

Minutes of the Market Performance Committee Meeting 49

29 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	Jo Ecroyd	JE	Wholesaler Committee Member

OTHER ATTENDEES

Samantha Webb	SW	MOSL Presenter	Adam Richardson	AR	MOSL Observer
Markus Lloyd	ML	MOSL Presenter	Alexandra Piper	AP	MOSL Presenter
Georgina Mills	GM	Ofwat Presenter	Ethan Fleming	EF	Secretariat
Darren Hayes	DH	Ofwat Presenter			

APOLOGIES

Adam Boyns	AB	CCW Observer	Patrick McCart	PM	Retailer Committee Member
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1. Welcome and Introductions

1.1. Apologies had been received from PM and AB.

2. Minutes Signoff

2.1. A correction of a typographical error and clarification that the MPF Working Group would not always submit a written report had been made to the minutes after circulation to the committee.

2.2. No other comments were raised, and the minutes of MPC48 were approved.

3. Actions

3.1. MOSL presented the actions to be closed namely: 34_14, 42_06, 46_07, 46_08, 46_12, 46_13, 47_10, 47_11, 47_15.

3.2. The MPC approved the closure of these actions subject to reviewing their completion at the end of the meeting. MPC Members confirmed at the end of the meeting to close the actions.

4. MPC Remit

- 4.1. The MPC considered the paper which detailed the current remit of the MPC in terms of its role in both the operation and evolution of the market performance framework and assessed the possible future remit of the MPC.
 - 4.2. A MPC Member noted that they did not believe financial incentives were missing. ML explained that although charges were in place for failing to undertake tasks on time, they were not financial incentives in the form of fines as they were redistributed to the market.
 - 4.3. GM noted that the Market Performance Framework (MPF) sub-group were looking to evolve the MPF framework to make it more fit for purpose with the other strand of MPC's work viewed to be to monitor and hold trading party performance to account. Ofwat viewed that the MPC had been reluctant in the past to escalate Trading Parties in relation to Performance Rectification Plans (PRP's) and more thought should be given to the monitoring role in the future. Although Trading Parties paid charges, in Ofwat's view, they currently did not provide a meaningful incentive, and neither were there rewards for exceptional performance.
 - 4.4. It was noted that BMEX1 would fill a gap in the framework and others may emerge as the MPF sub-group progressed its work. BMEX would monitor the customer view of the Wholesaler performance in relation to the services that the Wholesaler provides to a customer.
 - 4.5. A MPC Member noted that meetings operated with minimal review of performance with only a short agenda item. The MPC was often reactive than proactive on assessing performance with very little trend/theme analysis or comparing different data sets such as complaint figures against MPC performance.
 - 4.6. A MPC Member agreed that the MPC should have more of a role in holding parties to account.
 - 4.7. A MPC Member noted that they hoped that a new MPF would help to drive the right behaviours in the market to benefit the customer. The MPC should be driving market performance more and comparing known issues such as long unread meters (LUMs) and the reasons for these into a mechanism to reflect and drive rectification of issues. They expressed support for holding parties to account and elevating to PRP's in line with the current rules.
 - 4.8. A MPC Member agreed that the MPC was not focussed enough on performance and if the right framework driving the right behaviours was in place. The role of the MPC in this needed considering in light of the Panel purpose work.
 - 4.9. Several MPC Member agreed that clear priorities and objectives for the committee were needed. It should be clearer to Trading Parties on how to deliver excellent services to customers, how this would be measured and how they would be held to account.
 - 4.10. It was noted that COVID and the suspension of charges had impacted on how the committee worked and shifted the level of detail away from a granular level which required review as lockdown measures eased and charges resumed.
 - 4.11. MOSL would ensure a subsequent MPC contained a session on the wider monitoring of Trading Party performance and what information was and wasn't available. This would allow the committee to consider its future priorities and objectives until the Panel purpose work was complete and may inform the role of the MPC post the Panel Purpose work.
- ACTION: A49_01**
- 4.12. CY and JW volunteered to assist in shaping the session for the MPC with MOSL if required.
 - 4.13. A MPC Member noted that they thought the MPC should be more proactive in communicating with the wider industry on what issues Trading Parties were facing.

¹ [Europe Economics Report on BMEX](#)

4.14. MOSL confirmed that MPOP would also be on the next MPC agenda.

The MPC:

- **COMMENTED** on the approach and direction contained in the paper as outlined above.

5. MPC Meeting Dates

- 5.1. The MPC considered the paper which proposed a new monthly schedule for the MPC which would begin in June 2021.
- 5.2. The current set of proposed dates were 27th May, 16th June, 6th July, 16th August, 15th September, 14th October, 16th November.
- 5.3. ML clarified that there would always be a lag in the presentation of the data and the proposed dates represented some of the earliest presentation dates, allowing for MOSL analysis. The MPC also noted that, currently, the Panel saw performance data prior to the MPC and this created the potential for duplication in discussion. The proposed schedule would bring an additional benefit of the MPC being able to report into the Panel following its deliberations as and when required.
- 5.4. MPC Members expressed support for changing the meeting dates to improve timely deliberations on performance reporting but expressed concerns at the lack of a November MPC and the inability for MPC Members to be able to attend the adjusted meetings in the short term.
- 5.5. It was noted that MPC Members could send alternates to meetings and should do so by notifying MOSL in good time to allow the permission of the chair and organise release letters. An alternate did not have to be from the same Trading Party as the MPC Member.
- 5.6. MOSL would circulate a poll via email to seek input of when to change the dates to the new schedule and to highlight any potential quorum issues.

ACTION: A49_02

The MPC:

- **AGREED** (majority) the principle of amending the MPC meeting cycle subject to the exact determination of dates and when this would take place (six in favour, one against).

6. MPC Terms of Reference

- 6.1. The MPC considered whether the MPC Terms of Reference be amended to allow CCW to appoint a voting member to the committee.
- 6.2. EF reported that the Panel had agreed to establish a Market Audit Sub-Group with part of its remit to consider MO compliance. Due to this the Panel had agreed that the MPC should no longer consider MO compliance and the terms of reference be adjusted. Accordingly, this did not require the MPC to vote on it.
- 6.3. EF would circulate the adjusted terms of reference reflecting the MO Compliance change ex-committee.

ACTION: A49_03

The MPC:

- **AGREED** (unanimous) to recommend to the Panel for CCW to be made a voting member of the committee (seven in favour)

7. BMEX

- 7.1. The MPC considered the [BMEX report](#) which recommended an industry group be established with Trading Parties, CCW, Ofwat and MOSL as members to investigate the steps required to implement BMEX in April 2022 as a reputational device. Financial incentives could then be developed in phase two.
- 7.2. A MPC Member expressed support for BMEX as fulfilling a gap in the MPF framework and supported this being taking forward by a MPC Sub-Group in conjunction with a wider RWG group to gain industry participation. This could include cross membership between the two groups.
- 7.3. A MPC Member supported the MPC taking the work forward via a Sub-Group but did not support establishing a RWG group. Several other MPC Members supported this and that a small MPC Sub-Group should be established but should consult widely with the industry/RWG.
- 7.4. A MPC Member noted that they had been involved in CMEX and would be open to supporting the BMEX work.
- 7.5. GM clarified that the group should look at how to operationalise BMEX with consideration of how it fitted into the MPF/financial incentives to come later.
- 7.6. A MPC Member asked if Ofwat could provide the engagement they had already had with the industry whilst researching BMEX as this could help inform the implementation work.

ACTION: A49_04

- 7.7. A MPC Member asked how the work would be funded as detailed technical expertise would be required. The Market Improvement Fund would not be guaranteed source of funding. AR noted this requirement and would ensure it was discussed within MOSL as part of supporting BMEX.
- 7.8. A MPC Member noted that lessons learnt from implementing RMEX would be of benefit to implementing BMEX. Strong engagement would be needed with the market and customers to encourage responses.
- 7.9. JW, GL and JE all offered their support to MOSL in establishing the group.
- 7.10. MOSL would present draft terms of reference for the group which once approved would form the basis to seek nominations from the industry.

ACTION: A49_05

The MPC:

- **AGREED** (unanimously) to establish a BMEX working group (seven in favour)

8. MPF Working Group Findings

- 8.1. The MPC considered the paper which set out the proposed timescales for the main activities of the MPF Working Group over the next two years.
- 8.2. CY confirmed that the MPF Working-Group were aware of the need to engage the MPC to endorse key decisions and to communicate and engage the industry in its work. Presentations would be made to the Strategic User Forum and the User Forum as part of this. Written reports would be provided to the MPC if there was a substantive update. There may need a need for the MPC to establish specific groups to undertake tasks to feed into the MPF review. Economic consultants may be needed which could be funded by a bid to the Market Improvement Fund. A MPC Member expressed concern at relying on the Market Improvement Fund.

- 8.3. AR reported that he was aware of the MPF Working Group's planned approach and that this had flagged the potential need for consultancy support. He noted that MOSL would need to investigate provision for this as it may be substantial and may require additional funding if this work fell in the present year.
- 8.4. CY offered to speak to the new committee members out of committee to give them a more detailed background on the MPF review and how it linked to the priorities and objectives of the MPC.

ACTION: A49_06

- 8.5. MOSL would create a folder on the MPC SharePoint containing all of the historic work and reports on the MPF.

ACTION: A49_07

- 8.6. It was clarified that the Call for information/consultation would be based on what the MPF Working Group felt should be the new standards or direction of travel than how Trading Parties currently engaged with the MPF. It would include broader questions on the impact of the cap on charges and redistribution model but not consider levels of performance or incentives but focus on what should be measured.
- 8.7. A MPC Member recommended that the MPF Working Group investigate methods used in the Bilaterals Project such as summary packs to aid in transparency and engaging with the market.

The MPC:

- **AGREED** (unanimous) the timescales and key activities as sufficient to drive the evolution of the MPF (six in favour, one abstain)

9. MPF Working Group Terms of Reference

- 9.1. The MPC considered the terms of reference and membership for approval.
- 9.2. A MPC Member expressed support for continuity of membership however did not feel comfortable with the requirement that working group members needed to have served for a year on the MPC. Another MPC Member agreed with this with the caveat that the majority of members should be MPC Members.
- 9.3. MPC Members noted the benefits of continuity in membership in a complex piece of work which was in mid-flow. The current membership balanced Wholesalers and Retailers.
- 9.4. A drafting error was raised by a MPC Member in section two which would be amended by MOSL but did not preclude the MPC approving them subject to this change.

ACTION: A49_08

- 9.5. A MPC Member highlighted that the reference to BMEX in the terms of reference should be adjusted to reflect the MPC's discussions earlier in the meeting that the implementation of BMEX would not be within the remit of the MPF Working Group.

ACTION: A49_09

- 9.6. JE confirmed that they did not wish to become a MPF Working Group member as the governance currently appeared adequate for them to provide oversight and input. MOSL would ask PM if he wished to become a member.

ACTION: A49_10

The MPC:

- **AGREED** (majority) to remove the requirement that members should have served on the MPC for a year (six in favour, one against)
- **AGREED** (majority) to appoint the existing MPF Working Group Members as members (six in favour, one against)
- **AGREED** (majority) the terms of reference subject to the changes requested (six in favour, one against).

10. Market Performance

- 10.1. The MPC considered the paper detailing market performance which showed a high level of performance and a low level of task volumes.
- 10.2. DH asked if tasks volumes had been seen to rise after the reporting period to reflect lockdown easing. AP reported that MPS tasks were approaching the pre-CVOID average level however OPS was lagging behind pre-CVOID levels.
- 10.3. A MPC Member asked if this was evidence that the charges did not impact performance as high level of performance was being seen despite the lack of charges. AP responded that this could be the case however individual standards such as MPS18 could distort performance. However, task volumes may also mean Trading Parties had more resources to carry out tasks and reach performance measures.
- 10.4. Several Retailer MPC Members commented that after a year of lockdowns meter readers, Trading Parties and Customer were well versed in dealing with meter reading issues relating to COVID. Retailers were undertaking efforts to gain reads however some issues still remained from skipped reads and internal meters.
- 10.5. A MPC Member noted that performance was at a high level however long unread meters did not appear to be substantially reducing and therefore the standard appeared disconnected from market issues. AP noted that MPS18 was reported over 200 days whereas long unread meters occurred after twelve months making prediction difficult.
- 10.6. A MPC Member commented that, although some long unread meters (LUMs) were being resolved, overall, LUMs were growing due to lack of access to some internal meters. They asked if it was possible to review Retailer performance in Wholesaler areas to determine if there were regional or national issues. AP would investigate producing more granular data on long unread meters.

ACTION: A49_11

- 10.7. ML reported that the COVID Transition Group was looking at performance holistically and undertaking deep dives into yearly volumes estimates, long unread meters, settlement, and vacancy. This work identified anomalies which allowed MOSL to approach individual parties for more information and data and the reasons behind this to provide a deeper understanding. As this work came to an end it could be used to inform future MPC reporting.
- 10.8. AP noted that there were no outliers in the performance data and MOSL would make the MPC aware in reporting if there were any significant outliers.

The MPC:

- **NOTED** the Market Performance update.

11. Ofwat Update

- 11.1. DH reported that Ofwat had approved '[CPW112: Clarifications to CSD 0102 and CSD0105](#)' and returned '[CPW67: Bulk Submission of Service Requests via MS Excel](#)' and '[CPW105: Provisions](#)

[of Information Obligation](#)’ to MOSL for further analysis. Although CPW67 showed some benefits Ofwat did not feel its concerns had been addressed. A decision would shortly be made on [‘CPW111: Housekeeping Change to align the Codes with CMOS’](#).

- 11.2. Ofwat was considering a follow-up to RISE to maintain the positive momentum that had been generated.
- 11.3. Ofwat had published guidance on alternative credit arrangements.
- 11.4. Ofwat were planning to issue a consultation on the Revenue Forecasting Incentive Formula which would likely be implemented via a licence condition change but it may also require some changes to the wording of the Business Terms.

12. CCW Update

The MPC:

- **NOTED** the CCW update.

13. Panel Update

- 13.1. MPC noted that the Panel Headline report would be available by the end of the week.
- 13.2. The Panel had undertaken a training session focussed on the competition act and conflicts of interest. There was likely to be benefit in rolling this out to the MPC and other committees.
- 13.3. AR reported that the Panel had considered a draft Panel purpose document that would be the basis of the consultation with the market on the Panel purpose and encouraged MPC Members to engage with the consultation once it had been issued in mid-May. The consultation would be supported by a facilitated session with the Strategic User Forum. Depending on the Panel purpose agreed this may have an impact on the MPC, its composition and its delegated powers.

14. AOB

- 14.1. A MPC Member noted that User Forum dates were not on the MOSL website.
- 14.2. A MPC Member asked if the MPC would begin physical meetings after lockdown easing. AR reported that MOSL’s approach was to follow government guidelines and, as such it was likely that meetings could move to be face to face after June (based on the current lockdown timetable). It was noted that previous discussions at the Panel had suggested that on-line meetings should continue with provision quarterly face to face meetings and it would be important to take into account MPC Members’ preferences. The general consensus was that quarterly physical meetings would be desirable but would require co-ordinating with the revised meeting schedule and other Panel and Panel Committee commitments.

15. Closed Session

16. MPC 49 Reflections

- 16.1. MPC Members reflected on the meeting.