

# Minutes of the Market Performance Committee Meeting 59

17 March 2022 | 09:30 – 12:35

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	Michael Rathbone	MR	Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Jesse Wright	JW	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
Steve Formoy	SF	MOSL Observer	Matt Labrum	MLa	MOSL Observer
Angela Day	AD	MOSL Observer	Joe Smith	JS	MOSL Observer
Sean Mills	SM	Ofwat Observer			

## APOLOGIES

Claire Yeates	CY	Retailer Committee Member	Jo Ecroyd	JE	Wholesaler Committee Member
Patrick McCart	PM	Retailer Committee Member	Gerard Lyden	GL	Wholesaler Committee Member
Georgina Mills	GM	Ofwat Representative*			

## OPEN 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, PM, GL, JE and GM.
- 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. Housekeeping

- 2.1. The minutes of the MPC 58 meeting were approved as an accurate record.
- 2.2. Following an update from AC, the Committee agreed that the following actions could be closed: A58\_01; A58\_02; and A58\_05.
- 2.3. It was noted that the following action would remain open: A55\_01; A58\_04; and A58\_06.
- 2.4. The Committee noted a verbal update from TN on the feedback provided by Ofwat in returning CPW106 'Management of Long-Term Vacant Supply Points'. It was agreed that TN would work with MOSL to bring a paper to a future MPC considering whether there would be merit to introducing an API to incentivise better management of long-term vacant supply points by Trading Parties.

**ACTION A59\_01**

## 3. Holistic Performance Reporting Update

- 3.1. The Committee noted an update from ML on a proposed new format for the holistic reporting tables that built on comments received at the February Committee meeting and feedback provided ex-Committee by Committee members in advance of the meeting. It was noted that the proposed new format ("Version 3") includes absolute performance percentages for each Trading Party against each measure as well as their 'league table' ranking, but positions Trading Parties according to an aggregate of their ranking for each measure rather than the average of their percentages.
- 3.2. The Committee discussed the proposed new format for the holistic performance tables, noting the following key points:
  - There was broad support for Version 3, which removed an issue with Version 2 where some measures with larger percentage performance variations were disproportionately influential on Trading Parties' overall ranking and was viewed as being more reflective of overall holistic performance.
  - Some members viewed Version 3 as being more difficult for an external audience to understand and that they would not be in favour of publishing this version externally without additional accompanying communications.
  - Publication of the holistic performance reports externally on the MOSL website would be in addition to the existing MPS and OPS performance league tables and would not replace them.
  - Further work was required to establish a customer complaints metric that could be included in the holistic performance tables and it might be beneficial to wait until this has metric has been agreed and included before publishing the holistic performance reports externally. It was noted that if it was not possible to integrate complaints data into the holistic reports, complaints data could still be presented alongside the holistic reports and used to contextualise decision making.
  - The inclusion of both VOA and UPRN measures in the Wholesaler Holistic Reports was discussed. All members noted the importance of accurate meter location data and the impact this had on customer outcomes. However, some members expressed the view

that including both overweighted the importance of meter location data against the other holistic performance measures. While the points were acknowledged it was agreed that the Committee did not want to reopen debate on this issue.

- Some members also flagged a concern over the long-term vacancy measure and that there would be significant benefit to the credibility of this measure to move to an assured long-term vacant approach. It was confirmed that the MOSL team were looking at whether and how this could be achieved.

3.3. Following discussion, the Committee:

- **AGREED** the amendments to the format of the holistic performance tables as proposed in Version 3.

3.4. The Committee then reflected on whether to continue with the current plan to publish the holistic performance tables externally on the MOSL website from May 2022 given the changes made to the format of the tables.

3.5. Following reflection, the Committee:

- **AGREED** to not to default to publish the revised reports externally in May 2022.
- **AGREED** that external publication was still the MPC's aspiration and that MOSL should review how to present and communicate the holistic performance tables and present back on this to the Committee at a future point.

#### **ACTION A59\_02**

3.6. It was noted that the Committee's ambition was still to publish externally as soon as possible in order to maximise the impact of holistic reporting.

3.7. The Ofwat representative offered to lend support to MOSL on how to present the holistic performance tables could be effectively presented and communicated.

## 4. MPF Reform Programme Update

4.1. The Committee welcomed an update from ML on the progress of the MPF Reform work, which noted that PwC had been brought on as the external consultants and were focussing on two workstreams – the creation of the market risk register and creation of the candidate market performance frameworks.

4.2. PT provided an overview of the Strategic Panel's progress in establishing its priorities, noting that the Strategic Panel had identified the importance of the MPF Reform work as a core area and had recommended changes to the governance structure of the MPF Reform programme.

4.3. AR described the revised governance framework for the MPF Reform programme agreed by the Strategic Panel. It was noted that the model adopted would be similar to that used for the Bilaterals Programme, with a new MPF Reform Steering Group ("Steering Group") chaired by Sarah McMath and including one Wholesaler, one Retailer and one Independent member appointed by the Strategic Panel. The Steering Group would be responsible for ensuring that the programme has the right resources in place and to ensure that it delivers to an appropriate timeframe, cost and quality. The Steering Group will also be obliged to keep the Strategic Panel, the Market Performance Committee and the Code Change Committee informed on the progress of the work. The MPF Reform Working Group would transition to become the MPF Reform Advisory Group and would be tasked with undertaking the more

detailed design and development work. The MPF Reform Advisory Group would also be involved in the consultation and engagement phase.

- 4.4. It was noted the Terms of Reference for the MPF Reform Steering were being finalised by the MOSL Board, and Committee members were asked to contact AR directly if they were interested in joining the Steering Group.
- 4.5. The Committee reflected on the changes to the governance of the MPF Reform programme and raised the following points:
  - The Bilaterals programme consultation and engagement with the market had been well received and it would be positive if this could be replicated with the MPF Reform work.
  - It was noted that the MPF Reform programme was slightly behind schedule and that it would be important to ensure that the end of the process was not collapsed down as Trading Parties would need good sight of changes coming in to be able to adjust their systems and processes accordingly.
  - It was anticipated that the Advisory Group would have a core membership but would also allow interested parties to come in and lend their voice to debate at relevant points throughout the programme. This approach would allow a wide range of interested parties to contribute to the technical and operational solutions under development.
  - The existing MPF Reform Working Group had worked well together and done a great job of building momentum, and it would be good to keep the members who had been part of this group involved in the new Advisory Group.
  - The transition to the new MPF Reform governance framework would likely be implemented in early/mid-April.
- 4.6. It was noted that the Committee's Terms of Reference had been amended to reflect this change as well as to incorporate the delegation of responsibility for development of the scope of the market audit and oversight of Market Operator compliance to the MPC. It was agreed that Secretariat would circulate the revised Terms of Reference to Committee members.

**ACTION A59\_03**

## 5. MPC Forward Plan

- 5.1. The Committee noted a verbal update from SW on the Strategic Panel's rationale for delegating its responsibility for developing the scope of the market audit and oversight of Market Operator ("MO") compliance to the Committee, which included the potential to use Market Audit as a tool for monitoring performance.
- 5.2. The Committee received a briefing from SW outlined the remit of the Committee in relation to market audit and MO compliance, what would be brought to the Committee with regards to this work over the next two months and the typical annual cycle for market audit and MO compliance.
- 5.3. The Committee reflected on the updates SW and noted the following points:

- The Committee would help to shape the market audit plan and provide a steer and direction and would be able to ask that areas of focus are included, but approval of the work undertaken would sit with MOSL.
- Market audit was a great potential tool for the Committee to use in terms of getting to the root of performance issues.
- There was the opportunity to undertake small, targeted audits and audits of wider market issues.
- The Committee would need to be cognisant of the other tools at its disposal, published documents and ongoing work such as the Market Performance Operating Plan, the Annual Market Performance Review and the market risk register and AMPR and how these will work together to form a judgement as to what tool to use at what time.
- With regards to oversight of MO compliance the Committee would be tasked with performing a key oversight role and could raise any concerns relating to MO compliance to the MOSL Board or Audit & Risk Committee.
- It would be helpful to provide the Committee with a document outlining the interaction of roles and responsibilities relating to market audit and MO compliance between the Committee, the MOSL Board and the MOSL Audit & Risk Committee.

**ACTION A59\_04**

## 6. Tabled Updates

### Ofwat Update

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

### Panel Update

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

### Strategic Panel Update

6.3. The Committee noted a brief verbal update on the Strategic Panel provided by AR, including the Strategic Panel's decision to update the Committee's Terms of Reference to include the transition of market audit responsibilities, MO compliance oversight, consideration of the MPF Reform programme and the requirement to report to the Strategic Panel on performance against agreed metrics.

6.4. It was noted that the Code Change Committee ("CCC") would shortly meet for the first time and MR stated that he would be happy to field questions on the work of the CCC under tabled updates at future Committee meetings.

### B-Mex Working Group Update

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

6.6. It was noted that where companies were not able to provide 50 waste contacts, these would be topped up with additional water contacts.

### MPOP Publication

- 6.7. The Committee noted the tabled update and that the MPOP had been published as part of the MOSL business plan.

#### CCW Update

- 6.8. The Committee noted the tabled update from CCW provided in advance of the meeting by AB.
- 6.9. The Committee further discussed the inclusion of customer complaints data in the holistic performance reports and a further update on the progress of this work was requested at the next Committee meeting.

**ACTION A59\_05**

## CLOSED SESSION

### 7. IPRP and PRP Update

- 7.1. The Committee noted the IPRP update circulated in advance of the meeting and a verbal update from AP which included feedback from Northumbrian on the effect of the escalation process.
- 7.2. The Committee noted the second update from Northumbrian on their performance against the milestones set out in their Performance Rectification Plan (“PRP”) and noted the progress that had been made.
- 7.3. The Committee reflected on the content of the report provided by Northumbrian, noting that the additional information requested following the February Committee meeting had been included.

### 8. Holistic Performance Pack – Wholesalers and Retailers

- 8.1. The Committee noted the Holistic Performance Packs which had been circulated in advance of the meeting.
- 8.2. The Committee reflected on the holistic performance packs, noting that they were extremely useful and that the question the Committee now had to address was how they would take them forward and use them in practice.

### 9. Annual Reporting

- 9.1. The Committee noted the high-level update on the results of the latest R-Mex survey which had been circulated in advance of the meeting and a brief verbal update from SW as well as the intention to bring this back for further review by the Committee at a later point.
- 9.2. The Committee welcomed the updated and noted that they would like to see the following areas covered in detail at any future deep-dive on the results of the R-Mex survey:
  - The drivers behind the performance level of two Trading Parties at the bottom of the R-Mex table who had performed significantly worse than the rest of the market.
  - Some additional analysis on how the performance of incumbent Retailers compared to other Retailers in Wholesaler areas.
- 9.3. Additionally, the Committee requested that MOSL contact the best performing Trading Party in the R-Mex survey to ask whether they would consider sharing their experience and practice with the market as a whole.

**ACTION A59\_06**

- 9.4. It was also noted that MOSL would work with a Trading Party who had performed poorly in both the R-Mex survey and holistic performance tables to understand the reason behind any performance issues.

10. AOB

- 10.1. The Committee noted an update on recent market assurance activity from SW.
- 10.2. There was a request for Secretariat to remind Committee members who were unable to attend meetings to send an alternate.

**ACTION A59\_07**

CLOSED SESSION

11. MPC54 Reflections

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