

Minutes of the Market Performance Committee Meeting 54

14 October 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
Jo Ecroyd	JE	Wholesaler 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	Adam Boyns	AB	Customer Representative Committee Member
Neil Pendle	NP	Alternate Retailer Committee Member	Graham Arnold	GA	Alternate Retailer Committee Member

OTHER ATTENDEES

Samantha Webb	SW	MOSL Observer	Adam Richardson	AR	MOSL Presenter
Markus Lloyd	ML	MOSL Presenter	Janet Judge	JJ	MOSL Presenter
Darren Hayes	DH	Ofwat Representative	Simon Bennett	SB	MOSL Presenter
Sean Mills	SM	Ofwat Representative	Alexandra Piper	AP	MOSL Presenter
Matt Labrum	MLa	MOSL Observer	Sarah McMath	SM	MOSL Observer
Aneesa Rahman	ATR	Secretariat	Jacqueline Doherty	JD	Secretariat

APOLOGIES

Claire Yeates	CY	Retailer Committee Member	Patrick McCart	PM	Retailer Committee Member
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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 CY and PM. NP would be attending as an alternate for CY, and GA would be attending as an alternate for PM.
- 1.2. It was confirmed that the meeting was quorate.

2. Initial Performance Rectification Plan (“IPRP”) Update

- 2.1. AP introduced the IPRP update paper and offered clarification on ‘active’ IPRPs.

- 2.2. AP presented updates on the four active IPRPs. The Trading Party on the first IPRP was above the required milestone. For the other three IPRPs the Trading Parties were below the milestones, and one Trading Party had been sent a letter of concern. The Trading Party may be escalated at the end of the plan, which would be a decision for the Committee. A Committee member indicated it would be useful to see the timelines for clarification.
- 2.3. An Ofwat representative asked whether the information in the charts relating to tasks was reflective of what the Trading Party was experiencing. AP informed that the Trading Party in question had an increase of new tasks in May and June, which had a knock-on impact on progress.
- 2.4. A Committee member suggested placing a responsibility on Trading Parties that were on IPRPs to report monthly to the MOSL performance team. AP would discuss this with the MOSL team.

ACTION A54_01

- 2.5. The Committee:
 - **NOTED** the IPRP update and the performance of Trading Parties outlined within it.

3. Holistic Performance Reporting

- 3.1. ML introduced the agenda item, explaining that the holistic performance reporting was a mechanism by which a range of indicators could be considered to create a peer comparison table for performance within those indicators. ML set out the expected timeframe and confirmed that the changes agreed at the Committee's September meeting had been incorporated.
- 3.2. ML outlined that the Committee would additionally receive an absolute bandings report which would set out market performance against a series of set bandings decided by the Committee. The Committee could use this data to inform decisions about IPRPs and whether there were wider market performance issues.
- 3.3. Committee members agreed it would be important to consider the context of the performance, for example whether there were any mitigating reasons for poor performance.
- 3.4. One Committee Member commented that the purpose of the charts was to assess the market as a generality to consider trends and improvement and hold Trading Parties with lower performance to account. ML agreed and explained the quartiles would demonstrate which Trading Parties were in the lower quartile. The performance would then be considered against the bandings to see whether there was a concern with the individual Trading Party or if there was a wider market concern.
- 3.5. One Committee member queried the relationship between the quartiles and bandings. ML and AR explained that the quartiles and bandings were unrelated. The bandings were the threshold set by the Committee for which performance would be compared against and would not be shared further than the Committee. The quartiles were used for peer comparison and automatically calculated the spread of performance for each individual measure every month.
- 3.6. A Committee member asked the Ofwat representatives for a view on the use of quartiles as it seemed Ofwat had moved to consider more linear performance terminology. The Committee member felt the weightings could be hard to understand and it could add complication if Trading Parties had to learn different reporting terminology. ML confirmed that MOSL were working with Ofwat in relation to quartiles to ensure these concepts were understood.

4. Holistic Reporting Definitions, Rationale and Weightings

- 4.1. ML highlighted that Paper MPC54_02 would become the basis for the external communication on peer comparison tables and provide Trading Parties with a reference document. The definitions, rationale and weightings had been previously agreed by the Committee, and members were asked to approve these.
- 4.2. ML added that the bandings were purely for the Committee and would not be communicated externally.

Definitions

- 4.3. A Committee member questioned the definition used for long-term vacancy and suggested the definition should refer to the verified ones. ML answered that the definition was the one discussed and agreed at the last Committee meeting. JJ added that [CPW106 'Management of Long-Term Vacant Supply Points' \("CPW106"\)](#) was awaiting Ofwat approval. If this was approved, it would provide a mechanism for understanding verified long-term vacant premises which could then be taken into account in the design of the measure.
- 4.4. The Committee agreed the definition should include a comment explaining the pending approval of CPW106 and what changes this would make. It was important to set an expectation that the measurement may change for long-term vacancy, so Trading Parties understood what they were working towards.

ACTION A54_02

- 4.5. The Committee:
 - **APPROVED** (unanimous) the definitions, with the addition of a caveat to manage the expectations around a potential change regarding long-term vacancy and Ofwat approval of [CPW106](#) (9 in favour).

Rationale

- 4.6. A Committee member highlighted the difference in thresholds for legacy long unread meters and long unread meters between wholesalers compared to retailers. ML explained these measures were looking at different aspects of the long unread issue.
- 4.7. One Committee member felt the holistic reporting components for retailers were not balanced compared to the wholesaler components. They felt the retailer reporting focused too heavily on meter reading. The Committee member suggested removing the MPS component, due to the other settlement components and APIs already included. ML explained that the MPS component was included as it was an existing customer focused metric. Another Committee member expressed that MPS should be included but agreed the types of measures for retailers were very narrow. The Committee discussed the Market Performance Framework ("MPF") review and the impact that would have on rebalancing the market performance focus for retailers.
- 4.8. A Committee member challenged the wording of the rationale on UPRN completeness, as it seemed to suggest wholesalers were not putting effort into UPRN. The Committee member proposed amending the rationale on why UPRN was required. MLa agreed to amend the wording of the rationale.

ACTION A54_03

- 4.9. A Committee member queried whether VOA should be included as a component if UPRN was already included. ML explained VOA was included as it was an API which had been voted on and agreed by the Committee at the beginning of the year.
- 4.10. One Committee member commented on the language used, explaining it was unhelpful to state that certain measures were Code obligations in the pack, when this was true for a wider range of measures than those highlighted. The Committee member noted that their preference would be for these references to be removed.
- 4.11. Another Committee member asked whether the GIS could be measured as stated in the definition. ML explained that it could be. The Committee agreed to pick up the detail on this point with the MOSL team offline to understand how this was achieved.

ACTION A54_04

4.12. The Committee:

- **APPROVED** (majority) the rationales as drafted, and the UPRN rationale which was agreed subject to amendment (7 in favour, 2 against).

GL left the meeting

Weightings

- 4.13. Several Committee members indicated that the weightings for data quality and UPRN seemed too high compared to other weightings. AR and ML explained the weighting was based on data quality being a potential barrier for further improvement and impacting the ability to 'know' the customer.
- 4.14. Committee members suggested that the weighting for R-MEX was too low. AR explained that RMEX was reported every six months, if the weighting was too heavy it would have a big impact across the peer comparison for that period.
- 4.15. Committee members discussed the weightings on meter readings. One Committee member felt that the weightings on long unread meters seemed disproportionate between retailers and wholesalers.
- 4.16. Another Committee member suggested having a higher weighting on meter readings at the First Reconciliation Settlement Run (R1), with a lower weighing at the Final Reconciliation Settlement Run (RF) stage. The Committee member suggested that emphasis should be placed on encouraging Trading Parties to take reads as early as possible rather than as late as possible. Another Committee member indicated that the R1 stage would have more of an impact on the customer than the earlier stages. AR added R1 was important in terms of maintaining accurate reads. While this was an important measure for monthly read meters, if a meter had not been read by the RF stage (sixteen months after the relevant settlement period) it would suggest a major problem.
- 4.17. An Ofwat representative suggested including examples around the application of weightings for clarity on how they worked.

ACTION A54_05

4.18. The Committee:

- **AGREED** (majority) the weighting for retailer meter reading should remain higher at RF than R1 (7 in favour, 1 against);

- **AGREED** (majority) the weighting for retailer data quality should not be lowered (7 in favour, 1 against);
- **AGREED** (majority) the weighting for UPRN should not be lowered (5 in favour, 3 against);
- **AGREED** (majority) the weighting for RMEY should be increased from two to three (6 in favour, 2 against);
- **AGREED** (majority) the weighting for wholesaler long-term vacancy should not be lowered (6 in favour, 2 against);
- **AGREED** (unanimous) the weighting for GIS should not be lowered (8 in favour); and therefore
- **APPROVED** the weightings as proposed, with the exception of the R-MEX weighting which would be increased from 2 to 3.

5. Holistic Performance Pack - Retailers

- 5.1. ML outlined that the MPC were being asked to feedback on whether they were happy with the content, narrative and flow of the holistic reporting packs. It was noted that the holistic reporting packs were designed to be standalone items that, going forward would not require any explanation from MOSL. ML described the content of the packs and the rationale for the way in which they were sequenced.
- 5.2. ML noted that the recommendations contained in the deck for this Committee meeting were illustrative and that actions had not been taken on the basis of the holistic performance reports at present.
- 5.3. ML described the future plan for the holistic performance reporting decks as being to move the decks themselves into open session with general discussion and deep dives into individual Trading Party performance held in closed session. However, ML noted that the decision about when to move into open session would be a decision for the Committee.
- 5.4. The Committee welcomed the progress made with the holistic performance reporting packs and there was consensus that the packs should be made public at the appropriate point. The Ofwat representative fed back that they found the Retailer holistic reporting pack engaging and easy to consume and the Customer Representative noted that they found the use of headlines useful and that the format of the packs made it easy to focus on key aspects and where the MPC were being asked to make a decision.
- 5.5. There was some discussion on terminology with one Committee member questioning the use of the term “acceptable performance” and expressing the view that ‘acceptable’ should be replaced with ‘above average’. It was noted that because performance in this instance was being measured against a set of absolute values the use of ‘above average’ might not be appropriate. ML noted this discussion and agreed to give further consideration to the terminology used.
- 5.6. The Committee discussed whether it was correct to set the acceptable performance banding for meter read task completion each month at 95% for Retailers with more than 5,000 customers. A number of Committee members felt that 95% task completion should be regarded as excellent rather than acceptable performance, stating that they felt this was an aspirational goal that was extremely hard for Retailers to achieve.

- 5.7. One Committee member expressed the view that while it might not currently be possible for Retailers to perform at above 95% on this measure, the target should be set at an aspirational level with Retailers able to offer valid reasons as to why they weren't able to reach 95% if questioned on their performance.
- 5.8. The Committee:
- **AGREED** (majority) that the banding thresholds for monthly meter read task completion for Retailers with more than 5,000 customers should be set at 90% for acceptable performance and 95% for excellent performance (6 in favour, 2 against).

ACTION A54_06

6. Holistic Performance Pack - Wholesalers

- 6.1. JJ introduced the Wholesaler holistic reporting pack, noting that it was structured in the same way as the Retailer pack and that it was anticipated it would go through the same journey to become a public document for discussion in open session.
- 6.2. The Ofwat Representative noted the impact of weightings on Wholesaler performance ranking and expressed the view that the impact of the weightings should be noted as part of Committee discussions on Trading Party performance.
- 6.3. The Chair thanked Committee members for their contributions and noted that one Committee member had raised concerns about inconsistencies in the way in which threshold performance for long unread meters is applied in the Retailer and Wholesaler holistic reporting packs. It was agreed that this concern should be noted and reviewed at a later point once the Committee has had the chance to work with the holistic performance reporting packs for a few months. It was further agreed that the review point should be before any decision on go-live which is currently scheduled to be in April 2022.

ACTION A54_07

OPEN SESSION

7. Housekeeping

- 7.1. The minutes of the MPC 53 meeting were approved as an accurate record.
- 7.2. Following an update from AR, the Committee agreed that the following actions could be closed: A49_04; A52_06; A53_02; A53_03; and A53_05.
- 7.3. It was noted that the following actions would remain open: A52_02; A52_10; A52_11; and A52_12.

8. Market Performance Framework ("MPF") Review Governance

- 8.1. ML provided a brief overview of the proposed governance arrangements for the Market Performance Framework Review ("MPF Review") Working Group. ML noted that the core proposal was that the current MPF Review Working Group becomes a Steering Group for the work and that the Steering Group reports to the Committee until the completion of Phase 1

and that after that the Steering Group reports to the Strategic Panel and the Code Change Committee.

- 8.2. During a brief discussion it was noted that the Ofwat Representative voiced a query about whether time needs to be allowed in the MPF Review timeline for onboarding technical support on economic regulation and it was agreed that CCW should be added to the roles and responsibilities section of the document.

ACTION A54_08

- 8.3. One Committee member raised their concern that, under the terms set out in the proposed governance framework, the MPC would have no role in relation to setting the Market Performance Framework after June 2022 when phase 1 completes.
- 8.4. AR noted that in Phase 2 of the MPF Review the Committee would become a stakeholder for the MPF Review work. AR explained that it was expected that during Phase 2 the MPF Review Working Group would continue to inform the Committee of its progress and to seek input from the Committee.
- 8.5. It was noted that the role of the Committee would be reviewed by the Strategic Panel as part of the governance transition and that this may impact on the governance arrangements and the work of the Committee. There was a discussion around whether an explicit requirement for the Steering Group to inform the Committee during Phase 2. One Committee member expressed strong support for this idea but there was not a consensus amongst the Committee.
- 8.6. The Chair thanked Committee members for their contributions and moved to a vote on the MPF Review governance arrangements.
- 8.7. The Committee:
 - **AGREED** (majority) to the proposed MPF Review governance arrangements (4 in favour, 3 against, 1 abstention).

9. Market Performance Framework Review Update

- 9.1. ML provided a verbal update on the Market Performance Framework (“MPF”) Review. ML noted that the CFI draft is with the MPF Working Group for review and that the document is likely to be around 11 pages with supporting information, which has been based on 5 questions.
- 9.2. An Ofwat representative offered to support communication of the CFI and ensure coverage and it was noted that social media would be an important communication channel and that the November CEO Forum would also present an opportunity to raise awareness of the MPF Review work.

10. Tabled Updates

Ofwat Update

- 10.1. DH noted that the Ofwat update had been tabled and advised that the dormant trading provisions decision had been published.

CCW Update

- 10.2. AB noted that CCW’s update had been tabled and invited questions and comments from Committee members.

- 10.3. DH noted that there were some anomalies between the holistic performance dashboard and CCW data as some Trading Parties were performing poorly in the holistic performance metrics but are performing well on CCW's. It was agreed that this was something that should be investigated further.

ACTION A54_09

Panel Update

- 10.4. AR noted that the Panel update had been tabled and highlighted [CPM046 – Approved Codes of Practice \(“CPM046”\)](#). AR described CPM046 as seeking to introduce a new type of document into the Market Codes framework, 'Approved Codes of Practice' (“ACoPs”), which would outline minimum standards of policies or practices in the market. AR noted that these ACoPs would be a new classification of document. How they would be tied into the performance regime and requirements to comply with them would have to be closely considered. AR further noted another ongoing Code simplification proposal that was with the Panel for approval.
- 10.5. AR noted that the [Panel Nominations Committee \(“PNC”\)](#) pages and [Strategic Panel](#) pages of the website are now live to track the implementation of the new arrangements. The PNC is producing headline reports and Trading Party nominations and interviews are taking place with everything currently on track for the first meeting of the Strategic Panel in November.

B-Mex Working Group Update

- 10.6. AR noted that the Committee was being asked to approve a change to the B-Mex Working Group (“B-Mex WG”) Terms of Reference to allow some flexibility on the meeting Chair. AR noted that the change being requested would allow either of the Committee members that sit on the B-Mex WG to Chair the Committee in SB's absence.
- 10.7. A Committee member noted that a minor change to the proposed wording of the Terms of Reference change was required. It was agreed that the wording should be amended from “the MPC members” to “an MPC member”.
- 10.8. The Committee:
- **AGREED** (unanimous) the proposed changes to the B-Mex WG Terms of Reference para 5.1 (8 in favour).

11. AOB

- 11.1. A Committee member asked whether there were plans for the Committee to meet face to face in the coming months. It was noted that the plan was for the majority of Committee meetings to continue to be held remotely and that holding Panel and Committee meetings online had produced an upswing in efficiency as well as significant cost savings. However, it was also noted that provision had been made for some face-to-face Committee meetings in the remainder of the financial year and that it was probable that these face-to-face meetings would be held on a quarterly basis.

CLOSED SESSION

12. MPC54 Reflections

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

