

Minutes of the Market Performance Committee Meeting 58

17 February 2022 | 09:30 – 14:30

Held via Videoconference (Microsoft Teams)

Status of Minutes: APPROVED

MEMBERS PRESENT

Pamela Taylor	PT	Chair*	Adam Boyns	AB	Customer Representative Committee Member
Wendy Monk	WM	Retailer Committee Member	Brett Conibere	BC	Alternate Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Gerard Lyden	GL	Wholesaler Committee Member
Neil Pendle	NP	Alternate Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Georgina Mills	GM	Ofwat Representative*	Paul Stelfox	PS	Alternate Wholesaler Committee Member
Darren Hayes	DH	Ofwat Representative*	Adam Richardson	AR	MOSL Representative*

* Non-voting members of the Committee

OTHER ATTENDEES

Markus Lloyd	ML	MOSL Presenter	Alexander Cowie	AC	Secretariat
Alexandra Piper	AP	MOSL Presenter	Janet Judge	JJ	MOSL Observer
Simon Bennett	SB	MOSL Presenter	Joe Smith	JS	MOSL Observer
Sean Mills	SM	Ofwat Observer			

APOLOGIES

Claire Yeates	CY	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Patrick McCart	PM	Retailer Committee Member	Jo Ecroyd	JE	Wholesaler 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 CY, JW and JE and that NP, PS and BC would be standing in as their respective alternates. Late apologies were also received from PM.
- 1.2. The Chair 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. Trading Party PRP Performance Update

- 2.1. The Committee noted the first update from Northumbrian on their performance against the milestones set out in their Performance Rectification Plan (“PRP”).
- 2.2. The Committee welcomed the report from Northumbrian and reflected on Northumbrian’s PRP performance update for January in detail, noting that Northumbrian’s performance was on track against their PRP deliverables.
- 2.3. The Committee reflected on the content of the report provided by Northumbrian and raising the following key points:
 - It would be beneficial to see further detail on the specific actions Northumbrian have put into their plan, whether they have completed each action and what the impact of the action was.
 - It would be helpful for Northumbrian to provide an indicative view of where their performance levels were at the time of submitting their monthly update to the Committee and if they were to see any potential issues developing, to flag these to the Committee in advance.
 - If any granular data is available to them, it would be helpful for Northumbrian to provide information on customer complaint levels and the underlying reasons for complaints received.
 - It would be useful for Northumbrian Water to provide a reflection on how they are embedding process change as part of their PRP.
- 2.4. The Chair thanked Committee members for their input, and it was agreed that MOSL would write to Northumbrian to communicate the additional information the MPC would like to see in future updates.

ACTION A58_01

3. Trading Party C1a Performance Review and Escalation Process Trigger Decision

- 3.1. The Committee noted an update on a Trading Party’s C1a performance provided in advance of the meeting as well as a brief verbal update from AP.
- 3.2. The Committee discussed the Trading Party’s recent C1a performance, noting the following key points:
 - Most Committee members regarded issues around the accuracy of C1 performance data available from the Bilaterals hub as having been addressed and that the Committee was now able to take an informed decision based on accurate data.
 - The Committee should be mindful of the benefit to customers and the market provided by increased focus on a problem issue that they have seen in other instances where a Trading Party has been escalated to a PRP.

- Some Committee members expressed the view that while the Trading Party's recent improvement in C1 task performance was welcome it was not over a sufficient period to allay all of their concerns on historic underperformance. A concern was also noted that more information on the reasons for historic underperformance and the mitigating actions undertaken was required to ensure that performance would not drop off again.
- Some Committee members viewed the Trading Parties recent improvement in C1 task performance, which had been above MOSL thresholds for a number of months, as sufficiently sustained to mean escalation was not required.
- If the Committee opted not to trigger escalation, MOSL could be asked to continue to monitor the Trading Party's C1a performance and report back to the Committee.

3.3. Following discussion, the Committee:

- **AGREED** not to trigger the escalation process.

3.4. It was noted that MOSL would communicate the Committee's decision to the Trading Party.

ACTION A58_02

4. IPRP Update

- 4.1. The Committee noted the IPRP update circulated in advance of the meeting and a verbal update from AP.
- 4.2. The Committee welcomed the additional table on Trading Party IPRPs included at the front of the IPRP update paper which was felt to provide a clear visual picture of the status of in-flight IPRPs.
- 4.3. It was noted that OPS thresholds used for performance monitoring (applicable to B5a and C1-1) had not been reviewed or revised since OPS IPRPs were introduced in September 2019 and the Committee requested that MOSL include a review of these OPS thresholds as a future agenda item.

ACTION A58_03

5. Holistic Performance Pack – Wholesalers and Retailers

- 5.1. The Committee noted the Holistic Performance Packs which had been circulated in advance of the meeting.

OPEN SESSION

6. Housekeeping

- 6.1. The minutes of the MPC 57 meeting were approved as an accurate record.
- 6.2. Following an update from AC, the Committee agreed that the following actions could be closed: A47_13; A53_09; A54_07; A56_03; A57_01; A57_02; and A57_03.
- 6.3. It was noted that the following action would remain open: A47_01.
- 6.4. The Committee requested that Secretariat record an open action on the inclusion of customer complaints data in the Retailer holistic reports and it was noted that MOSL would look to

include the publicly available CCW customer complaints data in its next update to the Committee on holistic performance.

ACTION A58_04

7. Holistic Performance Reporting Review

- 7.1. The Committee noted the papers circulated in advance of the meeting as well as a brief verbal update from ML.
- 7.2. The Committee agreed that the purpose of holistic reporting was to make short term alterations to the existing performance framework that would incentivise Trading Parties to improve performance on agreed measures, which would result in benefit to the market and customers. It was noted that holistic reporting was likely to act as a bridge to wider scale reform of the Market Performance Framework (“MPF”).
- 7.3. The Committee discussed the proposed decision points on holistic reporting, noting the following key points:

Format and Distribution

- The Committee was generally supportive of the move to unredacted reporting but there was more of a split in opinion on whether to publish the reports externally and the proposal to move from peer comparison quartile reporting to performance against absolute thresholds.
- The basis on which the thresholds for absolute performance reporting were set was open to challenge and would require further testing by the Committee. This would make it more difficult to justify publishing absolute performance tables externally and would lessen the impact of holistic reporting.
- Specific geographic impediments for certain Wholesalers could limit their performance against certain measures. If peer comparison quartile reporting was used this could disincentivise those Wholesalers as it would be impossible for them to move into the top quartile. Performance against an absolute threshold might incentivise Wholesalers in this position better as they would at least have the opportunity to be seen as performing well.
- The peer comparison quartile tables could be improved either by including absolute Trading Party performance numbers against the measures included within the tables or publishing a simple league table using actual performance numbers without quartiles.
- The Committee was moving towards consensus on a holistic performance table format that ranked Trading Party performance in a simple league table that included absolute performance percentages for each measure and kept the visual element of quartile performance represented by colour shading. As this was not part of the proposals presented to the Committee MOSL should take away an action to work up revised tables on this basis and provide them to the Committee for approval at its March meeting.

ACTION A58_05

- While there would be limited value to pushing the holistic performance tables out to customers when they were published, external publication would still provide an

additional reputational incentive to Trading Parties. Publishing externally would also enable other stakeholders, such as Ofwat, to engage with Trading Parties on their holistic performance.

Measures and Weightings

- With some exceptions, the Committee was generally supportive of the proposals to retain the UPRN and VOA measures within Wholesaler holistic reporting and to remove the use of weightings across Wholesaler and Retailer holistic reporting but were split on the proposal to remove the Settlement on Actuals R1, R3 and RF measures from Retailer holistic reporting.
- Good performance on the UPRN and VOA measures provided an indirect benefit to customers and Retailers.
- The Committee would need to monitor the development of market discussions on address data and update its approach if either UPRN or VOA stopped being used.
- It should be recognised that geographic anomalies outside of Wholesalers' control could skew performance on some measures. For example, high levels of troughs would impact the performance of some Wholesalers more than others on the UPRN measure. Consideration should be given to what can be done to address this geographic anomaly by moving to an assured UPRN approach, although it was recognised that there would be a cost associated with additional work to improve this measure (and any others).

ACTION A58_06

- The position the Committee took on what should or should not be included in the holistic reports is not indicative of, and in no way prejudices, the direction of the MPF Reform programme.

Definition and Content of Measures

- The Committee were generally supportive of the proposals to remove MPS 9 and 10 and include MPS 7 in the Wholesaler MPS measure.
- Holistic reporting should be seen as an add on to the current performance reporting framework and existing MPS and OPS performance measures would continue to be reported on the same basis as at present and their associated charges would also remain unchanged. The holistic reports have tried to draw out the MPS and OPS measures with the greatest customer impact and shine additional light on performance in those areas.
- MPS 7 was an area largely within the Wholesaler's control and had high task volumes and therefore merited inclusion. Conversely MPS 9 and MPS 10 were less with the Wholesaler's control and had low task volumes and should be excluded.
- It would be important for the credibility of holistic reporting for associated launch communications to clearly and concisely explain its purpose, why each measure has been included, how it will be used to assess and drive Trading Party performance conversations and escalations and how it sits alongside other performance reporting (and avoids duplication and double counting).

7.4. Following discussion, the Committee:

- **AGREED** to move to unredacted reporting for Wholesaler and Retailer holistic reporting.
- **AGREED** to review a revised format for Wholesaler and Retailer holistic reports at its March meeting.
- **AGREED** to publish the Wholesaler and Retailer holistic reports externally from May.
- **AGREED** to remove the Settlement on Actuals R1, R3 and RF measures for Retailer holistic reporting.
- **AGREED** to retain UPRN and VOA measures within Wholesaler holistic reporting.
- **AGREED** to remove the use of weightings across Wholesaler and Retailer holistic reporting.
- **AGREED** to remove MPS 9 and MPS 10 from the Wholesaler MPS measure.
- **AGREED** to include MPS 7 in the Wholesaler MPS measure.

8. Tabled Updates

Ofwat Update

8.1. The Committee noted the tabled Ofwat update provided by DH.

Panel Update

8.2. The Committee noted the tabled Panel update provided by AR.

Strategic Panel Update

8.3. The Committee noted a brief verbal update on the Strategic Panel provided by AR which highlighted the direction of the Strategic Panel's work and its proposed approach to open meetings and stakeholder engagement.

B-Mex Working Group Update

8.4. The Committee noted the tabled B-Mex Working Group update provided in advance of the meeting by SB.

MPF Reform Working Group Update

8.5. The Committee noted the tabled MPF Reform Working Group update provided by in advance of the meeting by CY.

Bilaterals Programme OPS Service Level Agreements Update

8.6. The Committee noted the tabled Bilaterals Programme OPS Service Level Agreements ("SLAs") update provided by in advance of the meeting by ML.

8.7. It was noted that some of the 22-day SLAs highlighted in the update were very different to 20-day SLAs as they involved physical tasks, and that adopting a one-size-fits-all approach to SLA length would not necessarily be appropriate.

9. AOB

9.1. The Committee noted an overview of the focus of the next Committee meeting provided by AC and that comments were invited offline.

- 9.2. The Committee noted a verbal update from AR on the transition of responsibility for the Panel's input into the market audit work and oversight of Market Operator compliance from the Market Audit Sub Group to the Committee following the decision of the Strategic Panel at its January meeting.

CLOSED SESSION

10. MPC54 Reflections

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