

Minutes of the Market Performance Committee Meeting 53

15 September 2021 | 09:30 – 14:00

Held via Videoconference (Microsoft Teams)

Status of Minutes: FINAL

MEMBERS PRESENT

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

OTHER ATTENDEES

Samantha Webb	SW	MOSL Observer	Adam Richardson	AR	MOSL Presenter
Markus Lloyd	ML	MOSL Presenter	Alexander Cowie	AC	Secretariat
Georgina Mills	GM	Ofwat Representative	Simon Bennett	SB	MOSL Presenter
Darren Hayes	DH	Ofwat Representative	Alexandra Piper	AP	MOSL Presenter
Matt Labrum	ML	MOSL Observer			

APOLOGIES

Jo Ecroyd	JE	Wholesaler Committee Member	Patrick McCart	PM	Retailer Committee Member
Adam Boyns	AB	Customer Representative Committee Member			

CLOSED SESSION

1. Welcome and Introductions

- 1.1. The Chair welcomed everyone to the Market Performance Committee (“Committee”) meeting and noted that apologies for absence had been received from AB, PM and JE.
- 1.2. It was confirmed that the meeting was quorate.

2. Market Performance Framework Review (“MPF Review”) - MOSL Project Team Update

- 2.1. ML introduced the item, noting the Market Performance Framework Review Working Group (“Working Group”) session held involving the Committee on 2 September 2021.

- 2.2. ML noted that the Committee was being asked to approve the October release of the Call for Input (“CFI”) and the project governance model.

Resource allocation

- 2.3. An Ofwat representative welcomed the additional support indicated by the project approach. They commented that the MPF Review Working Group had become more focussed on the detail where it had originally been envisaged as a steering group and that this indicated a need for additional external support. They queried whether there was sufficient provision for the proposed external economic and that this might be an area where MOSL could consider a bid to the Market Improvement Fund (“MIF”) for additional funding.
- 2.4. AR clarified that the amount specified in the paper was to support the development phase and that, subject to approval of the business plan for 2022/23, further resource would be allocated to external consultancy for the detailed incentive design phase. AR noted that, depending on whether the work was classed as business as usual or not, a bid to the MIF for funding might not be legitimate.
- 2.5. Committee members supported the need to ensure sufficient resource was allocated for external support. One Committee member noted that delivery of the MPF Review was one of the Committee’s two priority deliverables and stated the opinion that, as such, it was very much a business-as-usual item. The Committee member expressed the opinion that delivery of one of the core priorities of a Committee of the Panel should not be reliant on MIF funding. This was supported by another Committee member who noted that over time, if the MPF Review was successful in its aims, there should be a diminishing pool for distribution from the MIF. The Committee member therefore expressed discomfort in the idea that Panel and Committee business-as-usual items would be reliant on MIF funding.
- 2.6. A Committee member commented that the support required from the Working Group and MPC members should be captured in the project’s resource requirement assessment.

Governance

- 2.7. An Ofwat Representative noted that the evolving nature of the MPF Review work meant that the governance of the project might need to change over time. The Ofwat Representative therefore encouraged the Committee to sign off on the ‘spirit’ of the proposed approach.
- 2.8. One Committee member noted that the paper set out an expectation that the Working Group would move into more of an oversight role and asked for clarity on the role the Working Group was expected to play in a series of upcoming meetings.
- 2.9. ML described the role of the Working Group over its next three meetings as being to refine the CFI.
- 2.10. The Chair noted that the governance structure for the MPF Review work would benefit from greater clarity on the decision-making role to be played by each group.

Timings

- 2.11. A Committee member noted some concerns that the MPF Review CFI would not be going out until October. The Committee member felt that feedback from the CFI would really help the Working Group to progress the MPF Review work. Concerns over the delay in the CFI being issued were echoed by other Committee members.

- 2.12. ML noted that there were the three, three-hour Working Group sessions before sign-off by the MPC at its October meeting.
- 2.13. A Committee member noted that they did not believe that the CFI needed to come back to the Committee for sign off and that they would be happy for the Working Group to sign off the CFI prior to it being issued.
- 2.14. AR observed that CFI acceleration might enable the CFI to be issued a couple of weeks earlier at best and suggested that the MPF Review would be better served by focussing on ensuring a good quality CFI.

Summary

- 2.15. The Chair thanked Committee members for their contributions and summarised the actions coming out of the discussion. It was agreed that the Working Group would undertake further work on the scope of work for external consultants in order to be able to engage them as soon as possible.

ACTION A53_01

- 2.16. The Committee:

- **AGREED** that the CFI would go out in October and that the MPF Working Group would sign off the CFI.
- **AGREED** that further work on the governance of the MPF Review would be undertaken and options presented back to the Committee for approval.

ACTION A53_02

3. Refinements to Wholesaler Trading Party Performance Reporting

- 3.1. ML introduced the agenda item and noted that the holistic Wholesaler performance reports/heatmaps had been produced in line with the holistic Retailer reporting model. ML also noted that changes discussed at the Committee's July Meeting had been incorporated.
- 3.2. ML set out the timeline for the move to holistic reporting and stated that the Committee would have further opportunity to review and change the absolute values and weightings at a later point once they had had the opportunity to see how they work in practice.
- 3.3. The Chair opened the floor to comment from Committee members.
- 3.4. A Committee member stated that they were generally comfortable with the proposals but noted some differences in the proposed weightings for the Retailer and Wholesaler tables. The Committee member asked for clarification as to why the Data API was weighted in the Retailer tables but not in the Wholesaler tables.
- 3.5. ML explained that the Data Additional Performance Indicator ("API") was weighted in the Retailer tables as there was an acceptance that the customer's name was defined within their billing engine and that it should therefore be entered into the Central Market Operating System ("CMOS"). With regards to Unique Property Reference Number ("UPRN") and Valuation Office Agency ("VOA") in the Wholesaler tables this was felt to be less critical to billing and therefore had less of a customer impact.
- 3.6. The Committee member felt that UPRN and VOA were vital assets within the market as they linked supply points with a bricks and mortar address and that the rest of the market data pivoted around these data points. The Committee member therefore felt that they did require

weighting as essential anchor points for market data. Other Committee members disagreed with this opinion stating that UPRN and VOA data points interacted with each other in a way that meant splitting them out into two separate columns effectively provided sufficient weighting.

- 3.7. An Ofwat representative welcomed the Data APIs noting that the lack of data targets within the existing Market Performance Framework was a weakness.
- 3.8. One Committee member expressed a desire to see the customer impact of each API explicitly stated so that the Committee could track the logic underpinning each of them. The desire for clear underpinning logic for each API to be set out in writing to the Committee was echoed by several other Committee members. The Committee member also stated an interest in seeing further information on what the cost/benefit would be to move the industry from lowest to the highest quartile performance in areas where the majority of wholesalers were in the bottom quartile.
- 3.9. Several Committee members noted concerns that Wholesalers did not have total control of performance in relation to the API regarding Long Term Vacant as a percentage of premises. Committee members agreed that this API would be improved by limiting it to non-validated Long Term Vacant premises, although the ability to do this hinged on Ofwat approval of [CPW106 'Management of Long Term Vacant Supply Points' \("CPW106"\)](#).
- 3.10. Several Committee members questioned the exclusion of some customer service Operational Performance Standard ("OPS") standards and asked for further clarification on this to be provided. ML noted that the OPSs that had been excluded had very low task volumes and had a minimal effect on scoring.
- 3.11. There was significant discussion on the positioning of Wholesalers within the quartiles of the absolute performance tables, with several Committee members voicing concerns over the utility of metrics that placed all Wholesalers into the bottom quartile. The discussion also noted that the Committee would need to think carefully about how it used the absolute and relative performance tables and in particular how it approached the kind of market issues identified by the absolute performance table. Some Committee members questioned whether the Committee would be better served by moving to a single performance table and various options were discussed.
- 3.12. ML reflected on discussions at previous Committee meetings and noted that the original purpose of the absolute performance table was for it to act as the Committee's radar to identify market issues. He confirmed that the Committee had previously agreed that these absolute performance tables would not be published. ML further noted that it had previously been agreed that the relative performance table would be published and used to assess individual Trading Party performance.
- 3.13. Following further discussion Committee members expressed a desire for MOSL to continue to produce both the relative and absolute performance tables. Several Committee members noted that the absolute performance tables would provide additional granularity for the Committee when assessing individual Trading Party performance and that it would be useful for identifying thematic market issues. It was also noted that from a customer perspective absolute performance was far more important than relative performance. Some Committee members disagreed with this position and noted that progressing the absolute performance table at this point could slow down progress on the relative performance table and that

setting the thresholds for what good looked like in terms of absolute performance should wait this had been considered more fully as part of the MPF Review.

- 3.14. Where the absolute performance thresholds were set and how Trading Parties were ranked within the absolute performance tables was still a matter of conjecture for Committee members. The Committee requested that this be given further thought and brought back to the Committee for decision.
- 3.15. While there was a general preference for the absolute performance table not to be published, there was a consensus that the Committee should be transparent that it is measuring absolute performance and looking at this data. Some Committee members expressed the opinion that absolute performance targets should be published where the Committee has agreed on target figures.
- 3.16. The Committee:
 - **AGREED** that further work should be undertaken detailing the supporting rationale for the proposed weightings and absolute performance thresholds before they come back to the Committee for approval.

ACTION A53_03

- **AGREED** to approve the proposed treatment of smaller wholesalers, which uses separate performance tables for Wholesalers above and below 1,000 supply points.
- **AGREED** to confirm the candidate APIs.
- **AGREED** to confirm the inclusion of the existing APIs subject to the re-insertion of disconnection and customer complaint tasks.

4. Refinements to Retailer Trading Party Performance Reporting

- 4.1. The Chair noted that a lot of the discussions on Wholesaler performance reporting could equally be applied in relation to Retailer performance reporting. The Chair therefore suggested that the Retailer performance reporting discussion should focus on the Candidate APIs. There were no objections to this approach.
- 4.2. ML noted the development of the holistic Retailer Performance Reporting tables across several Committee meetings and highlighted how the performance tables had been refined in light of the Committee's feedback.
- 4.3. A Committee member asked for clarification on whether the Long Unread Meter ("LUM") API included all meters or whether it only included meters at occupied premises. ML clarified that the LUM API moved away from the existing approach to LUM reporting and only counted meters at occupied premises. ML stated that the rationale for this was to focus on the impact of customer bill shock where billing is based on estimated meter reads over an extended period. The Committee member felt that using this definition effectively replicated MPS18 but from a different angle. Several Committee members expressed a preference for the definition of LUM to revert to including both vacant and occupied premises.
- 4.4. Following further discussion, the Committee expressed broad agreement with all the APIs with the exception of LUMs. The Committee noted that further explanation was required on the rationale for the LUM API and how it differed from other meter reading standards within the performance tables. An Ofwat representative noted that meter reading is extremely important and supported a focus on it within the holistic reporting tables. The Ofwat

representative noted that scoring differences between the various meter read measures, such as the LUM rate and final read rates, indicated that the measures were exposing different aspects of performance and the LUM API should be retained.

4.5. An Ofwat representative queried why customer complaints (e.g. the data collected and reported by CCW) weren't included in the APIs. AR indicated that this CCW data was not currently within the remit of the Market Codes but that there was an opportunity to think about how complaints could be reported alongside the holistic reporting tables as a companion piece.

4.6. The Committee:

- **AGREED** to confirm the candidate APIs subject to the amendment of the LUM API to revert to the usual definition of a LUM.

5. Trading Party Performance Reporting Comms Plan Update

5.1. ML provided an overview of the proposed communications timings and messaging noted that that the Committee was being asked to confirm the proposed approach for introducing holistic reporting into the market.

5.2. The Chair clarified that the relative performance tables had been approved for public consumption and that the candidate APIs had also been approved by the Committee earlier in the meeting. The Chair noted that the Committee were being asked to confirm that it was happy with the proposed communications timetable and to provide feedback on the proposed messaging. The Chair then opened the floor to comments from Committee members.

Timings

5.3. Several Committee members noted that although the absolute performance table had not been approved for general publication, it would be used by the Committee in its Trading Party performance assessment. Given this, Committee members expressed a desire that its use should be signalled to the market in communications.

5.4. It was noted that while there was not a plan to consult formally, discussions at the User Forum would enable Trading Parties to feed back on the relative performance tables. The Committee indicated that it was happy with this approach.

5.5. A Committee member asked for a review/decision point to be added to the communications timeline for March ahead of the April go-live.

ACTION A53_04

5.6. The Committee:

- **AGREED** the proposed communications timetable, subject to the addition of the March go/no go decision point.

Messaging

5.7. Several Committee members provided feedback on the messaging element. One Committee member noted it would be important for holistic reporting communications not to undermine the importance of Trading Parties continuing to fulfil their MPS and OPS reporting obligations. An Ofwat representative echoed this message and noted that while holistic reporting would become the basis of Initial Performance Rectification Plan ("IPRP") discussions, the requirements to report on OPS and MPS measures did not fall away. Another Committee

member noted that the communications should note the MPS and OPS measures would be reviewed in the future. Another Committee member stated that it would be important for the communications to emphasise how the APIs came about and the rationale behind each of them and how overall this would deliver customer benefit.

- 5.8. The Chair summarised the Committee's feedback as being for the messaging: not to undermine the existing MPS and OPS as they remain important; to be really clear on the rationale as to why this change is in customer interests; and to define how the new APIs support the delivery of customer benefit.

6. Initial Performance Rectification Plan ("IPRP") Update

- 6.1. AP introduced the IPRP update paper and offered clarification on the difference between 'active' and 'non-active' IPRPs.
- 6.2. AP presented an update on a Trading Party that had been de-escalated in July after it was identified that poor performance was a result of an incorrect process being used. AP confirmed that since March 2021 the Trading Party had performed at or above the market mean.
- 6.3. A Committee member asked for clarification on why performance had deteriorated with two Trading Party IPRPs in the update. AP noted that the cause of deteriorated performance had not yet been identified but that as performance monitoring continued there would be further opportunity to review this.
- 6.4. The Committee:
 - **NOTED** the IPRP update and the performance of Trading Parties outlined within it.

OPEN SESSION

7. Housekeeping

- 7.1. It was noted that the minutes of the MPC 52 meeting were approved ex-Committee.
- 7.2. Following an update from AR, the Committee agreed that the following actions could be closed: A49_06; A49_10; A51_01; A52_01; A52_03; A52_04; A52_05; A52_07; and A52_13.
- 7.3. It was noted that the following actions would remain open: A49_04; A51_03; A52_06; A52_09; A52_10; A52_11; and A52_12.
- 7.4. AR asked the Committee for any questions or comments on the open actions. A Committee member noted that, with regards to A52_11 and A52_12, they felt that the application of guidance around YVE and Temporary Vacancy associated with Covid should be clarified. It was noted that it might be beneficial to time the comms with the peer comparison reports to be issued in October.

8. B-Mex Working Group Update

- 8.1. The Committee noted the update on the B-Mex Working Group that had been provided and welcomed SB.
- 8.2. The Committee asked MOSL to clarify the funding provisions for B-Mex work, including how this affected any provisions made to support the MPF Review.

ACTION A53_05

- 8.3. The Chair noted that it would be useful to see a note on how the B-Mex Working Group wanted to interact with the Committee, particularly in terms of decision approval and oversight.

ACTION A53_06

- 8.4. A Committee member asked when the Committee would be able to see a timetable for the B-Mex Working Group programme of work. SB stated that the B-Mex Working Group would likely need to meet a few times before anything was available and that an update would be provided at a future point.

ACTION A53_07

9. Tabled Updates

- 9.1. The Committee noted the Tabled Updates from Ofwat and the Panel.
- 9.2. AR added that there had been confirmation from Ofwat that the extension of Panel members' terms of office had been approved to cover the transition period. AR noted that there was a Wholesaler Panel election at the end of the month. AR also confirmed that the Nomination Committee for appointing the new Strategic Panel had approved the timing and process for recruitment and that Trading Party nominations were now open.
- 9.3. The Committee discussed the market data investigation into Thames detailed in the Ofwat update and considered whether there were any lessons it could learn. An Ofwat representative offered to talk to the Ofwat investigations team and to look into them feeding back their observations at a future MPC¹.

ACTION A53_08

10. AOB

- 10.1. A Committee member noted that, with reference to previous Committee discussions around temporary building site supply and connection, DEFRA did not include those aspects in their updates to the Retail Exit Regulations, but it was expected they will include them in their forthcoming post-implementation review. The Committee member noted that this might be an opportunity for the Committee to feed in its view.

ACTION A53_09

- 10.2. There being no further business, the Chair closed the open session of the meeting.

CLOSED SESSION

11. MPC52 Reflections

- 11.1. The Committee reflected on the meeting.
- 11.2. There being no further business, the Chair closed the meeting.

¹ DH contacted AR on 19 September to confirm that the case lead for the TMS investigation would be happy to meet with MOSL colleagues