

Minutes of the Market Performance Committee Meeting 55

16 November 2021 | 09:30 – 14:00

Held via Videoconference (Microsoft Teams)

Status of Minutes: APPROVED

MEMBERS PRESENT

Pamela Taylor	PT	Chair	Adam Boyns	AB	Customer Representative Committee Member
Patrick McCart	PM	Retailer Committee Member	Jo Ecroyd	JE	Wholesaler Committee Member
Wendy Monk	WM	Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Claire Yeates	CY	Retailer Committee Member			

OTHER ATTENDEES

Samantha Webb	SW	MOSL Observer	Adam Richardson	AR	Panel Secretary
Markus Lloyd	ML	MOSL Presenter	Janet Judge	JJ	MOSL Presenter
Darren Hayes	DH	Ofwat Representative	Simon Bennett	SB	MOSL Presenter
Georgina Mills	GM	Ofwat Representative	Alexandra Piper	AP	MOSL Presenter
Matt Labrum	MLa	MOSL Observer	James Higgins	JH	MOSL Observer
Alexander Cowie	AC	Secretariat			

APOLOGIES

Gerard Lyden	GL	Wholesaler 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 GL.
- 1.2. AC reminded Committee members of the requirement to act impartially and not in the interest or as a representative of any organisation or individual. If Committee members believed they had an actual or perceived conflict they should declare this at the start of the meeting or before an agenda item.
- 1.3. No Committee members declared any conflicts in relation to the meeting agenda items.
- 1.4. It was confirmed that the meeting was quorate.

2. MPC Ways of Working

- 2.1. The Chair introduced the agenda item noting that it picked up on feedback at the last Committee meeting around ways in which the Committee could operate that might enhance its effectiveness.
- 2.2. The Committee had an in-depth discussion on ways of working. The discussion was broadly spilt between two areas, technical solutions to allow additional opportunities for Committee members to feed back and discuss technical issues outside of meetings the behaviours expected of Committee members. The key points raised were:
- 2.3. With regard to technical solutions to facilitate greater levels of pre-engagement and Committee effectiveness, it was agreed that:
 - additional use of the Teams chat bar could be trialled in order to catch points that might otherwise be lost as the conversation moves on, although it was noted that the use of the chat function would need to be tightly controlled and monitored by someone other than the Chair;
 - it would be helpful to establish a way for Committee members to review agendas in advance and provide feedback to Secretariat and the MOSL team on time allowed for and prioritisation of agenda items as well as the sort of information they would like to see provided;
 - it would be useful for Committee members to be able to ask clarification questions on papers and, if possible, hold technical debates via SharePoint in advance of meetings, although it was recognised that this had been tried previously and with other groups without any great success. Given experience with other groups there was consensus that comments on all agenda items should be entered onto a single document; and
 - consideration should be given to the use of electronic polling for Committee votes.
- 2.4. With regard to Committee behaviours, it was agreed that:
 - Committee members should flag to the Chair and request a different approach to discussions, including the use of breakouts, where they felt this might be beneficial;
 - Committee members should challenge each other to focus on customer interests; and
 - while individual members could disagree with a particular issue, once something was voted on and agreed, members should adopt cabinet responsibility for that decision.
- 2.5. Additionally, it was agreed that MOSL should frame discussions using clear questions for different topic areas and that a recap of previous Committee discussions included in papers might provide helpful context.

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

- 3.1. AP introduced the IPRP update paper, offered clarification on ‘active’ IPRPs and presented updates on the four active IPRPs. Additionally, AP asked for feedback from the Committee on the kind of information they would like to see ahead of the escalation discussion on a Trading Party at the next MPC meeting.

- 3.2. A Committee member noted that it might be useful to split the data provided out into more than one graph, particularly if the intention was to split the data out into when charges were and were not applied.
- 3.3. There was consensus among Committee members that they would like to see additional detailed information on the Trading Party's views on the root cause of the issue and their plans to address it, including whether the Trading Party has a paired improvement plan in place with relevant counterparties. A Committee member noted that the deferrals paper provided for Agenda Item 6 provided some useful context in terms of where the Trading Party saw the problem lying.
- 3.4. A Committee member noted that it would be useful to understand the customer impact of the poor performance. This was echoed by the Customer Representative who wondered whether it was possible to see whether this performance issue was filtering through into Retailer complaint data.
- 3.5. Several Committee members noted that the Trading Party had indicated that they expected resolution of the performance issue to be challenging for the next twelve months and asked for additional data and clarity to be provided on what this time period was based on.
- 3.6. It was suggested that there might be granular detail in the R-Mex score provided by the Retailer for the Trading Party that might shine additional light on the issue, particularly with regard to customer complaint levels. A Committee member and the Customer Representative discussed whether there were avenues through which direct customer complaint data could be accessed. It was agreed AP would pick this point up offline after the meeting with the Committee member and Customer Representative to look at how further information on this could be gathered.
- 3.7. AP summarised the key areas identified by the Committee as requiring further information as being to get further information from the Trading Party on their view of the root cause of the issue and their plans to address it, what was meant by the twelve-month period and who this affected as well as drawing out any customer impact.
- 3.8. The Committee:
 - **NOTED** the IPRP update and the performance of Trading Parties outlined within it.

4. Holistic Performance Pack - Wholesalers

- 4.1. The Chair outlined the purpose of this discussion as being to review the Holistic Performance Pack and feed back to the MOSL team what additional information would be useful for the Committee going forward, particularly if and when performance escalation decisions are based on the Holistic Performance Packs.
- 4.2. An Ofwat Representative raised the issue of the bandings used in the absolute performance table and asked whether the Committee were fully comfortable with these and the rationale that supports them. The Ofwat Representative noted that the supporting rationale would be crucial for maintaining the credibility of the absolute performance tables if they were made public. AR noted that an initial discussion at the last meeting had touched on bandings and that the decision had been to run with the bandings that had been proposed and to review them at a later point, particularly when feedback had been received from Trading Parties. It was noted that the rationale for the bandings was set out in MPC54_02 the 'Holistic Reports – Definitions, Weightings, Rationale & Bands' paper from the September Committee meeting. It

was noted that this was something that the Committee would come back to at a future point once there had been the opportunity to review performance across a number of months and agree the supporting rationale for the use of absolute performance bandings. A Committee member observed that it would be useful for the Holistic Performance Packs to contain a link to the previous paper on the rationale for weightings and bandings for ease of reference.

- 4.3. SW introduced the Wholesaler Holistic Reporting Pack, explaining that not much change in performance had been so far. SW noted that there was a Trading Party for whom MOSL had requested an IPRP against MPS7, but that MPS7 was not something that was included in the Holistic Performance Pack and that the Committee would have to consider how it wants to look at this going forward. SW reiterated that the question for the Committee to focus on in this session is whether the packs contain everything members need in order to make escalation decisions.
- 4.4. An Ofwat Representative stated that they found the Holistic Performance Packs extremely useful and that in terms of refining them going forwards one additional element they would like to see added to the absolute performance table was a transparent overlay of individual Trading Party movement on a month-to-month basis.
- 4.5. There was general consensus among Committee members that the Holistic Performance Packs were useful tools that give an excellent view of Trading Party performance against a range of different measures and that they were starting to derive a lot of benefit from them.
- 4.6. It was noted that the reason a feedback slide was included in the Wholesaler Holistic Reporting Pack and not in the Retailer Pack was that limited feedback had been received to date and that all of the feedback that had been received had come from Wholesalers. ML noted that he would amend the Holistic Reporting slides to be presented to the User Forum to be more balanced in terms of Wholesaler and Retailer examples. Another Committee member noted that an additional slide summarising any engagement activity would be useful and an Ofwat Representative stated that, as this work progresses, it might be useful to proactively engage with Trading Parties who are moving up or down the performance tables to understand what is happening and include feedback on this.
- 4.7. A Committee member expressed a concern that some MPS measures were not included in the Holistic Performance Reports and wondered whether their inclusion was something the Committee should consider. The Committee member also asked whether it would be beneficial to have certain points in the year where the Committee sought qualitative feedback from Trading Party performance teams to understand their views on their performance and what they are doing.
- 4.8. An Ofwat Representative stated that it would be important to harness the power of the league table format and push this out to Trading Parties as soon as possible. The Ofwat Representative noted that once the league tables were published and promoted this would start to drive Trading Party behaviour and that the Committee should then look at what it can do to try and build to this and amplify focus and engagement with Trading Parties at the bottom of the league tables and really understand what is going on and the actions the MPC can take to drive improvements in performance. The Ofwat Representative emphasised that MOSL and the Committee should be looking to promote the Holistic Performance Packs at every opportunity.
- 4.9. Use of additional decimal places to separate out R-MeX performance was discussed, and it was noted that this was possible but that it was not straightforward and would require

additional work from the MOSL data team. One Committee member expressed a concern that using additional decimals would not be valid if we had not notified and agreed this with Trading Parties and that it was something that would require further discussion and a decision from the Committee if it was to be actioned.

- 4.10. A Committee member expressed the view that it would be useful to be able to see the correlation between Retailers' Supply Point Identifiers ("SPIDs") and the Wholesaler area they operate in. It was noted that this would be difficult to present in the Holistic Reporting Packs but that it might be possible to add a slide that provided some commentary on this where a specific Retailer's performance is being called out. The Committee member also asked whether it would be possible to present the data in a Power Pivot or Power BI and it was confirmed that this is the aspiration, but that it is unlikely to happen before the April 2022 go-live date. AR noted that much of this information was available on the MOSL website and that it might be useful to provide a link to the existing Power BI dashboards in the slide packs.
- 4.11. It was re-confirmed that the absolute performance tables containing the bandings were not currently being shared with Trading Parties. It was noted that it would be useful to highlight in future Holistic Performance Packs what data was public and what was confidential.
- 4.12. SW confirmed that between now and January Trading Parties would continue to receive the relative performance tables with the names of all other Trading Parties anonymised, from January to April Trading Parties would receive the relative performance tables with all Trading Party names visible in the performance tables and, following feedback from Trading Parties and any amendments agreed by the Committee, the relative performance tables would go-live on the MOSL website from April onwards.

5. Holistic Performance Pack - Retailers

- 5.1. SW introduced the agenda item, noted some minor movements in individual Trading Party performance and that the question for the Committee in this session was what additional information the Committee would find useful in making a performance decision based on the Retailer Holistic Performance pack.
- 5.2. It was noted that many of the comments on the Wholesaler pack also applied to the Retailer pack.
- 5.3. An Ofwat Representative added that the movement in Trading Party performance on the Retailer pack was not captured in the same way as the Wholesaler pack and that adding the Trading Party movement column would be helpful.
- 5.4. It was confirmed that the absolute performance tables would be used to identify market wide issues and also to provide additional context for the Committee and that it would be up to the Committee to decide at a future point whether they should be published. ML noted that the current default position was that the absolute performance tables should not be published.
- 5.5. It was noted that the Committee's overwhelming view of the Holistic Performance Packs was extremely positive, and the Chair thanked the MOSL team on behalf of the Committee for all of their work in getting these up and running.

6. Impact of Deferrals on OPS - Update

- 6.1. ML introduced the agenda item noting that the item was for information and summarised the initial findings of the impact of deferrals on OPS performance. ML explained that the ask of

the MPC was for them to comment on the findings from their experience of deferrals and to provide views on anything else that the team should be looking for.

- 6.2. The Committee welcomed the data provided, which was felt to be useful, and noted that it would be great to get an update when more information was available in a few months' time when more data is available from the Bilaterals Hub. A Committee member noted that, at present, it was difficult to draw any conclusions on the reasons for different levels of deferral utilisation and the impact on customers from the existing data. This was supported by another Committee member who noted that it would be important to have granular information on how long each deferral is being used for. The Committee member also noted that it would be essential to have information on the reason for each deferral that sits alongside the length of the deferral in order to really understand what is going on and the customer impact.
- 6.3. The Customer Representative raised a concern that the impact on customers might be being hidden in that high deferral rates could be being masking poor performance. The Customer Representative emphasised that they would like customer impact to be the major focus when this is brought back for further review. This sentiment was echoed by an Ofwat Representative who stated that they would like to understand whether the system is being gamed in a way that is masking impact on customers.
- 6.4. It was suggested that the Trading Party who had initially raised this issue might be invited to a future review to provide their view. ML confirmed that a discussion with the Trading Party to understand their view had been held and that the rationale provided was that there were different approaches amongst Wholesalers in their use of deferrals and that they were applying more stringent criteria for their use, which was driving their perceived poor OPS performance. A Committee member noted that the Trading Party's speed and quality of response aspects of their R-Mex score were poor in comparison to their peers and questioned whether this aligned with their interpretation of the issue.
- 6.5. A Committee member indicated that they were happy to investigate why their organisation had relatively high levels of deferrals and to feed this back to the next review of deferral use by the Committee.
- 6.6. It was noted that Wholesalers are required to capture the rationale for each deferral. ML confirmed that MOSL had looked at this but that the rationale given to date was largely captured as 'other'. It was noted that the Bilaterals Hub should help to provide better information on the rationale.
- 6.7. ML confirmed that MOSL would look into the points raised by the Committee and report back at a future Committee meeting.

ACTION A55_01

OPEN SESSION

7. Housekeeping

- 7.1. The minutes of the MPC 54 meeting were approved as an accurate record subject to a minor amendment that would be agreed between the Ofwat Representatives and ML ex-Committee.
- 7.2. Following an update from AR, the Committee agreed that the following actions could be closed: A52_02; A51_03; A52_09; A52_10; A52_11; A52_12; A53_01; A53_04; A53_06; A53_07; A54_01; A54_02; A54_03; and A54_06.

- 7.3. It was noted that the following actions would remain open: A47_01; A47_13; A53_09; A54_04; and A54_05.

8. Tabled Updates

Ofwat Update

- 8.1. The Committee noted the tabled Ofwat update provided by DH.
- 8.2. DH provided additional clarity that it was likely a decision on the customer credit consultation was likely to be issued in the new year and GM flagged that Price Review 24 discussion documents were planned for publication before the end of the calendar year.

Panel Update

- 8.3. The Committee noted the tabled Panel update provided by AR.

B-Mex Working Group Update

- 8.4. The Committee noted the tabled B-Mex Working Group update provided by SB.
- 8.5. An Ofwat Representative noted that the B-Mex Working Group had established real momentum and that a great deal of work was being undertaken.

9. Market Performance Framework Review Update

- 9.1. ML provided a verbal update on the Market Performance Framework (“MPF”) Review. ML stated that the Call for Information (“CFI”) was sent out on 1 November, mentioned at the CEO Forum, subsequent comms around it had gone out and that it had a slot at the agenda at the next User Forum. ML noted that the responses to the CFI would be fed into the production of the Market Risk Register.
- 9.2. AR provided feedback from discussion on the MPF Review at the CEO Forum, noting that the Market Performance Framework was a touchpoint for discussions throughout the day and that getting it right was a hugely important piece of work. An Ofwat Representative endorsed this and emphasised the Ofwat view that this work is both urgent and important and that they would like to see significant progress before next year’s CEO Forum.
- 9.3. The Chair noted that it would be important to keep the Committee briefed on the progress of the MPF Review and its progress against agreed deadlines.

10. Overview of Work Programme Interactions

- 10.1. The Committee noted the overview of the interactions between MOSL’s major workstreams provided by AE.
- 10.2. The Chair thanked AE for her presentation and opened the floor for comments.
- 10.3. A Committee member noted that it was important for MOSL to capture the formal consultation dates and try to ensure that consultations were appropriately spaced to allow Trading Parties to really engage with what is being asked.
- 10.4. An Ofwat Representative noted that interdependency logs were a useful tool for capturing interdependencies, allocating responsibility and prioritising them.
- 10.5. There was general consensus amongst Committee members that the overview presented met the request from the MPC.

- 10.6. AE confirmed that she would take Committee members feedback back to the MOSL Project Management team and feed them into MOSL's work on interdependencies. It was agreed that the plan on a page overview would be shared with the Committee via its SharePoint site.

ACTION A55_02

11. Market Performance Committee Meeting Dates 2022

- 11.1. The Committee noted a brief presentation from AC on proposed Market Performance Committee meeting dates in 2022.
- 11.2. The Committee:
- **AGREED** the dates for MPC meetings in 2022 as proposed.
- 11.3. The Committee noted a further update from AC on a rolling six-month forward plan for the Committee that would be shared with the Committee and be available on the Committee SharePoint site.

ACTION A55_03

- 11.4. Committee members provided feedback on the proposed forward plan document and noted that it would be helpful to be able to see an indication of how much time would be allocated to each agenda item and for them to be able to comment on the document. It was noted that the forward plan could become a standing agenda item for discussion at the end of each Committee meeting.

ACTION A55_04

12. AOB

- 12.1. 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

13. MPC55 Reflections

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