

# MOSL Standard MPC Slide Pack

*February 2020*

# market focus



Welcome to our January edition of *Market Focus*, providing a monthly update on MOSL activities and the water retail market.

## Our 2020/21 Business Plan

On 17 January 2020, MOSL published its [2020/21 Business Plan](#) for member approval.

This plan has been developed following the most robust business planning process we have undertaken to date, including a comprehensive consultation exercise with our members and other key stakeholders.

As a result of the [consultation feedback](#), as well as our ongoing business planning activity, we have reached a number of key conclusions that have been reflected in the updated plan we are presenting to members for voting.

Key changes to the 2020/21 Business Plan can be summarised as follows:

### Proposed total budget

Following a strong challenge from our members, we have reduced our proposed total budget for 2020/21 from £11.5 to £11.2m, which now reflects a £0.5m (4.7%) increase on 2019/20. This recognises the cost pressures being faced by trading parties and the need to limit any increase in direct costs as far as possible. By identifying further efficiencies, we have been able to reduce the overall budget driven by a reduction in the salaries associated with some new positions, a reduction in planned headcount and savings resulting from the rephasing of recruitment. We have also reduced our assumed CMOS maintenance costs based on our current view of the contract negotiations with CGI and the scope of the new contract which will take effect on 1 April 2020.

### Revised approach to market auditing

Following broad support for the revised approach to the market audit, we have decided to progress with a more risk-based, targeted market audit in 2020/21, but with an additional £50k allocated to

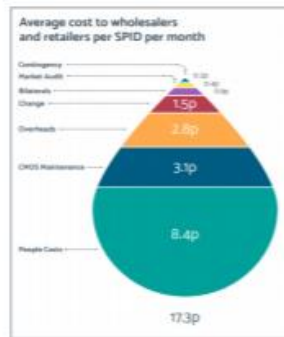
the budget to respond to the challenge from a number of trading parties that it had been reduced too far. Conscious of the wider cost pressures on our plans, we assess this to be a proportionate level of budget that will enable both a robust and value for money approach.

### Bilateral transactions project

We received strong support for the principle and importance of the bilateral transactions project which was accompanied by a strong challenge from a number of our members that the business case needs to be clearer before solution costs should be committed to. Since publication of the 2020/21 plan for consultation, additional project work – as well as engagement with the project steering group – has confirmed the need for additional data to be captured in order to ensure that the cost benefit analysis is fully comprehensive and robust. Consequently, we have taken the decision not to include the solution costs within the budget for 2020/21. Our 2020/21 budget includes project costs of £600k, which cover project management and all other activities required to deliver 2020/21 project activities outside of the solution delivery.

We would like to thank all of our members and key stakeholders who engaged with us during the consultation and for the broad support we received for the plan's key themes of Service Excellence, Market Assurance, Market Improvement, Governance and Building Capability.

Members will have the opportunity to attend a General Meeting at 10.30am on Friday 31 January 2020 to vote on whether or not to



accept the business plan. Formal notice of the meeting has been sent to members, a copy of which can be found on page 31 of the business plan document.

Members do not need to come to the General Meeting to vote. Instead you can use the proxy form to tell the Chairman of the meeting – or someone else who will be at the meeting – how to vote on your behalf. Additional copies of the proxy form are available from [MOSL's Company Secretaries](#). If you have any questions on how to vote or require more information about the plan, please speak to your Portfolio Manager. We will communicate the decision with members following the General Meeting on 31 January.

The 2020/21 Business Plan can be found on the [News & Views page](#) on the MOSL website. You can also read Utility Week's article 'MOSL commits to review of water metering' which outlines our plans to undertake a strategic review of metering as part of our 2020/21 plan.

Please click the link to [Market Focus](#) to find the monthly update on MOSL activities



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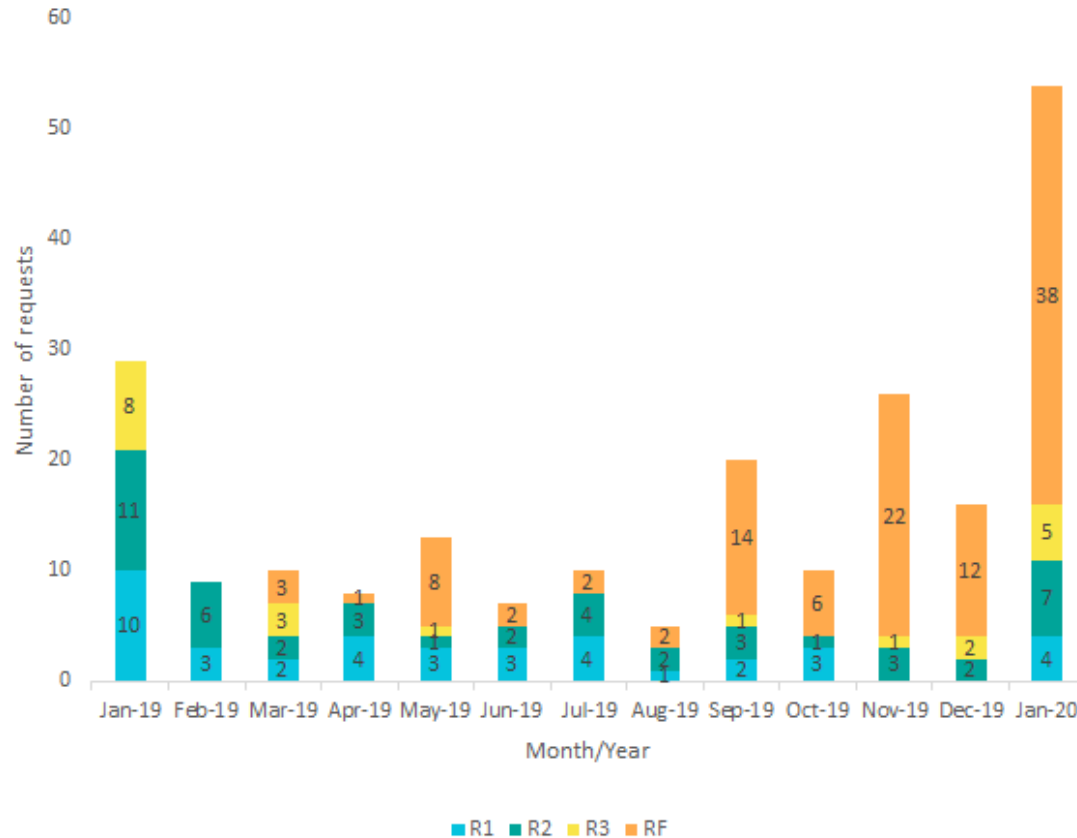
## 💧 MPOP

- 💧 Testing has started in anticipation of Ofwats approval of the MPS Priority Changes for an April implementation. The first part is to test all changes except the submission of biannual meter reads. This will be done in silo next month as it is the most complex standard to change.

## 💧 OPS/MPS

- 💧 Performance remains high for the collection of biannual meter reads performance standard (MPS 18) at 81%. We are expecting this to decrease in January as we see the planned performance troughs due to the long unread meters.
- 💧 Higher than average cyclic read submissions (MPS15) continue to be received. We will look more into this during the Feb MPC meeting.

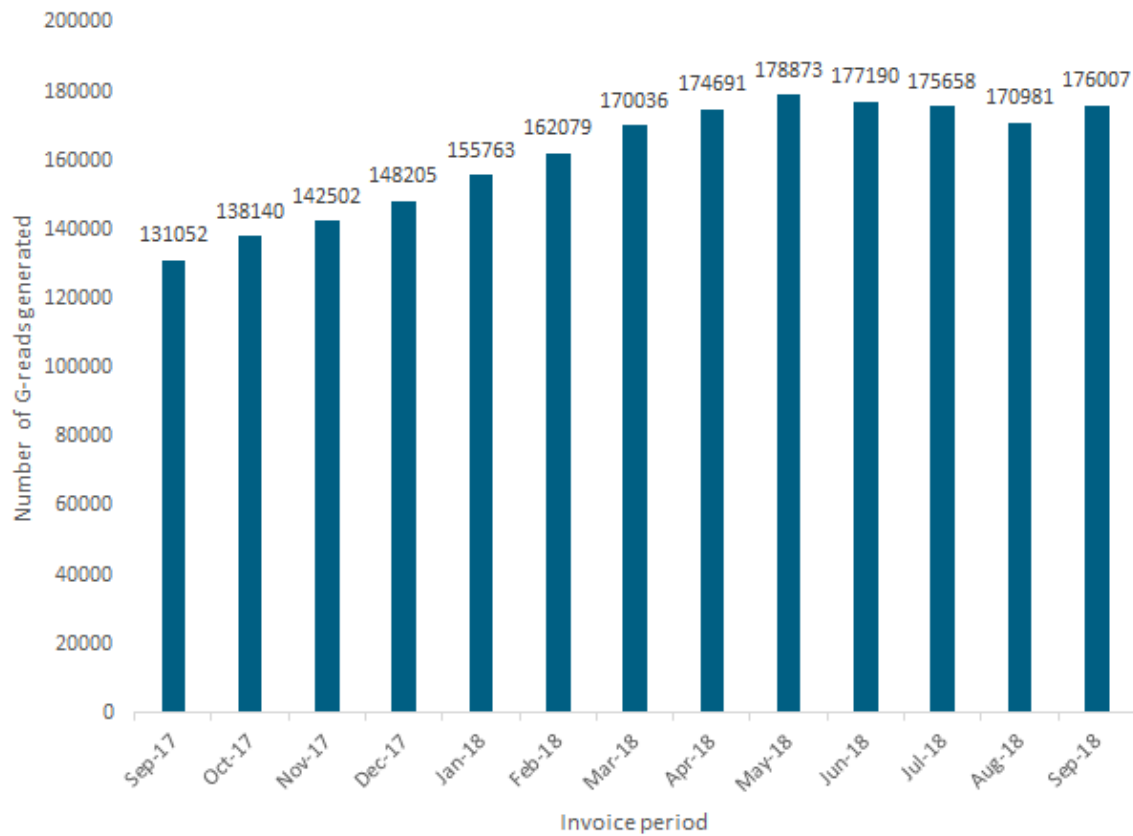
## Number of unplanned settlement runs requested by run type



### Unplanned Settlement Runs

- 54 requests raised in January
- Increase seen due to RF invoicing deadline and increase in data cleansing activity
- 11 Post RF runs requested by Southern Water due to incorrect YVEs and meter reads
- 15 Post RF runs requested by Castle Water following deregistration activity

## G-reads generated by invoice period



### G-Reads generated

- Number has increased by 5026 from August 18 to September 18

**THIRD QUARTER CONTACT FROM BUSINESS CUSTOMERS**  
1 October to 31 December 2019



**Best performers**

- Water2Business
- Business Stream
- Pennon Water Services

**Worst performers**

- Clear Business Water
- Water Plus
- Castle Water

**Complaints**

**812** 2019 - 20 Q3

835 2019 - 20 Q2

1,037 2018 - 19 Q3

**Top causes of complaints under billing & charges**



**What business customers complained about**

	Retail Competition	Billing & Charges	Metering	Water	Sewerage	Administration	Other
2019 - 20 Q3	17	657	17	28	13	72	8
2019 - 20 Q2	23	635	16	36	13	106	6
2018 - 19 Q3	53	729	28	58	15	145	9

[www.ccwater.org.uk](http://www.ccwater.org.uk)

@CCWvoice

**Market  
Dynamics****Market movements**

The water market continues to be a hive of activity, with various calls to action and movements being made across the regulatory landscape which will require focus and attention of wholesalers and retailers

**December/January Headlines****[Retail water market - South West Water terminates Tor Water wholesale contract](#)**

South West Water has terminated Tor Water's wholesale contract due to a series of outstanding undisputed payments. Ofwat said it will now step in to use its powers under the Interim Supply Code to ensure affected customers have a new retailer as soon as possible. The water sector regulator is working with Market Operator MOSL to make sure all affected customers are allocated to a new retailer. Customer will not experience any change to supply while this takes place.

**[Water bills to be cheaper this year after watchdog puts her foot down](#)**

Average water and sewerage bills in England and Wales will be cut by 4% this year, industry body Water UK has announced. The new charges will come in from 1 April and see the average bill fall about £17 to £396.60, although this will vary depending on the supplier and individual circumstances. It comes after regulator Ofwat said in December that water firms in England and Wales must cut the average household bill by £50 - or 12% before inflation - over a five-year period.

**[Retailers approve MOSL business plan](#)**

Sarah McMath, CEO of non-domestic water market operator, MOSL, said she had strived to be "honest in my reflection of what is needed to make this market work for customers" and to tackle various legacy challenges within the £11.2 million budget programme for the year.

**[Water regulator Ofwat faces scrutiny over price controls](#)**

The UK's water regulator is to face scrutiny from the competition watchdog after setting the water industry's strictest price controls.

Yorkshire Water became the first large water company to challenge Ofwat's industry price review, which sets out how much water companies can invest and charge customers over the next five years.

In December, the regulator ordered water companies in England and Wales to cut bills for customers by £50 over five years, while spending £51bn on improving services and investment in infrastructure

# Trading Party Performance – MPS

## Trading Party Performance

**Key:**  
\* = on an IPRP or IPRP requested

Performance ▲ = increase of ≥2%

Performance ▼ = decrease of ≥2%

For retailers with greater than 5000 SPIDs,

- Task volumes have reminded at similar levels since the last period (Sep-Nov 2019), only falling by around 1k. Overall market performance remained similar to the last period where it was 80.94%.
- Castle has improved by 4.79% since the last period and Water 2 Business have improved by 2.32% from 4<sup>th</sup> to 2<sup>nd</sup>. Business Stream have has a 4.46% decrease in performance, and Affinity Business saw a 2.45% decrease.
- Yorkshire Water Business remains ranked 1<sup>st</sup>.

For Retailers with less than 5000 SPIDs,

- Performance has decreased slightly by 1.72% since the last period (Aug – Oct 2019).
- The trading parties ranked 1<sup>st</sup> to 5<sup>th</sup> remain the same, with both Welsh Water and Hafren Dyfrdwy seeing small improvements.
- Tor Water were previously ranked 6<sup>th</sup> and have now fallen to 8<sup>th</sup> after a 16% drop in performance in part due to decreasing MPS 18 (bi-annual meter reads) and MPS 19 (monthly meter reads) performance and a decrease in task volumes.

- Smaller task volumes for Retailers with <5,000 SPIDs can mean that the IPRP process is inappropriate as there are not enough tasks per standard to issue an IPRP for a trading party.

### MPS Performance - Retailers with >5,000 SPIDs

Retailer	October-December 2019		
	Rank	Performance	Total Tasks
Yorkshire Water Business	1	95.51%	127,714
Water 2 Business *	2 ▲	90.11% ▲	95,244
Pennon Water Services	3 ▼	89.04%	119,963
Affinity for Business	4 ▼	86.11% ▼	60,308
Clear Business Water *	5 ▲	84.63%	10,742
Water Plus *	6 ▼	83.62%	438,700
SES Water Services *	7 ▲	77.68%	18,812
Business Stream	8 ▼	77.31% ▼	76,062
Everflow *	9 ▼	77.29%	37,545
Castle Water *	10 ▲	75.58% ▲	239,569
Wave	11 ▼	70.05%	294,041
<b>Market Performance</b>		<b>81.12%</b>	<b>1,518,700</b>

### MPS Performance - Retailers with <5,000 SPIDs

Retailer	October-December 2019		
	Rank	Performance	Total Tasks
Dwr Cymru Welsh Water	1	99.39%	1,797
Hafren Dyfrdwy	2	97.73%	88
ADSM	3	93.86%	2,719
The Water Retail Company	4	90.34% ▼	1,128
First Business Water	5	79.84%	3,859
Regent Water	6 ▲	71.71%	205
Smarta Water	7 ▲	65.51% ▲	1,270
Tor Water	8 ▼	60.00% ▼	35
YU Water	9	49.49% ▲	99
<b>Market Performance</b>		<b>85.47%</b>	<b>11,200</b>

## Trading Party Performance – MPS (SS/NAVs & Wholesalers)

### Trading Party Performance

For Self-Suppliers and NAVs,

- Rankings have remained similar, with Coca-Cola, Stonegate and Marstons ranking highest. Performance has fallen 2.80% compared to the last period (Sep-Nov 2019).
- New entrant John Lewis PLC have only reported data for December so far but have achieved 100% across MPS 15 to 19.
- Self-Suppliers still dominate the top of the table. SSE Water were affected by CMOS access issues which have since been fixed.

For Wholesalers,

- Southwest Water have improved from 11<sup>th</sup> to 2<sup>nd</sup> with a 12.56% in improvement after an unusually poor MPS 13 performance (biannual non-market meter read) in September related to an influx of tasks.
- Task volume and performance has remained at similar levels, with performance increasing by less than 1%.

### Key:

\* = on an IPRP or IPRP requested

Performance ▲ = increase of ≥2%

Performance ▼ = decrease of ≥2%

- Smaller task volumes for Self-Suppliers and NAVS can mean that the IPRP process is inappropriate as there are not enough tasks per standard to issue an IPRP for a trading party.

### MPS Performance - Self-Supply and NAVs

SS and NAVs	October-December 2019		
	Rank	Performance	Total Tasks
John Lewis PLC (SS)	1	100.00%	459
Coca-Cola (SS)	1	100.00%	18
Stonegate Pub Company (SS)	2	▲ 98.53%	1,291
Marstons (SS)	3	▼ 98.41%	1,886
Heineken UK Limited (SS)	4	▲ 97.67%	43
Blackpool Borough Council (SS)	5	▲ 96.38%	470
Independent Water Networks (NAV)	6	▲ 94.73%	1,348
Whitbread (SS)	7	▲ 92.42%	2,374
Greene King (SS)	8	▲ 90.51%	1,813
BT (SS)	9	▼ 87.38%	3,567
Nottingham City Council (SS)	10	▲ 85.33%	484
Leep Water Networks (NAV)	11	▲ 85.19%	54
Berendsen UK Limited (SS)	12	▼ 82.20%	236
Veolia Water Projects (NAV)	13	▼ 60.00%	15
Icosa Water (NAV)	14	33.82%	68
SSE Water (NAV)	15	0.00%	61
<b>Market Performance</b>		<b>91.73%</b> ▼	<b>14,187</b>

### MPS Performance - Wholesalers

Wholesaler	October-December 2019		
	Rank	Performance	Total Tasks
Yorkshire Water	1	97.12%	9,639
Southwest Water	2	▲ 96.29%	▲ 2,478
Portsmouth Water	3	▼ 96.05%	304
Wessex Water	4	▼ 94.67%	1,200
Anglian Water	5	▼ 94.50%	6,744
Bristol Water	6	▼ 93.85%	1,008
South Staffordshire Water	7	▼ 91.69%	650
United Utilities	8	91.06%	2,572
Southern Water	9	89.33%	1,499
Southeast Water *	10	▲ 86.28%	▲ 1,501
Sutton and East Surrey	11	▼ 86.24%	▼ 356
Severn Trent Water *	12	▼ 85.09%	4,124
Northumbrian Water *	13	80.05%	2,406
Affinity Water	14	77.85%	▲ 1,404
Thames Water *	15	73.02%	10,212
<b>Market Performance</b>		<b>87.55%</b>	<b>46,097</b>

# Trading Party Performance – OPS League Table

## Trading Party Performance

- Note: This excludes G4a, G4b
- When comparing April 2019 with December 2019
  - Overall high performance maintained across the market, with the majority of TPs showing consistent performance
  - The most significant differences among WaSCs: Southern (-19.92%), Southwest (+11.22%), Northumbrian (-8.46%)
  - The most significant differences among WoCs: Sutton (-20.88%), Southeast (+6.58%), Southstaff (-5.05%)

### OPS Performance - Wholesalers (WASCs)

Wholesaler	October-December 2019		
	Rank	Performance	Total Tasks
DWRCYMRU-W	1	100.00%	10
ANGLIAN-W	2 ▲	98.29%	2,519
UNITED-W	3 ▼	98.15%	2,483
YORKSHIRE-W	4	95.74%	2,489
WESSEX-W	5 ▲	95.19%	707
SEVERN-W	6	94.69%	3,387
SOUTHWEST-W	7 ▼	94.24%	1,233
NORTHUM-W	8	84.06%	1,336
SOUTHERN-W	9	72.82% ▼	1,637
THAMES-W	10	66.17%	8,452
<b>Market Performance</b>		<b>83.52%</b>	<b>24,253</b>

### OPS Performance - Wholesalers (WOCs)

Wholesaler	October-December 2019		
	Rank	Performance	Total Tasks
AFFINITY-W	1	99.32%	732
BRISTOL-W	2 ▲	98.71%	466
PORTSMOUTH-W	3 ▼	98.43%	127
SOUTHEAST-W	4	95.06%	607
SOUTHSTAFF-W	5 ▲	91.80% ▲	963
SUTTON-W	6 ▼	90.83% ▼	109
<b>Market Performance</b>		<b>95.06%</b>	<b>607</b>

#### Key:

\* = on an IPRP or IPRP requested  
 Performance ▲ ▼ = change of +/- 2%

# Market improvement update – January 2020

--- Reported to 31<sup>st</sup> December 2019 ---

## HEADLINE MESSAGES:

- New Vacancy and Long Unread Meters reports now released to TPs via SharePoint site, with guidance available via website
- Pairing improvement working together sessions now mostly complete, with remainder of plans to be submitted during January
- CPW078: Priority MPS Changes recommended by Panel for implementation from 1<sup>st</sup> April
- MPF roadmap presented to Panel in December, with report sent to Ofwat on 20<sup>th</sup> December.

### A. High quality customer, premise and asset data

#### KEY UPDATES:

- Volume of vacant premises continue to stagnate month-on-month.

#### KEY MARKET-LEVEL INDICATORS:

Metric	December	vs. 18/19 year end
% premises vacant	17.7%	↑ 0.7%

### B. Timely and robust consumption data

#### KEY UPDATES:

- Meters > 1 year old have reduced in both November and December's data
- MPS 15 changes appear to be having an impact
- Continued progress observed in reduction of pre market long unread meters

#### KEY MARKET-LEVEL INDICATORS:

Metric	November	vs. 18/19 year end
% unread 12m+	13.2%	↓ 1.2%
# unread since market opening	32,062	↓ 21,408 (-40.0%)

% unread 12m+ target: 5%  
# unread since market opening: 0%

### C. Targeted incentives to drive service and performance

#### KEY UPDATES:

- Changes to MPS 3, 18 and 19 recommended by Panel, with view to implement on April 1
- Partial rebuild of MPS to take place to accommodate changes and to reduce execution time – testing support from TPs is requested.

#### KEY MARKET-LEVEL INDICATORS:

Metric	December	vs. April
WS MPS performance	87.6%	↑ 1.4%
RET MPS performance	82.0%	↑ 2.7%
WS OPS performance*	87.3%	↓ 3.6%

\* Excludes OPSG4a/b – performance including G4 is 91.4% (Dec), 89.2% (Nov), 88.0% (Oct)

### D. Data, tools and insights to drive efficiency and innovation

#### KEY UPDATES:

- High level activity ongoing to identify any 'quick wins' or tactical improvements to be made to data availability and reporting.
- Trading party input to be sought via a survey

#### KEY MARKET-LEVEL INDICATORS:

Metric	Current month	vs.
n/a	n/a	n/a

# Market improvement – key milestone delivery status

