt that the issue around the cap and MPS 18 had been pushed back constantly and action needs to be taken sooner rather than later. These members argued that the standards regime should drive performance improvements and the data assessed was for Jan-June 2019. trading party actions, including associated with MPOP activities, should be demonstrating improvements and trading



parties have further time during this financial year to make further progress. Having only 60% of SPIDs in the incentive range at the start of Year 4 felt unacceptable to some and so a move to a 0.30 cap in April 2020 should also be considered in the consultation.

- 3.30. An MPC member raised a concern that there had been many changes targeting retailer performance but not as much targeting wholesaler performance. For example, the introduction of MPS 18 IPRPs and changes to the cap all target retailers. The member argued that MPC should be cautious about how the MPC is viewed by trading parties. Others noted that the regime is being softened in some respects (particularly via timeline and charge revisions) but that some poor performers will face increased charges if their performance doesn't improve but this is inevitable if the chargeable performance regime is to deliver meaningful incentives.
- 3.31. In response, another MPC member pointed out that moving the Time Parameter from 160BD to 200BD will actually give retailers more time to submit reads before being faced with any financial penalty and should be seen as a positive for retailers.

ACTION: MOSL to develop consultation paper for changes to MPS 18 and 17 and include proposed changes to MPS 3, 12, 15 and 19 by paper day (MPC minus 10 BD).

A30_01

4. MPOP Programme C – Use of MPS Charges

Purpose: For Information

- 4.1. The Chair stated that the consultation is now out and the deadlines would be very tight before MPC go back to Panel with its recommendation.
- 4.2. The Chair highlighted three issues that might need to be addressed in response to feedback: default redistribution, governance of project selection and implementation date. Depending upon feedback received these might warrant further discussion and so the MPC's work needs to be planned.
- 4.3. MOSL clarified that the final deadline to have a decision and document ready to go to Panel is 24th October 2019.
- 4.4. The consultation is to finish on 7th October. The Chair expects MOSL to collate information by the middle of the next day. A timely a draft recommendation report to MPC will be necessary to enable MPC progress and the Panel's October recommendation.
- 4.5. MOSL warned that expecting a 1-day turn-around was very unrealistic. MOSL agreed they could share the raw data on a spreadsheet.
- 4.6. The Chair noted the aspiration that sign-off for the report should be the 15th October (ad hoc call is planned at 1.30pm on that day). The MPC agreed three interactions to finalise the recommendation. Firstly, a call to agree the final policy positions. Secondly, a discussion about MOSL's draft Draft Recommendation Report (DRR). Thirdly, a sign-off call for the subsequent DRR after MPC feedback and guidance.



- 4.7. The MPC agreed a call should take place on the 10th October for 2 hours to discuss the feedback from the consultation and to finalise the policy positions. After the call, MOSL will produce a draft recommendation report for sign off on the 15th October.
- 4.8. The Chair pointed out that the full legal text might not be ready and validated at this point. The intention would be that once received from the external lawyers it would have been reviewed and included in the final document to be considered by MPC.
- 4.9. Another call for 21st October was agreed. At this point, MOSL will share the final recommendation report with the MPC for sign off. MOSL specified it would not be possible to sign off the paper and send it to panel on the 21st. The paper would still be considered an exceptionally late paper and must be despatched to Panel on or before the 24th October.

ACTION: MOSL to book 'Teams' meetings for 10th October 2pm-4pm and 21st October 10am-12pm to review the consultation feedback for CPM018 and sign off the final recommendation report.

A30_02

5. RWG – Update on R-Mex Pilot and RWG Work

Purpose: For Information

- 5.1. The RWG Working Group met on 6th September to review the pilot survey results and decide the next steps moving forward.
- 5.2. 6 retailers completed the pilot survey for 11 wholesalers. Retailers felt the survey covered almost all ground they felt necessary. The wholesalers received feedback and most felt that they could act on the feedback and go on to improve the retailer/wholesaler experience.
- 5.3. It was identified that some work was still required, and the constraints of the R-Mex were also recognised i.e. the sample size will always be small.
- 5.4. Aggregated results of the 55 responses were presented.
- 5.5. A question was asked about the time it would take retailers to complete the survey and the time it takes wholesalers to review the survey results. The presenter stated that the pilot retailers did feedback on the time taken to complete the surveys but they did not have the data with him, retailers had reported that to get meaningful responses they needed to reach out for inputs from specific leads across their respective organisations, but identified this as a trade-off to cutting down three questions and creating a simpler survey. It was noted that originally there were 14 questions but now there are only 7.
- 5.6. R-Mex has taken account of how impactful and representative a response was, taking into account small sample sizes that could produce bias results.
- 5.7. R-Mex agreed several next steps. Further pilot testing will occur in December following any revisions made to the survey. The R-Mex group intends to submit a Code change, jointly proposed by a wholesaler and retailer member. The R-Mex Group would like wholesalers to formally commit to the R-Mex in advance of the formal code change.



- 5.8. A question was asked about penalties for poor performance. The presenter responded that the names of the trading party would be listed and published, and the presenter recognised that this is a reputational rather than financial incentive, which is in line with the feedback from TP consultation
- 5.9. An MPC member asked if R-Mex would be formally part of the MPF once the code change to include R-Mex has gone through. The presenter responded saying once it has been agreed as a change to the Code it will be an obligation and therefore, they believed it would make sense if it formed part of the MPF. MOSL raised that R-Mex could potentially be used as an Additional Performance Indicator (API).
- 5.10. An MPC member asked who would run and undertake R-Mex. The presenter stated that the proposal is for R-Mex to be carried out by MOSL as a BAU activity.
- 5.11. A member suggested that R-Mex could potentially fit into or provide insight for the State of the Market Report.
- 5.12. The MPC felt that R-Mex would be a code change to CSD0002. The presenter agreed that they will come back to MPC with the code change.
- 5.13. An MPC member asked if retailers had been warned that R-Mex will be introduced into the market. The presenter confirmed they have been warned and stated that there will be nothing that will mandate a retailer must fill out the survey. The presenter stressed that the point of the R-Mex survey would be to improve service to retailers, so the time burden from completing the surveys should result in benefits for retailers.
- 5.14. R-Mex is aiming to come into effect in April 2020. It was clarified the first survey would be issued April 2020 and be re-issued every 6 months. MOSL raised that consideration needs to be given to timing as there are lots of other events occurring in April, such as Priority Changes and Ofwat's State of the Market Report.
- 5.15. It was clarified that the aim would be to publish results of the survey at the end of May or early June.
- 5.16. Questions were asked about how the survey would be presented. It was stated that there is a lot of discussion around this already within the working group, and retailers have fed back that Excel would probably be the most beneficial for the majority of retailers.
- 5.17. Some MPC members suggested using the funds raised from OPS charges to fund the R-Mex survey.

6. OPS

Purpose: For Discussion

- 6.1. MOSL gave an overview of how the OPS template training sessions went and discussed OPS IPRPs.

OPS Training Sessions

- 6.2. Every wholesaler was invited to the OPS training session. When asked, MOSL clarified that they believe every wholesaler had attended the training sessions. Many wholesalers and the Portfolio Managers reported good feedback from the training sessions.



- 6.3. A recording of the presentation of the training session is available on the MOSL website. The location of this is to be shared with MPC members within the slides shared.

OPS IPRPs

- 6.4. MOSL went through their proposal for the implementation of IPRPs for OPS.
- 6.5. The standards eligible for the first OPS IPRPs would be B5a and C1a. This is because they have the highest task volume. It was stated that these standards could go on to improve performance for certain MPS standards for retailers, which is also why they were chosen.
- 6.6. The criteria for being flagged to MOSL for poor performance would be a threshold measure, as opposed to the MPS IPRP measure of being below the market peer level. A threshold of 85% was presented. This was chosen as an initial threshold once you remove an outlier (one trading party who performed particularly badly) because 85% was market average over a period of several months. This flagging criteria would have flagged 5 trading parties. The threshold will be continuously reviewed and could change, depending on the market average performance.
- 6.7. MOSL clarified that trading parties would be placed on an IPRP per OPS standard, rather than being issued an IPRP for both B5a and C1a.
- 6.8. MOSL would like to create an API in the future to capture late tasks outstanding (which captures extremely late tasks outstanding). MOSL are still investigating what to use as the API for this and welcome feedback or suggestions from MPC members.
- 6.9. MOSL also welcomed feedback or suggestions about which standards should be eligible for OPS IPRPs in the future. MPC wholesaler members suggested that candidate OPS measures for IPRPs should be focused on those with highest customer impacts such as F5a and H1a and that the MPC would be happy for MOSL to consult more widely on this.
- 6.10. MOSL stressed that they want to move quickly and intend to issue IPRPs for OPS in October 2019.
- 6.11. A discussion was held on whether G standards should be considered. Some felt that G2 should not be excluded but it was noted by others that this standard is historically good and there are statutory requirements around it.
- 6.12. MPC confirmed they were happy with two standards eligible for IPRPs for now, with a look to increase the number of standards included in a couple months' time.
- 6.13. A discussion was held on whether OPS IPRPs should be more transparent, with MOSL suggesting that a list of wholesalers on an OPS IPRP could be published – whether in the public domain or to other trading parties only. Other members raised that it may be perceived unfair to make OPS IPRPs public and not MPS IPRPs. It was also raised that any publicity would need to be thought through, and PFM commentary should potentially be included to provide further insight and background into the reasons why the IPRP was issued.
- 6.14. MOSL clarified that they will send communications to trading parties about the introduction of OPS IPRPs in October.



ACTION: MOSL to provide examples and evidence of which wholesalers would be flagged for an OPS IPRP in October based on September data and the proposed criteria presented in MPC 30.

A30_03

7. MPS IPRPs

Purpose: For Information

- 7.1. MOSL presented information on the latest round of IPRPs, highlighting that three IPRPs had come to an end. Of these, two were de-escalated to watch and one has been extended.
- 7.2. There was some discussion as to what the exact end date of an IPRP is reported to be. It was clarified that it is currently being done as of the date of reporting which meant that two de-escalated parties still appeared on the slides presented.
- 7.3. MPS 3 effective from dates were discussed, and MOSL highlighted that emails had been sent out to the industry to enquire about the common practice.
- 7.4. MOSL stated that the first MPS 18 IPRP was about to be sent out imminently to both eligible trading parties, noting that in the past 16 months neither had achieved the mean peer performance level.
- 7.5. A member stated that they were truly interested to know why one trading party's performance was as bad as it was, stating that they felt there was no obvious reason for them to be placed on an IPRP when they had a much smaller task volume compared to the other.
- 7.6. There was discussion around the status of escalating another trading party on MPS 16 to which MOSL responded that their performance had nearly doubled over the past two months, meaning it was decided that escalation had become inappropriate.
- 7.7. A member expressed desire to see more detailed analysis on the Batch 1 trading parties who received an IPRP and had been extended all the way up to October 2019, and how they had performed in the past three months. MOSL stated that this information is included in the pack distributed prior to the MPC. MOSL clarified that this information is in the "confidential documents" folder.
- 7.8. The Chair asked why the material circulated to MPC had indicated that no trading parties were to be placed on IPRPs for MPS 18. MOSL explained that there had been a slight delay to the triggering of MPS 18 IPRPs. MOSL indicated that they did not feel comfortable issuing IPRPs so close to sending the communications around the introduction of IPRPs for MPS 18. MOSL clarified they felt that the market had not been warmed up enough to the idea of MPS 18 IPRPs, and official communications should have time to be distributed within trading parties despite all the informal communications that had taken place.
- 7.9. MOSL clarified that trading parties had 20 business days to submit their IPRPs, therefore both trading parties would be due to finish their IPRP in April 2020, based on March 2020 data.
- 7.10. MPC members re-expressed their desire of more detailed analysis around IPRPs. MOSL asked MPC to clarify what they would like to see next month around IPRPs. One member stated that they liked the

performance graphs but that they are more of a description as opposed to a narrative. They would like to see a couple of bullet points clarifying the reasons behind changes leading to key IPRP decisions (parties who were almost escalated to IPRP or not, parties who were extended for 3-months as opposed to 6-months) to which there appeared to be general agreement around the room.

- 7.11. A member summarised an example of how this could work utilising PFM's relationships with trading parties in order to better get a better insight.
- 7.12. Another member raised the point that there were many extensions but no escalations to MPC so far. They would like some reporting on who had come close and why they did not end up escalated to MPC. MOSL responded that they agreed but they were struggling to establish a precedent, and that the first escalation would be a model for the future.

ACTION: MOSL to present a few examples of IPRP policy, decision making and engagement with trading parties.

A30_04

8. MPOP Programme Updates (high level)

Purpose: For Information

- 8.1. Programme A and B updates were given.

Vacancies (Programme A)

- 8.2. MOSL are producing analysis on vacancies, inspired from the working group. These reports from the working group will become a permanent item that will be shared with all trading parties to help the vacancies issue in the future.
- 8.3. MOSL will suggest a more efficient process and get approval from the workshop to address the root causes of vacancies. MOSL will then create a solution for the vacancies issue before presenting this information to all trading parties.
- 8.4. MOSL plans to get in touch with third parties like Siemens with regards to Vacancy.
- 8.5. A member raised that the incentive needs to be right to encourage correct and valid data on vacant properties. They raised that there is a difference in the data from wholesalers and the data from other sources for vacant properties. A member raised that the RWG Vacancy Incentive Scheme group is yet to kick off with vacancies. This group would potentially create a standardised process for applying for incentives where these were offered.
- 8.6. A member raised that there has been an active RWG Vacancy Group in place for some time and recommended that MOSL contact the chair (Kat Grimley from Thames) to discuss the good practice suggestions from the group.
- 8.7. MOSL stated that they intend to issue data improvement plans.



- 8.8. A question was asked on the timeline for codifying vacancy data. MOSL clarified that this will be decided next week in the working group. A question was asked on when the code change will be. MOSL were unsure as of yet.

Long Unread Meters (Programme B)

- 8.9. MOSL are now producing reports on LUMs and have created pots to categorise LUMs and create solutions from this. Solutions and issues, as identified in the reports, will be taken to the LUM working group and then become official reports to be shared with all trading parties.
- 8.10. MOSL performed analysis on skip-codes data. They found some data sources were structured and some were very unstructured. MOSL noted 35% of issues related to the premises and access to meters. MOSL recognise they are working with a select few in their working groups but stated that if any trading party requests help then they are more than willing. MOSL have suggested a standard set of skip-codes data which would make LUMs easier to categorise and analyse. MOSL noted this is necessary to analyse the data. They currently propose a two-code system: a high-level category and a sub-category.
- 8.11. A member raised a question on the impact of the work being undertaken. They asked if skip-code data was the solution to the long unread meters issue and asked how much the improved skip-code data would reduce LUMs by. MOSL stated that they believed they could get to less than 5% LUMs. This was MOSL's aspiration and they believe that once skip-code data has been standardised, the insight provided from it may result in eventually getting to less than 5% LUMs. MOSL clarified they need to produce the reports from the working groups in order to get an insight about exactly how much skip-code data standardisation could reduce the number of LUMS.
- 8.12. MOSL also plan to look at read rejections.
- 8.13. MOSL mentioned that they knew PwC were going to perform a market audit activity and MOSL clarified that the two would work together with regards to LUMs.

MPF Roadmap (Programme C)

- 8.14. MOSL stated that the working group will meet before the full session to make sure that the next working group session will go in the right direction.
- 8.15. MOSL reminded the working group members at MPC today that they have "homework" to complete and that the minutes from the session have been distributed.
- 8.16. One MPC member stressed that the retailers should be more involved. MOSL agreed and stressed that a lot of members were invited to the visioning working group, and that several members had last minute issues that prevented them from attending the first working group.

9. AOB

Purpose: For Information

OPS Bulk Submissions



- 9.1. The Chair raised a concern about bulk OPS submissions in the context of CPW072. Specifically, the Chair asked if legal uncertainty might arise because of the interaction between the Change Proposal and the associated Guidance Note. If implemented, CPW072 might suggest that applications included in Excel bulk submissions should be included in OPS reported data and consequential charges. However, retailers and wholesalers should co-operate and inappropriate batching of submissions must be avoided. Ofwat have a final recommendation report for CPW072 and the Chair was concerned that Ofwat should understand how the interaction between CPW072 and the Guidance Note's process would affect the OPS reporting process and charging before it makes its decision.
- 9.2. An MPC member said the guidance states that wholesalers do not count the tasks raised within a bulk submission when reporting figures within the OPS process. They identified that the guidance needs changing to make it clear that bulk submissions will be treated the same as a normal submission. The Chair agreed and another MPC member provided insight to back this up.
- 9.3. The Chair asked who was responsible for making the change. An MPC member replied saying that they believed MOSL was responsible but that it needed to go through MPC.
- 9.4. MOSL clarified that any changes to the OPS guidance document would not have to go through the official change process.

ACTION: MOSL to confirm who is responsible for updating the OPS guidance document to incorporate advice for handling bulk uploads.

A30_05

AMPR

- 9.5. MOSL raised the Annual Market Performance Review. MOSL would like the MPC to think about what MOSL produce, how it could be more external facing and how MOSL could produce something that drives behaviours going forward. Input from the MPC, Ofwat and CC Water about what they would like to see in the AMPR would be appreciated by MOSL.
- 9.6. MOSL identified that they would like a code change proposal to alter the timescale of the AMPR. They stated that the end of April felt like too quick a turnover for MOSL.
- 9.7. Whilst noting the challenges of delivery so soon after the end-of-year end, it was noted that the AMPR should be built upon cumulative knowledge and insight gained throughout the year. An early draft document could be constructed during the last few months of the year to facilitate inputs, evolution and timely sign-off. The Chair felt that the timescale should only be moved by a few weeks, or not at all. MOSL stated they would want it to be moved by around a month only. MOSL also expressed that they were conscious of the CC Water Customer Complaints Report and Ofwat State of the Market Report which come out around July time.
- 9.8. An MPC member challenged if the AMPR is required at all. They stated that they found the data in the MPOP was more useful than the AMPR.



- 9.9. The debate turned back to what should be included in the AMPR. It was noted that the code specifies particular requirements but that more could be included if it would be helpful.
- 9.10. The Chair wanted MOSL to consider how their work could end up as part of the AMPR, achievements and ideas could be captured during the year so that material could be developed for inclusion in the AMPR – lots of change has occurred and the Chair felt that this should be reported.
- 9.11. A member raised that a clear view of performance and a clear view of issues were the most useful part of the AMPR.

ACTION: MOSL will have 15 minutes in the November MPC (32) with a discussion on AMPR – discussing what would MPC / Ofwat/ CC Water like to see in the AMPR. It should consider the planning for AMPR and if the timing is appropriate. MPC would also like MOSL to show what they feel should be in the AMPR.

A30_06

Issue on Estimated Reads vs Actual Reads

- 9.12. MOSL raised a concern that it understood that some estimated cyclic and transfer reads had been entered into CMOS as actual reads.
- 9.13. A member raised that the market was, apparently, showing great performance, but they believed trading parties were putting estimated reads into CMOS as actual reads. They stated that there was evidence for this because when switching occurs, there is negative consumption.
- 9.14. MOSL said that they are raising this to MPC as something that was on the MOSL radar, and analysis was currently going into this to prove the behaviour and analyse the potential size of the issue.
- 9.15. MOSL asked if the MPC would like some analysis next month and have this as an agenda item.
- 9.16. The Chair raised that he was surprised to find out the information written in the PwC audit about specific trading parties and specific cases – the report identified a failure to deliver on important Code obligations but the report, or examples therein, had not been drawn to the MPC’s attention. The Chair invited MOSL to come back to MPC with an indication of what had been done in respect of the non-compliance issues identified in the report. Furthermore, MOSL agreed to come back with the analysis on the actual and estimated read issue. The Chair stated that it is vital that trading parties are held to account and that, being aware of the report and the estimated/actual meter read issue, it is important to know what actions might have been taken and whether the MPC needs to assume a role.

ACTION: MOSL to present a discussion item in MPC 31 (October) with analysis and recommendations on the issue of estimated reads entered as actual reads.

A30_07

ACTION: MOSL to present to MPC their approach on addressing specific areas of concern raised in the PwC Audit.

A30_08



- 9.17. A member raised that if a trading party entered an estimated read and then went back and changed it to an actual read, then MPS 16 performance is affected. This would be a disincentive to trading parties. They stated that they believed Time Parameters for MPS 16 should change.
- 9.18. A member asked if the PwC audit flags something, then should MPC get involved? MOSL responded to say that it would depend on what was flagged, but when the flagged issue is against the code, it will be brought to the MPC's attention to act on. MOSL believed that MOSL and the MPC should solve these issues together.
- 9.19. The Chair raised concern that these issues should be brought up and flagged to MPC, otherwise the MPC could be seen to be ignoring them.
- 9.20. MOSL thanked everyone for the constructive session.

10. New Actions

A30_01 MOSL to develop consultation paper for changes to MPS 18 and 17 and include proposed changes to MPS 3, 12, 15 and 19 by paper day (MPC minus 10 BD).

A30_02 MOSL to book 'Teams' meetings for 10th October 2pm-4pm and 21st October 10am-12pm to review the consultation feedback for CPM018 and sign off the final recommendation report.

A30_03 MOSL to provide examples and evidence of which wholesalers would be flagged for an OPS IPRP in October based on September data and the proposed criteria presented in MPC 30.

A30_04 MOSL to present the examples of IPRP policy, decision making and engagement with trading parties.

A30_05 MOSL to confirm who is responsible for updating the OPS guidance document to incorporate advice for handling bulk uploads.

A30_06 MOSL will have 15 minutes in the November MPC (32) with a discussion on AMPR – discussing what would MPC / Ofwat/ CC Water like to see in the AMPR. It should consider the planning for AMPR and if the timing is appropriate. MPC would also like MOSL to show what they feel should be in the AMPR.

A30_07 MOSL to present a discussion item in MPC 31 (October) with analysis and recommendations on the issue of estimated reads entered as actual reads.

A30_08 MOSL to present to MPC their approach on addressing specific areas of concern raised in the PwC Audit.

The next MPC meeting is scheduled for 30th October 2019

Location: Solent Boardroom, MOSL, White Building, 1-4 Cumberland Place, Southampton, SO15 2NP

