

# Minutes of the Market Performance Committee Meeting 48

1 April 2021 | 9:30 – 15:15

Held via Videoconference (Microsoft Teams)

Status of the Minutes: **FINAL**

## MEMBERS PRESENT

Pamela Taylor	PT	Chair	Wendy Monk	WM	Retailer Committee Member
Claire Yeates	CY	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Gerard Lyden	GL	Wholesaler Committee Member			

## OTHER ATTENDEES

Samantha Webb	SW	MOSL Presenter	Luke Austin	LA	MOSL Presenter
Markus Lloyd	ML	MOSL Presenter	Alexandra Piper	AP	MOSL Presenter
Georgina Mills	GM	Ofwat Presenter	Ethan Fleming	EF	Secretariat
Darren Hayes	DH	Ofwat Presenter	Adam Richardson	AR	MOSL Observer
Adam Boyns	AB	CCW Presenter	Sarah McMath	SM	MOSL Observer
Janet Judge	JJ	MOSL Presenter			

## APOLOGIES

Don Maher	DM	Wholesaler Committee Member	Andrew Smith	AS	Retailer Committee Member
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## 1. Welcome and Introductions

- 1.1. Apologies had been received from AS and DM.
- 1.2. AR reported that the Panel had considered the nominations to the MPC and passed on their thanks for the strong candidates that had nominated themselves. The new committee membership from the 2nd April was confirmed as: Claire Yeates, Wendy Monk, Trevor Nelson, Patrick McCart, Gerard Lyden, Jesse Wright, Jo Ecroyd and Mike Rathbone.
- 1.3. The MPC expressed thanks to DM and AS for their time and service on the MPC.

## 2. Minutes Sign Off

- 2.1. The Chair asked members if they had any comments on the minutes. No comments were raised, and the minutes were taken to be approved.

### 3. Actions

- 3.1. MOSL presented the actions to be closed namely: 42\_10, 44\_03, 46\_03, 46\_05, 46\_10, 46\_16, 47\_02, 47\_03, 47\_04, 47\_05, 47\_06, 47\_07, 47\_09, 47\_14, 47\_14, 47\_16.
- 3.2. The MPC approved the closure of these actions.

### 4. Vacancy Proposed API's

- 4.1. The MPC considered the paper MPC48\_02 which showed an analysis of vacant premises with registered consumption which suggested that there were significant outliers. These premises required further investigation to ensure accurate occupancy and minimal leakage.
- 4.2. LA reported that this would be implemented in parallel to the data quality API to identify where the level of consumption indicated a premise was occupied or there was leakage. The threshold was there as an indicative level as it may require adjusting in response to findings. The API may lead to the need to apply additional incentives.
- 4.3. A MPC member asked if there had been a leak that had then been resolved would a premises remain part of the API until the average daily volume fell below the threshold. LA responded that a feedback loop would be necessary to ensure reporting did not continue where issues had been resolved. Over time this may be part of the bilaterals project.
- 4.4. It was noted that Wholesaler reads could be considered, CMOS did not do this by default but did distinguish between reads.
- 4.5. A MPC Member asked how a large gap between reads could impact the reporting. LA reported that the majority of second reads were within a year of the first read. The possibility of this occurring would be noted in the monitoring and raised with Trading Parties as a possible cause and aid in prioritisation.
- 4.6. MPC Members expressed concern that published dashboards would not include the details of the discussions with Trading Parties with some appearing less engaged with the work than others. The solution appeared complicated and a simple solution without the need for manual intervention was required.
- 4.7. A MPC Member recommended the use of the terms "vacancy with confirmed consumption" when a property was truly vacant but incurred some consumption and "vacancy with excessive consumption" for other premises.
- 4.8. A MPC Member noted that the level of meter reads on vacant premises should be monitored as if there was no meter reads this was a cause for concern. Which would help to encourage meter reads at vacant premises.
- 4.9. MOSL noted that it was acceptable that there could be some level of consumption at vacant properties and further learning would inform what level might realistically be expected.
- 4.10. A MPC Member noted that wholesalers had a role to play in addressing vacancy.
- 4.11. LA reported that of the 92,000 metered vacant premises 20,000 hadn't received a meter read.
- 4.12. It was confirmed that in the event of a vacant property with leakage there were a number of ways the Wholesaler may access the property address depending on the situation and the Retailers request.
- 4.13. A MPC Member asked if rectification plans included using Initial Performance Resolution Plan (IPRP's) to avoid duplication. MOSL confirmed that IPRP's would be used where performance against an API indicated an unsatisfactory response to address any identified issue
- 4.14. An observer noted that if a premises was occupied but marked as vacant, when this was resolved (and corrected to be registered as occupied) this could lead to a bill shock for customers.

This may help determine incentives for Retailers to avoid this. They supported a feedback loop to report on if the premises had been verified as vacant.

- 4.15. Ofwat supported the work as establishing thresholds with a view to including it in the PRP framework in the future.

*CY joined the meeting*

- 4.16. The MPC:

- **AGREED** (unanimous) the use of Additional Performance Indicators (API) for monitoring the level of vacant premises with registered consumption above a certain threshold with a requirement of monitoring and informing the MPC on the level of meter reads (six in favour)
- **AGREED** (unanimous) for the MPC to review the need for additional incentives as part of the Market Performance Framework (MPF) Roadmap (six in favour)

## 5. Vacancy Change Application

- 5.1. The MPC noted the update on the progress of the Informal Vacancy Subgroup to create a potential revised process to improve the Vacancy Change Application (VCA) process.

- 5.2. Two MPC Member expressed support for efficient processes that avoided the need for a production of a full data pack if the issue was clear and the data pack was not needed to provide additional clarity.

- 5.3. JJ confirmed that there was the potential to raise code changes following this piece of work.

- 5.4. A MPC Member asked if the 'effective from' date was from when the challenge initiated or when the site was visited. If the site was occupied at the date of visit it was likely it had been occupied beforehand. JJ confirmed that the inspection date was not presumed to be the occupied date but would act as a fallback position.

- 5.5. A MPC member asked that unmeasured premises be taken into account as volumes could be recovered if measured but this was more a challenge if the premises was unmetered.

- 5.6. A MPC Member asked if it could be made more explicit that the period could span multiple retailers and could involve two different wholesalers (water and sewerage). JJ confirmed that all effected Trading Parties should be notified.

- 5.7. A MPC Member noted that an API was mentioned however this would only be of use when Trading Parties were convinced of the benefit of using the vacancy change process. JJ noted the vacancy API provisions agreed by the MPC and agreed and once the process was adopted and bedded in any further reporting would be considered.

- 5.8. JJ confirmed that the work was expected to be completed by late spring. The scope of the vacancy work could be expanded to deal with additional issues without interfering in the VCA work.

- 5.9. A MPC Member noted that the definition in the codes may require amendment and consideration should be given to when this occurred.

- 5.10. The MPC:

- **COMMENTED** on the requirements for the VCA;
- **COMMENTED** on the proposed changes for the VCA;
- **COMMENTED** on the other requirements for consideration;
- **COMMENTED** on the proposed next steps.

## 6. Annual Market Performance Report and Market Performance Operating Plan 2020/21

- 6.1. The MPC was invited to decide whether additional sections were required to the Annual Market Performance Report (AMPR) or if additional content should be included and whether tone/direction was appropriate.
- 6.2. A MPC Member asked that the issue of deferrals be included noting that these were not included in performance reporting until they were completed and therefore there may be a large number of deferrals that were not currently known.
- 6.3. A MPC Member sought clarity on how COVID impacts and activity was covered throughout the report. The impacts of the priority changes<sup>1</sup> should reflect everything that had occurred since implementation. ML confirmed that COVID would be included in section two and would be expanded to emphasise impacts on customers and Trading Parties and what activities it drove. Future iterations would include more information on priority changes and the reduction in charges be made explicit.
- 6.4. A MPC Member asked that the caveats around REX be included such as Retailers not completing it for 100% of their Wholesalers.
- 6.5. ML also reported that the Market Performance Operating Plan (MPOP) required consultation. This would take place through spring with MPOP informed by the tone and expectations outlined in the AMPR. ML noted that MOSL's recently approved business plan set out a programme of market improvement work across its three year planning horizon. Consequently, the MPOP would likely be smaller than previous iterations, referencing this improvement work but focusing on the deployment of the Market Performance Framework (as required under the market codes).
- 6.6. It was noted that the AMPR was a MOSL document that required input from the MPC but not approval. ML reported that the deadline for the final edit was the 19th April with publication occurring on the 29th April. Substantive comments were asked to be submitted by the 9th April with any minor edits by the 14th April.
- 6.7. The MPC:
  - **COMMENTED** on the need for whether additional sections were required or additional content that should be included and whether tone/direction was appropriate.

## 7. Market Performance

- 7.1. The MPC noted the tasks and performance captured in the Market Performance Standard (MPS) and Operation Performance Standard (OPS) reporting and the impact of COVID on the market as seen through the behaviours around Yearly Volume Estimates (YVE), vacancy, meter reads and settlement.
- 7.2. AP reported that MPS performance was at 90.3% which was the highest level since April 2018. This appeared to be driven by a large increase in performance in biannual meter reads (MPS18).
- 7.3. It was noted there appeared to be a disconnect between increasing MPS18 performance and the declining performance in long unread meters.
- 7.4. A MPC Member asked what was driving MPS18 and if this was due to deferred tasks being resolved. AP responded that meter reads could not be deferred however meters reads may be being submitted early. Due to the priority changes not all meter reads would be due at the same time lessening the pressure on Retailers and increasing the capacity to undertake reads. MOSL

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<sup>1</sup> [CPW078/CPM020 'Priority Performance Regime Changes for April 2020'](#)

noted that some Retailers had report they were finding it easier to get meter reads or receive customers reads.

- 7.5. A MPC Member reported that in their experience the former long unread meters were being read and once read receiving regular reads however premises closed with internal meters were now becoming long unread meters. Due to COVID some premises had been closed for over twelve months with no access for meter readers. Another MPC Member agreed with this and that meters that required site works or Wholesaler works were contributing to new long unread meters.
- 7.6. The MPC asked for more insight into this area if possible, including where new long unread meters were occurring or if there were trends amongst certain Retailers. The MPC noted that the COVID Transition Group was examining the issue and seeking to look across multiple metrics including actuals, Long Unread Meters and YVE drops.
- 7.7. A MPC Member asked with the departure of the Portfolio Managers how MOSL would ensure there was proactive engagement with Trading Parties in relation to performance. SW reported that this would be undertaken by her team who would review the data on a monthly basis and be in contact with any parties who had outlying performance. Standing quarterly meetings would be established with Trading Parties and members of ML's team would be in contact on an ad hoc basis to discuss behaviours.
- 7.8. A MPC Member asked if Water2Business would continue to be tracked as occupying an outlying position. MOSL confirm that this would continue but as lockdown restrictions eased there was an expectation that YVE's would be adjusted. Discussions were taking place with Wessex on how this was affecting settlement.
- 7.9. ML reported that as part of the MPF sub-group there was work being undertaken to develop a holistic approach to creating a simple set of metrics to explain retailer behaviour.
- 7.10. The MPC:
  - **NOTED** the tasks and performance captured in the MPS/OPS reporting and the impact of COVID on the market as seen through the behaviours around YVE, Vacancy, meter reads and settlement.

## 8. Sub-Group Continuity

- 8.1. The MPC considered the approach to rationalise and reframe the MPC Sub-Groups.
- 8.2. It was noted that AB and GM also sat on the MPF sub-group.
- 8.3. An MPC Member observed that the incoming MPC Members may wish to be appointed to a sub-group.
- 8.4. An MPC Member asked if it was possible and appropriate for non-MPC members to be appointed to sub-groups. MOSL reported that this was possible and appropriate if the MPC agreed. DM had confirmed an interest in remaining on the MPF sub-group despite no longer being an MPC Member.
- 8.5. Several MPC Members expressed concerns that what a sub-group was required defining and that sub-groups typically worked well when they had a clear scope and timescale and asked if the MPF was too big a task for one sub-group.
- 8.6. A MPC Member asked the MPC to note that the MPF sub-group was currently performing well and a radical change in membership was likely to delay the work.
- 8.7. The Chair asked the MPC to note that this did not preclude the MPC forming sub-groups in the future either to avoid additional workload to the MPC or to work on the other MPC priorities.
- 8.8. AR clarified that MOSL was seeking agreement to an approach to ensure continuity on the MPF roadmap work via the MPF sub-group. To do this MOSL was proposing to present draft terms of reference and a membership proposal at the next meeting.

- 8.9. MOSL had identified a number of groups which were no longer required or consisted of only one member and required clarification of their status. Several sub-groups were operating more in the manner of informal sounding boards to provide insight and advice into specific pieces of work. Groups established in the future would follow a more formal route as was being proposed for the MPF group.
- 8.10. A MPC member proposed that rather than referring to them as informal groups as sounding boards the need to engage with them was captured as actions at an MPC meeting when required. MOSL would bring a redefined explanation to a future meeting.
- 8.11. It was noted the MPF sub-group would continue as it was until terms of reference and membership was presented.
- 8.12. The MPC:
- **AGREED** (unanimous) that the MPF subgroup should be established as a formal group with members to be appointed in April (six in favour).
  - **AGREED** (unanimous) dissolving the MPOP A & B subgroups, RMEX, Strategic Metering, Transition Group, IPRP (six in favour).

## 9. Initial Performance Resolution Plan Timeline Update

- 9.1. The MPC noted the paper summarising the positions of the nine Trading Parties who were on or concluding their IPRP at the point of lockdown in March 2020. It explained their timelines, current performance levels and the expectations MOSL had for their next steps.
- 9.2. The MPC noted that any discussion would need to take place in closed session if required.
- 9.3. A MPC Member asked what the timescale was for de-escalation and on what months performance it was based on. ML explained that performance would be considered across March and April with a decision in May.
- 9.4. MOSL confirmed that the Waterplus feedback would be reported on in the AMPR and the learning points would be presented to the MPF sub-group to inform the MPF work.
- 9.5. The MPC:
- **NOTED** the positions of the 9 Trading Parties who were on or concluding their IPRP's at the point of lockdown in Mar 20 and the explanation of their timelines, current performance levels and the expectations MOSL has for their next steps.

## 10. Market Performance Framework Update

- 10.1. CY reported that the sub-group had agreed a timeline for the work which aligned with the Economic Insights report albeit with different phasing with an end goal for a steady state framework by 2023.
- 10.2. Phase one, to be completed by November, was the measurement of the current MPF and agreeing what the MPF should be delivering with reference to market and customer outcomes. All activities should be compared to the customer journey to agree if they were the correct activities to measure and if so if timeliness was the correct thing to be measuring. The first items to be examined as part of this were metering and consumption to benefit from synergies with the strategic metering review. The cap and redistribution model for charging required examining as a fundamental activity to understand how it influenced behaviours as part of the first phase, a call for information (CFI) would be issued to inform this work.
- 10.3. The MPF sub-group was aware of the need to socialise and engage with the market on the work and would include presentations to the MPC, Strategic User Forum and User Forum.

- 10.4. Phase two would be completed by November 2022 to align the incentives with the MPF architecture and other programmes. The metrics in Phase One could be piloted during Phase Two with no charges whilst incentive models were explored. This may require external consultancy which might be a candidate for consideration to be funded via an application to the Market Improvement Fund.
- 10.5. The final phase would be to define and confirm the new metrics and charges that would apply and ensure appropriate alignment. This would include external alignment with BMEX and RMEX.
- 10.6. It was agreed that the MPF sub-group should make a monthly report to the MPC which should be written if it was a substantial update. This would allow for appropriate engagement with the sub-groups work and allow the MPC to make key decisions before presentation to the Panel. The MPC would be required to help define the CFI. It was agreed that early engagement was preferential.
- 10.7. A MPC Member noted that if the scope became too large it may be needed to establish additional sub-groups for discrete items such as BMEX.
- 10.8. The Chair commented that the sub-group should build on the learnings from the bilaterals project in establishing a clear governance framework. This would help the MPC and Panel in decision making and prevent duplication.

## 11. Ofwat Update

- 11.1. DH reported that Ofwat had published its [decision](#) on an amended code of practice relating to Retailers obligations to provide an accurate bill. All attempts must be taken to do so with a record of evidence kept meeting the exemption. This was in effect until September.
- 11.2. Ofwat had extended the COVID repayment plan obligation on retailers until the 30th June with the same reporting requirements. The consultation on bad debt would close shortly.
- 11.3. Ofwat had commissioned external consultations to finalise the work on BMEX and would present it at the next MPC.
- 11.4. GM reported that the BMEX work related to the next steps and conceptual basis for it and not detailed implementation issues. A market participant working group may be needed to take it forward which would include Ofwat, MOSL, CCW and Trading Parties. This could take the form of an RWG group or an MPC sub-group.
- 11.5. Several MPC Members commented that it would be useful to review the BMEX work as it would inform the MPC's involvement in the next steps and more broadly help the MPC in setting priorities and what the MPC should focus on and what it may need to delegate in relation to BMEX, MPOP, MPF and other workstreams.
- 11.6. A commitment had been made in RISE to address alternative credit and Ofwat were still intended to undertake this. A CFI would be published on customer balances and how these were communicated to customers. This had been planned pre-COVID and related to when a customer had a balance with a retailer which exited the market and how customer balances should be protected. This may lead to a consultation on future options.
- 11.7. It was noted that the Governance Review may impact on the MPC's purpose and role.

## 12. CCW Update

- 12.1. AB reported that CCW had received 221 complaints in February which was a fall compared to January and December and a 30% improvement on the same period in the previous year. The administration category had seen a rise in complaints with debt recovery recording a fall in complaints.



- 12.2. A MPC Member asked if surface area drainage was closely monitored as to if it was a seasonal issue. AB reported that overall, the number was low, and timing did not typically have a bearing, but the figure now included site area charging complaints.
- 12.3. A MPC Member asked if the drop in complaints was due to customers being in lockdown. AB responded that this did not appear the reason compared to the first lockdown and was due to improvements by Trading Parties.
- 12.4. It was noted that the total number of complaints to Trading Parties was not reported on until after year end in CCW's annual report.
- 12.5. AB reported that the "Testing the Water" research into the non-household market had concluded early due to COVID difficulties in contacting customers with only 1000 of 2300 surveys completed. Due to this the research would be published but would not be a tracking piece. COVID related questions had been asked which would be published alongside of this.

### 13. Panel Update

- 13.1. It was noted that the Panel Headline report for Panel 53 was available on the website. If the MPC date was adjusted, then this report would be available in advance on a more regular basis.
- 13.2. A MPC member asked that regular updates be given on the Panel governance work. AR reported that the Panel had considered the strategic roadmap to address the Satori findings and during April would undertake a workshop to produce several strawman purposes. This would lead to engagement with the industry via workshops and discussions session along with a consultation. A governance sub-group would be established to look at the formal code changes required, likely to the composition of the Panel and election process. The work was due to be completed in time for an autumn election. If there was a significant change to the Panel purpose, then additional responsibilities may be delegated to the MPC. The purpose of the MPC would be addressed from late Autumn onwards.
- 13.3. The Panel had approved a service roadmap to consider the market code change process, meeting protocols and induction/training for Panel members. This would be informed by previous Trading Party feedback on the Panel.
- 13.4. The Panel had formalised the Market Audit Sub-Group which would affect how the MPC addressed the market audit and MO compliance.
- 13.5. AR confirmed that, consistent with the approach for the Panel, induction sessions would be held with new MPC members.

### 14. Bilaterals Update

- 14.1. The MPC noted the Programme timeline and areas of expected input from the MPC.

### 15. AOB

- 15.1. The Chair reported that the need for a strategy session would be kept under review and would be informed by discussions at the next meeting.
- 15.2. AR confirmed that MPC members may require new employer release letters depending on the previous version used.
- 15.3. AB asked if it would be appropriate for CCW to be made a voting member of the committee. MOSL confirmed that this could be addressed by amending the Terms of Reference and would be discussed with the Chair out of committee.



## 16. Closed Session

- 16.1. MPC Members reflected on the meeting and provided feedback on what had worked well or not.