

# Minutes of the Market Performance Committee

## Meeting 32

27<sup>th</sup> November 2019 | 10:00 – 16:00

Held at ETC Venues County Hall, Riverside Building, Belvedere Road, Lambeth,  
London, SE1 7PB

**Status of the Minutes: Final**

### MEMBERS PRESENT

|                  |    |                             |               |    |                             |
|------------------|----|-----------------------------|---------------|----|-----------------------------|
| Nigel Sisman     | NS | Independent Chair           | Wendy Monk    | WM | Retailer Committee Member   |
| Mike Brindle     | MB | Retailer Committee Member   | Jesse Wright  | HL | Wholesaler Committee Member |
| Claire Yeates    | CY | Retailer Committee Member   | Trevor Nelson | TN | Retailer Committee Member   |
| Don Maher        | DM | Wholesaler Committee Member | Gerard Lyden  | GL | Wholesaler Committee Member |
| Michael Rathbone | MR | Wholesaler Committee Member |               |    |                             |

### OTHER ATTENDEES

|                                 |    |                                     |                                 |    |                         |
|---------------------------------|----|-------------------------------------|---------------------------------|----|-------------------------|
| Darren Hayes                    | DH | Ofwat Observer                      | Georgina Mills                  | GM | Ofwat Observer          |
| Christina Blackwell             | CB | CC Water Representative             | Adam Boyns                      | AB | CC Water Representative |
| Martin Mavin                    | MM | Observer / Presenter                | Liz D’Arcy                      | LD | MOSL Representative     |
| Steve Arthur                    | SA | MOSL Representative                 | Andrew Welborn<br>(via telecom) | AW | MOSL Representative     |
| Andrew Howorth<br>(via telecom) | AH | MOSL Representative                 | Samantha Webb                   | SW | MOSL Presenter          |
| Luke Austin                     | LA | MOSL Presenter                      | Milo Halford                    | MH | MOSL Representative     |
| Alexandra Piper                 | AP | MOSL Presenter and<br>MPC Secretary | Rob Curry                       | RC | MOSL Presenter          |
| Markus Lloyd                    | ML | MOSL Presenter                      | John Briggs                     | JB | MOSL Presenter          |



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**APOLOGIES**

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**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.

**2. Minutes and Outstanding Actions**

**Purpose: For Decision**

2.1. The Chair addressed the issue of purdah and stated that CC Water and Ofwat should participate in the meeting as usual. However, participants should not communicate any attributed views expressed by those parties during purdah. The Chair clarified that the minutes should not be made available on the website, other than to MPC participants, until purdah is over.

2.2. The Chair asked when the minutes from MPC 31 would be updated with his comments. It was clarified that the Chair’s comments were included into the original upload of the minutes, but another member of the MPC had changed the comments and this change was accepted. It was also clarified that the original comments have since been restored to reflect the comments of the Chair. All MPC members approved and signed off the minutes.

2.3. The following outstanding actions were closed: A26\_06a (a subsequent action, A31\_01, was opened to invite MOSL’s digital team to MPC), A30\_06, A30\_08, A31\_01, A31\_02, A31\_06, A31\_08

2.4. The following outstanding actions remain open: A29\_05, A30\_05, A30\_07, A31\_04, A31\_07.

2.5. With regards to A31\_03 (MOSL to ask if Market Design had an opinion/view of the gap site and new connection processes), it was agreed a call between MPC Wholesale members and MOSL will take place regarding this action and the action can then be closed

**ACTION:** MOSL to facilitate a call between MPC Wholesale members and MOSL, discussing action A31\_03.

**A32\_01**



### 3. MPOP Programme A & B

#### **Purpose: For Information**

- 3.1. MOSL provided a high-level update on MPOP Programmes A & B (vacancy and long unread meters).
- 3.2. One member stated that it would be interesting to see the general trend relating to vacancy and LUMs over time. MOSL responded that there will be more charts to share later in the presentation.
- 3.3. A member asked whether MOSL are looking at other impacts of the work currently being undertaken, perhaps relating to settlement. MOSL stated that they were seeing a rise in post-RF unplanned settlement runs (USRs) but that the number of R1-R3 USRs were typically reduced – it was posed that this may be due to MOSL's daily unexpected meter reads report.
- 3.4. One member raised that October was the legacy long unread month, and that there was also a spike in MPS 15. The member believed seeing a spike in MPS 15 was positive because no other month had such a large amount of data submissions for MPS 15. MOSL raised that one trading party had previously had a problem entering around 20,000-meter readings which was fixed in October probably causing the spike in MPS 15 tasks.
- 3.5. MOSL provided an update on the pairing improvement plans for both the LUM and vacancy projects, detailing how many plans have been agreed to go ahead, how many were to be confirmed and how many were completed.
- 3.6. A member asked whether these pairing meetings had uncovered any disincentives stemming from the MPF that the MPC should look at. MOSL responded that in general there had not been any feedback on this issue but that some trading parties had taken some issue with the disincentive properties of MPS 15.
- 3.7. An Ofwat representative asked what kind of insights had been found regarding the root causes of vacancy and LUMs – it was responded that some insight had been drawn up but it seemed largely TP specific, with each pairing raising unique challenges.
- 3.8. It was stated that MOSL would like to complete around 75-85% of the improvement plans by the end of the year. MOSL stressed that the papers on LUM and vacancy will be shared with the MPC and perhaps the wider market too, once completed.
- 3.9. MOSL reported on the vacancy rates per retailer and highlighted the retailers who they would like to focus on and work with further. MOSL stressed that solving vacancy issues are resource intensive, using combinations of CMOS, Retailer and Wholesaler data.
- 3.10. One member stressed that strange numbers can be seen in vacancies when there are unpaired SPIDs. MOSL said they would take this into consideration.
- 3.11. MOSL reported on the number of premises vacant as at 1<sup>st</sup> November 2019 and broke this down into 6 different groups, such as "premises remaining vacant at or before market opening" and "premises with vacancy back-date by more than 6 months"



- 3.12. A member asked if they had a group for “vacant since a new connection” and MOSL stated that they have identified that this would be useful and would like to include this in the future.
- 3.13. MOSL stated they would like to release the vacancy reports at the end of November but have warned that there were some technical issues.
- 3.14. MOSL clarified that the core aim of the vacancy project is to capture the range of interventions that can be done to prevent future vacancy issues.
- 3.15. MOSL reported high level figures on vacancy based off of new reporting mechanisms, focusing on vacant premises registering consumption and properties vacant since market opening.

**Legacy Vacant premises – vacant since pre-market opening**

- 3.16. MOSL presented potential scenarios for why there was a large number of legacy vacant premises. MOSL stated that some of these scenarios will be addressed in the guidance documents that will be produced after the project is complete.
- 3.17. Several MPC members raised and agreed that part of the 20+ year vacant premises may come from new/re-developments failing to remove the old connection before redevelopment.
- 3.18. A member asked if many vacancies were removed or classed as occupied then it would be a good data cleanse practice but called it a “false success”. The member stated there needs to be an equal focus on BAU behaviours between Retailers and Wholesalers to prevent disputes on vacant premises.
- 3.19. MOSL stated that they felt tackling BAU and tackling legacy vacancies are both important and will both be addressed in this project. MOSL also mentioned that the underlying market data needs to be cleaned to help build trust in the market.
- 3.20. MOSL presented aggregated statistics for LUMs at different points in time and projected the number of long unread meters in 12 months’ time.
- 3.21. The number of meters unread since market opening was presented. MOSL praised the work of several trading parties for their behaviour in reducing the number of long unread meters so far.
- 3.22. A member asked what MOSL’s confidence levels were for achieving their projections on LUMs in 12 months’ time, to which MOSL admitted it was under 50%.

## 4. MPOP Programme C – Priority Changes

**Purpose: For Decision**

- 4.1. MOSL and JW presented slides on the feedback from the consultation report on priority changes.
- 4.2. MOSL praised the helpfulness of the consultation feedback and stated that the recommendation has changed in response to the feedback received. These decisions were not taken lightly but made after discussions with 3 further MPC members of the consultation last Thursday.

**Proposal for MPS 18 charges and the cap:**

- 4.3. The presenter stated that most retailers agreed that a charge of £10 would still be incentivising, and still more expensive than the cost of an individual meter read. The two presenters agreed that a charge of £10 instead of the previously recommended £15 would be the new recommendation for MPC to agree on.
- 4.4. All retailers in the consultation disagreed with the recommended change to the timings and extent of changes to the cap. The presenters identified that a newly recommended of £10 charge and a smaller increase in the cap (to 0.20 in April 2020 and 0.25 in October 2020 instead of 0.25 April 2020 and 0.3 in October 2020) would result in the same movement of trading parties into the incentive region.
- 4.5. It was stated that there was complete support for the one-time exclusion of legacy long unread meters.
- 4.6. The presenters clarified that April, May and June will result in a substantial reduction in retailer charges, and therefore give time for trading parties to prepare for the changes in charges.
- 4.7. The presenters asked the room if there were any objections to a charge of £10. It was clarified that the above changes combined kept 80% of SPIDs in the chargeable/incentivising region after October 2020. It was also stated that MPS 18 charges would effectively be £0 for the first 3 months due to the SLA change.
- 4.8. When asked, the presenters clarified that 2 Wholesalers, 2 Retails and the Chair were on the call to discuss the feedback.
- 4.9. MOSL asked what the rationale was for changing the original recommendations. The presenters reiterated that lowering the charge and raising the cap slowly was preferred by most respondents in the consultation, and these changes to the charges and size of the cap combined would still result in a movement of the same proportion of TPs into the incentivising region.
- 4.10. The Chair raised that the MPC came to a group decision after extensive discussions. The Chair clarified that this new proposal was still delivering the same percentages of 60% and 80% of trading parties into the incentivising range in the same time period (April and October). The Chair asked MPC members if they felt it was acceptable to only bring 60% of trading parties into the incentive region in April when the market had been operating for 4 years.
- 4.11. One member asked if it was appropriate to “soften” the proposed charge of £15 to £10 after receiving responses from trading parties which were already expected.
- 4.12. The presenters stated that the underlying level of charging will increase (by around 10%) after the first year if no performance improvement from the Jan-July 2019 period occurs. During the first year in April 2020, tasks that would have been charged soon after the change is made would be delayed by 60BD.
- 4.13. One member stated his support for the presenters, stating that the changes will still increase the number of reads in the market which was the main goal of the proposal in the first place.



- 4.14. A member asked whether Ofwat believed there should not be a cap at all, citing that a representative had mentioned the idea on a couple of occasions across meetings. Ofwat clarified that the decision was fully up to MOSL and the MPC to decide and recommend to the Authority, but the Authority expressed desire for incentives to be effective.
- 4.15. The Chair asked the room if the MPC were happy with the £10 charge level. No members objected.
- 4.16. The Chair asked the room if the MPC were happy with a 0.20 cap in April 2020 and 0.25 in October, which would deliver the goal percentages of trading parties in the incentivising region.
- 4.17. A member raised concerns that April and October 2020 would be too soon for Retailers to change their systems in response to these changes and could create cash flow issues. They also mentioned that trading parties tied into contracts may struggle to cope with the changes.
- 4.18. The presenters raised that, based on the consultation feedback, a cap of 0.30% in October was too much of an extreme change in retailers' cashflows.
- 4.19. One member stated that for them this was less of a cash flow issue and more about how much more Retailers would be able to do, and how much are they are doing currently to improve data in the market. Some members stated they felt the cap changes were too fast for Retailers.
- 4.20. MOSL indicated that actors had had previous opportunities to improve performance, particularly prior to performance charging introduction and in the context of Data Improvement Plans and that it might now be time to ensure adequate and widespread financial incentives to improve performance.
- 4.21. One member stated that there are new initiatives being implemented citing the MPOP pairing plans which means the environment is different to previous occasions when phased or delayed approaches had been taken, and the MPF roadmap is attempting to increase accountability for better customer outcomes.
- 4.22. One member stated with the proposed redistribution regime currently with the Authority for approval it is possible that retailers will not have performance charges redistributed and every penny taken away in performance charges is a penny that can't be spent on improving customer service, a main driver for performance incentivisation, so the correct balance needs to be struck.
- 4.23. Some members felt that some people were stressing that larger incentives were needed to encourage retailers, but, retailers were already doing a lot of work to improve through MPS 18 IPRPs and the LUMs MPOP Project.
- 4.24. The MPC agreed that a cap of 0.25 in October 2020 should go ahead.
- 4.25. The MPC discussed whether a cap of 0.2 or 0.25 in April 2020 should be implemented.
- 4.26. The presenters clarified that a cap of 0.25 in April would result in 80% of trading parties in the incentivising region in April 2020.



- 4.27. The Chair asked whether MPC members felt a cap of 0.25 in April was an appropriate recommendation and asked all members in the MPC to vote on this.
- 4.28. Four members voted in favour of a 0.25 cap in April and four members were against. The Chair noted the indeterminate outcome and that MPC rules did not envisage a casting vote and so the Panel would need to be asked to opine about this possibility given MPC's failure to make a determination.
- 4.29. A second vote took place on whether MPC should recommend a cap of 0.20 in April and 0.25 in October. All members voted in favour of a 0.20 cap in April 2020 and 0.25 in October 2020.

**Proposal for MPS 12 and MPS 15**

- 4.30. The presenters presented the proposal on changing the invoicing date for performance charges - the OPS invoicing date will also be changed by +5BDs to the same date as MPS invoicing date, which is being shifted by +5BDs to Business Day 14.
- 4.31. The presenters proposed that the submission date for OPS would also be pushed back slightly.
- 4.32. It was clarified that MO charges would also have the same invoicing date as MPS and OPS invoicing.
- 4.33. Questions on the implications of +5BD were asked. The presenters clarified that a one-off delay for when trading parties receive invoicing will occur. After this, invoicing will continue to be monthly. MOSL have discussed the changes with their finance team and were confident they could manage the change of dates to produce the invoices.
- 4.34. No MPC members objected to the new proposals.

**Proposal for MPS 16 and 17**

- 4.35. The presenters proposed that MPS 16 should move from an SLA of 5BDs to 8BDs, thereby extending time parameter 1 for actual read submissions.
- 4.36. The presenters proposed that MPS 17 should move from an SLA of -2 to +2BD to an SLA of -2 to +7BD, thereby extending time parameter 1 for actual reads.
- 4.37. The presenters stated that the changes for MPS 17 were originally going to be +10BD but after consultation this has changed to +7BD. The presenters argued that +7BD was still better than the current market position of +2BD and that +7BD was achievable in the limited time frame available. The presenters also made clear their awareness of the impacts of this shorter change, which will have no impact on end customer, while the move to +10BD may have further implications and impacts to investigate.
- 4.38. No MPC members objected to the changed above.



### **Proposal for MPS 3 and MPS 4**

- 4.39. The presenters stated that the consultation raised that keeping MPS 7 as is may limit the positive impacts of changing MPS 3 and MPS 4. However, changing MPS 7 would have big impacts that have not yet been investigated and therefore MPS 7 should be revisited in the future.
- 4.40. No MPC members objected to the changes.
- 4.41. The Chair noted, and the MPC agreed, that in the absence of any objections to the proposed changes MPS 3,4, 12,15, 16 and 17 these were deemed to have been approved for inclusion in the CPM078 Draft Recommendation Report.

### **Responding to feedback received in the consultation**

- 4.42. The presenters highlighted that the draft recommendation report will assign tasks to the MPC. They asked the MPC to agree that all members were happy with the wording of the recommendation report. There were no objections.

### **Finalisation of the Draft Recommendation Report**

- 4.43. The Chair asked who would sign off the draft recommendation report. The presenters stated that they had opened the document for comments and the document can be found on the MPC SharePoint. Comments must be added no later than Friday. The presenters stated there will be no formal sign off of the draft recommendation document by MPC.
- 4.44. The Chair stated that the alternative choice voted on today must be made clear in the draft recommendation report and that the vote was tied 4-4. The Chair also expressed that the legal documentation must be checked thoroughly. The presenters clarified the wording had been agreed with the legal team, but some figures would need to be changed and this would not have a legal impact.
- 4.45. An Ofwat representative suggested that the evidence and rationale to move from a £15 to a £10 charge should be stressed in the report and presented in more detail.
- 4.46. One member suggested that the report could consider the overall impact on end customers, and this is something that could be brought up in Panel.

## **5. MPOP Programme C – MPF Roadmap**

### **Purpose: For Discussion**

- 5.1. MOSL presented the vision for the new MPF, which reflected the outcomes of a range of workshops with sub-groups since September 2019.
- 5.2. MOSL aim to hand the final recommendation to Ofwat at the end of December 2019. Panel will view the draft document on late paper day (03/12) before December's Panel meeting.
- 5.3. MOSL stated that the key features in the New MPF included increased accountability to lead to better customer outcomes, accurate settlement and efficient Retailer to Wholesaler and Retailer to Retailer



comms. The second key feature of the New MPF was a better alignment of the MPF with customer outcomes. The final key feature of the New MPF was smarter use of financial and reputational incentives that encourage performance improvements.

- 5.4. MOSL presented the timeline of the New MPF, starting April 2020 to April 2024. MOSL also highlighted that April 2023 onwards allowed time for final fixes to be made to the New MPF.
- 5.5. The upcoming deadlines for the next month were presented to MPC, relating to the MPF Roadmap.
- 5.6. A question was asked if the gaps in the current MPF have been reviewed. MOSL responded that there would be a data audit and cleanse that will take place as part of the MPF Roadmap but the exact level of detail has yet to be decided.
- 5.7. A member asked if there was a view of the most high-profile issues as a result of the consultations. MOSL responded that accountability was one of many core areas captured from consultation as an issue to be addressed.
- 5.8. Presenters clarified that the timeline up to April 2024 was not rigid and, if possible, activities would take place earlier.
- 5.9. Questions were asked about when Economic Insight (EI) finish their work on the project. MOSL clarified that they were due to finish at the end of December and expressed their usefulness throughout the process so far.

## 6. Trading Party to MPC Meeting Prep – closed session

## 7. AMPR Plan / Discussions & PwC Audit Actions Update

**Purpose: For Discussion**

### **AMPR**

- 7.1. The code requirements around the AMPR were presented. The AMPR must be released in April, as per the code. Several topics must also be covered within the AMPR.
- 7.2. MOSL presented the elements of the previous AMPR and the principles of the 2019/2020 AMPR, due to be released April 2020, however requested that a release date of July 2020 would be preferred in order to tie the AMPR into other document releases by CCW and Ofwat.
- 7.3. MOSL stated that the next AMPR should be collaborative, accurate, impartial and informative and presented the proposed content.
- 7.4. One member asked how the AMPR could be impartial when it was produced by MOSL. Another member raised concerns about MOSL's compliance over the year and stated that this should be reported as part of the AMPR.



- 7.5. Discussions on R-MEX and AMPR took place. R-MEX is not due to be released until after the AMPR, and therefore the first outcomes may not be able to be incorporated into the AMPR. Some members also raised that the content of the R-MEX was a view of where we currently stand, whereas the AMPR was a review of the year and therefore the overall story may not correlate.
- 7.6. MOSL asked the MPC if the AMPR could be produced in July. The Chair expressed concerns that a July deadline might postpone information getting into the market and questioned whether delay offered any advantage over completing the annual report much closer to the year's end.
- 7.7. One member stated that moving the deadline for the AMPR would be beneficial to allow for a more robust plan on MPOP. The member raised that MPOP can only be planned and decided once MOSL's business plan is signed off (January) and a longer deadline would be beneficial for more detailed MPOP work. Another participant suggested that closer temporal alignment of MPOP with the Business Planning cycle might be beneficial.
- 7.8. CC Water raised that quarterly snapshots of their data are available, and this could be used to inform the AMPR.

**ACTION:** MOSL to come back in January to discuss moving the deadline for AMPR from April to July.

**A32\_02**

- 7.9. It was clarified an AMPR publication date later than April would require a code change.
- 7.10. MOSL were clear that Ofwat, CC Water and MOSL should be aligned when publishing documents that inform and report on the market.
- 7.11. One member suggested a more frequent publication of MOSL's data, instead of the AMPR, could better serve goals.
- 7.12. One member raised that MPOP is focused on market risk, but there was no look back at previous market risks or wider market risks. They suggested the AMPR should address these issues and whether, across the year, any risk had been overlooked or missed. MOSL agreed that a piece on developing future risks could be beneficial.

**PwC Audit Actions Update**

- 7.13. MOSL identified that in Year 1 of PwC's audit, all trading parties were visited. In Year 2, 10 trading parties were visited as well as MOSL and 51 individual actions were identified. In Year 3, 12 trading parties were to be visited.
- 7.14. With regards to the 51 actions that came out of the Year 2 Audit, 21 belonged to MOSL, 1 to MOSL and Retailers, 22 to Retailers, 7 to Wholesalers.
- 7.15. PwC grouped the 51 issues that were identified. Meter reads and data quality were the root causes of the issues.



- 7.16. MOSL highlighted that a smaller proportion of MOSL's actions were harder to address compared to actions against Trading Parties. MOSL expressed that MPOP will be tackling several actions in general. In the future, MOSL's actions will be aligned with MPOP work. MOSL identified that these actions are separate to MO Compliance.
- 7.17. MOSL indicated that shortly after MOSL's meeting with PwC in early December a document would be made available to MPC that indicates the action status associated with each of the Year 2 audit actions.
- 7.18. It was clarified that PwC will write a Draft Report on MO Compliance by 16<sup>th</sup> December 2019, and this will be presented to the panel sub-group on the 18<sup>th</sup> December 2020.

**ACTION:** MOSL to add a January MPC agenda item looking at the in-depth findings of the PwC audit and any outstanding actions of the PwC report.

**A32\_03**

## 8. R-MEX Update

**Purpose: For Information**

- 8.1. The presenter expressed that the formal R-MEX code change will be proposed to the panel on 10<sup>th</sup> December.
- 8.2. The presenter reported and provided an update on the actions given during the last update and discussed the proposed code changes.
- 8.3. The revisions to CSD0002 section 5.4.5 would require the MPC to agree the format and questions included in the R-MEX survey. No time frame will be specified in the code to keep the R-MEX reviews flexible and adaptable.
- 8.4. CSD0002 Section 5.4.6. would also specify new requirements of the Market Operator. MOSL shall administer the document, publish the survey and report results – both to trading parties and the public.
- 8.5. Questions were raised whether the wording in section 5.4.6. part C stops data sharing of the opinions that are reported in the R-MEX survey. One member felt that MOSL should be able to see data and therefore compile information to find common themes. The presenter argued that any comments are “free text” and may not be easily groupable. It was stated that the free comment section should remain confidential, between Retailers and Wholesalers to enable honest communication within pairings.
- 8.6. With regards to 5.4.6., two members asked whether R-MEX should be attached to financial penalties. The presenter argued that the feedback indicated against this option, and that questions were raised over the statistical significance of the data given anticipated small sample sizes. The member raised that the sections of the code saying that R-MEX should “never” be tied to financial penalties should be removed. Others noted the code could not bind such matters in perpetuity.
- 8.7. An Ofwat representative asked whether a league table would come out of this to which it was confirmed there would be. A member stated that they were slightly confused as to what would be included in the



document as it stated both that some parts were anonymised but also that the results would be publicly available. The presenter clarified that only the specific Retailer comments would be excluded, whereas the league tables would continue to name Wholesalers.

- 8.8. The presenter stated that if anyone had any concerns or questions regarding the drafting then they should communicate them offline and they would address any concerns.
- 8.9. A member stated that it would be good if the R-MEX tables were timed to coincide with the MPS and OPS league tables, to which there was general agreement.

## 9. Digital Update

### **Purpose: For Information**

- 9.1. MOSL's digital team presented on defect management, raising that any defects are discussed between MOSL and CGI.
- 9.2. MOSL stated that 102 defects were cleared in Release 7.0 of CMOS. MOSL expressed that defects are groups into releases.
- 9.3. MOSL specified that the release cycle of CMOS has moved to 6 monthly, meaning that there are now delays in solving defects and temporary fixes or work-arounds are required. MOSL expressed that both MOSL and CGI are keen to increase the number of interim releases.
- 9.4. MOSL expressed the contract with CGI needs to be renegotiated.
- 9.5. MOSL discussed that they would like more frequent Portal releases, and the impact would be minimal as not all trading parties always use the software.
- 9.6. MOSL also want to increase the number of major release development cycles. Currently, CGI have very small windows to test, develop and deploy any required changes. MOSL are proposing that sign-off is provided earlier to allow more time for CGI to work on implementing changes.
- 9.7. After questioning, MOSL specified that these big, grouped releases going through the system at once were impacting the quality. Currently, MOSL hand over changes to CGI in one large group, even though some of these changes are ready to be implemented and have been signed off. MOSL are proposing that any changes that have been signed off should be released to CGI earlier so that work can begin.
- 9.8. One member raised that the awareness of a defect should be clearly raised to everyone affected, so that trading parties have knowledge of the issues and how to work around them to prevent any negative impacts. The presenter asked whether the member felt that the defects should be more aligned with transactions, whether they wanted more detail around the issues or whether the groupings should change and become clearer. The member clarified that they want to know what the defect is, and what is the resolution or work around is required. The member offered to help MOSL address this in the future.



9.9. One member stated that, in response to ongoing conversations with MOSL on defects within CMOS analysis was completed earlier this year. The member’s trading party has to employ an equivalent of 1.5 extra FTE to deal with defects, including interpretation of the issue and the workaround, communication within the organisation and manual work needed.

## 10. Northern Hub Update

### **Purpose: For Information**

10.1. An update was provided on the OPS Rejections and Deferral Workshop from Northern Hub.

10.2. It was mentioned that a standard-by-standard approach was taken to tackle issues with rejections and deferrals. In the workshop, MOSL and trading parties discussed potential solutions and processes that parties uses to tackle issues.

10.3. The presenter highlighted that most deferrals were due to failure to contact the customer. It was also identified that Wholesalers could change their policies to result in less rejections or deferrals.

10.4. The presenter reported that discussions on when to pause SLAs were held. It was reported that there were slight differences depending on the company and their interpretation of whether it was appropriate to pause an SLA.

10.5. The group identified that:

Some clarification around rejection vs a completed task is still needed.

Rejections need to be worked on with the retailer to reduce the total number of rejections. Potentially an SLA form for rejections should be implemented.

10.6. There was a discussion around what constituted a rejection: a wholesaler can look at an allowance and reject it, but this isn’t a ‘rejected task’; rather a completed one that results in no allowance. Does there need to be an SLA for form rejection?

10.7. A question was asked about what the purpose of the workshop was. The presenter clarified it was to share ideas amongst trading parties to collectively understand and fix issues. They stated they will meet again in around 3-6 months’ time.

## 11. MPS and OPS IPRPs

### **Purpose: For Information**

11.1. The update on MPS IPRPs and OPS IPRPs was removed due to a shortage on time.



## 12. Estimated Vs Actuals

### **Purpose: For Information**

- 12.1. MOSL started investigating the issue of estimated reads being submitted as actual reads around 1 year ago, when around 20 unplanned settlement runs were held each month, and MOSL were aiming to reduce this number.
- 12.2. Meter read profiles were presented. MOSL stated that estimated vs actual data often looks like a sideways lightning bolt, where read values are increasing in exact straight lines, then a negative consumption is seen and lines are straight again.
- 12.3. When an actual read comes in after an estimate at R1, typically it's lower than the estimate and a negative read. It was stressed that negative consumption is not always a sign of estimated vs actual read and the issue is slightly more complex. The presenter stressed that identifying estimated vs actual reads is difficult for various reasons.
- 12.4. MOSL specified that they are identifying estimated vs actual reads by identifying the straight predictable lines as this is usually a good indication of an estimated read going in as an actual read.
- 12.5. It was clarified that retailers can only submit estimated reads for transfer reads only. However, there is evidence to show estimated reads are being taken when they shouldn't be.
- 12.6. MOSL did not rule out the possibility that the retailer believes the read is an actual read but the meter read is taking an estimate however, they believed this was unlikely.
- 12.7. It was shown that 1,680 meters have negative consumption at the time of F-read. It was stated that it was a reasonable assumption that the Wholesaler had visited the meter, which would imply poor Retailer maintenance of read history or potentially MRP's producing their own estimates. A member stated that most parties have stopped allowing MRPs to see previous reads to stop them from producing 'coffee shop' estimated reads.
- 12.8. It was stated that MOSL will continue to investigate the lack of deviation across reads. It was also stated that the 15,000 meters with negative consumption were out of about 1.15M meters (1.3%)
- 12.9. It was shown that 17.8% of LUMs have had reads submitted but rejected, which would result in significant costs to the Retailers – totalling over 150,000 reads. The presenter then went through the most common reasons for said rejections – stating that the most surprising one was over 5,000 instances of meters having reads submitted by old retailers for periods where they don't own the SPID anymore. Some even have complete read profiles, where Retailers keep reading their meter despite not having ownership, in some instances 8-10 reads over 2 years. MOSL believed these reads taken by outgoing Retailers indicates a significant number of estimated reading going on.
- 12.10. The other surprising reason was that 331,647 reads have been rejected on the basis of already having a meter read for the same date. It was posed that this was evidence of Retailers not making notes of notifications coming back out of CMOS and resubmitting as re-reads. Various degrees of



automation, potentially leading to accepted reads getting re-reads submitted anyway, which will be rejected immediately.

- 12.11. MOSL raised that one Retailer had 160k volume validation failures against their meters, and they were at the top of this list for number of fails.
- 12.12. MOSL have several next steps: MOSL stated they will make available daily reports to show all the reads rejected on the MO Portal. MOSL have suggested that they need to look at volume validation and will be taking this to user forum. A member commented that the validation rules are often perceived as too strict and MOSL agreed. MOSL will investigate the financial implications. MOSL will continue to investigate estimated read profiles, with a look to help parties understand why the meters are failing, rather than just a report of the number of fails.
- 12.13. MOSL clarified that the Digital and Performance teams are working together to solve issues.

## 13. Any Other Business

### **Purpose: For Discussion**

- 13.1. A member asked that the MPC slides are made available to MPC before the meeting, to which several other members agreed.
- 13.2. The Chair informed the MPC that Elsa Wye will chair the MPC from January to March 2020. Her role as Chair of TDC will be taken up by John Vinson who will also attend MPC to support Elsa until an enduring chair has been appointed.
- 13.3. The Chair, with regards to the agenda for next month's MPC, encouraged MOSL to reduce its presence in numbers at that part of the MPC meeting given the high number of participants.

## 14. New Actions

**A32\_01** MOSL to facilitate a call between Wholesalers and MOSL, discussing action A31\_03.

**A32\_02** MOSL to come back in January to discuss moving the deadline for AMPR from April to July.

**A32\_03** MOSL to add a January MPC agenda item looking at the in-depth findings of the PwC audit and any outstanding actions of the PwC report.

The next MPC meeting is scheduled for **11<sup>th</sup> December 2019**

Location: **London**