

Minutes of the Market Performance Committee Meeting 61

19 May 2022 | 09:30 – 14:50

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	Gerard Lyden	GL	Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Neil Pendle	NP	Alternate Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Georgina Mills	GM	Ofwat Representative*	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	Sam Webb	SW	MOSL Presenter
Angela Day	AD	MOSL Presenter	David Gandee	DG	PwC Presenter
Will Jones	WJ	PwC Presenter	Janet Judge	JJ	MOSL Observer
Reindorf-Elijah Akakpo	RA	MOSL Observer	Matt Labrum	MLa	MOSL Observer

APOLOGIES

Claire Yeates	CY	Retailer Committee Member			
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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 and that NP was standing in as her alternate.
- 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. It was confirmed that the meeting was quorate.

2. Housekeeping

- 2.1. The minutes of MPC meeting 60 in April were approved as an accurate record.
- 2.2. Following an update from AC, the Committee agreed that the following actions could be closed: A56_01; A58_03; A58_04; A59_02; A59_05; A60_03; A60_04; A60_05; A60_08.
- 2.3. It was noted that the following action would remain open: A60_02.

3. Holistic Reporting Format and Publication

- 3.1. The Committee noted a brief verbal update from ML on proposals to include customer complaints data in the retailer holistic performance table for retailers with more than 5000 Supply Point Identifiers (“SPIDs”). ML outlined the various options available to the Committee based on the available data that captured complaints directly to retailers and complaints escalated to CCW including whether and how these options would impact overall performance ranking. ML also noted that the Committee could choose to publish the CCW data alongside the holistic performance tables and indicate that it would be an aggravating factor in escalation decisions but not allocate it a ranking score within the tables.
- 3.2. ML highlighted a slight concern that the retailer holistic report quartiles were different from those assigned by CCW as the CCW data included the Welsh water companies.
- 3.3. It was noted that the Committee were being asked to approve external publication of the holistic performance tables and comment on the associated communications, which would be subject to MOSL sign-off
- 3.4. The Committee discussed the proposed options around the inclusion of customer complaints data, noting the following key points:
 - The Committee were committed to using customer complaints data as a part of the escalation process and including it within the holistic reporting packs.
 - The complaints received by retailers and the complaints escalated to CCW covered different issues and there was not always a correlation between performance on the two measures. Additionally, complaints to retailers were self reported and complaints to CCW enabled an independent check of complaint levels.
 - Understanding the effectiveness of retailers’ customer complaints handling processes was an important factor and this could only be captured by the Committee if the complaints escalated to CCW measure was included alongside the self-reported complaints received figure.
 - Any differences in the use of quartiles by CCW to those included in the holistic performance dashboards could be worked through offline and should not pose a barrier to using the customer complaints data provided by CCW.
- 3.5. Following discussion, the Committee:
 - **AGREED** to include both customer complaints to retailers and complaints escalated to CCW in the large retailer holistic performance report.
 - **AGREED** to delegate agreement on the formatting issues raised to MOSL and CCW.
 - **AGREED** to publish the holistic reports externally.

- 3.6. The Committee received a brief verbal update from ML on proposals to publish the holistic performance tables on the MOSL website and an overview on how this would be done and communications that would run alongside the tables' publication.
- 3.7. The Committee discussed the draft communications and commented that:
- MOSL should ensure that trading parties should receive advance notice before the holistic performance tables go live on the MOSL website.
 - The drafting and individual explanations were clear and concise and the Committee welcomed the customer lens that had been applied to the explanations. However, more could possibly be done to explain the Committee's rationale for moving to holistic reporting and how this would hopefully drive improvements for trading parties, customers and the market as a whole.
 - Replacing industry acronyms with more easily understandable terms in the tables would be beneficial. The acronyms and technical terminology could then be included in the explanation.
 - There was a minor error in the drafting of the vacancy measure explanation, where 100% was currently described as best performance.
 - There was a minor error in the drafting of the customer complaints measure explanation, where the text should refer to complaints per 10,000 SPIDs. Additionally, it was felt that it might be beneficial to provide an explanation as to why the columns for smaller retailers have 'N/A' for complaints data rather than zeros.
 - The role of the MPC in holding wholesalers to account on behalf of customers, who are not able to switch wholesaler, should be brought out at a very high level in the communications.
 - Highlighting individual trading party performance and changes in performance in the communications was identified as a potential opportunity to reinforce the impact of holistic reporting.
 - Highlighting the general trend of improvements against the data quality measures seen by trading parties since the holistic reports were published internally was suggested as a potential positive example that could be included.
- 3.8. It was agreed that the Chair would work with MOSL to develop the holistic reporting communications.
- 3.9. The Committee noted where the holistic reports would be published on the MOSL website and ML briefed the Committee that MOSL would now notify trading parties that the holistic performance dashboards would be published on the MOSL website on 20 June. It was further noted that an article on holistic reporting would be included in the June edition of Market Focus.

4. Using Holistic Reporting to drive escalation decisions

- 4.1. The Committee received a brief overview of a revised new performance rectification and escalation process from SW. The proposed new process built on Committee feedback provided at MPC60 and had been worked through with PT, GM and WM ex-Committee. SW reminded the Committee that the new process was designed to enable MOSL and the MPC to address poor performance at a much earlier stage and in a more flexible way that allowed

better understanding of the root cause performance issues and how they would be addressed by trading parties.

4.2. The Committee reflected on the proposed new escalation process and raised the following points:

- Overall, the Committee was extremely positive about the proposed new process and welcomed the proposals. The importance of driving customer outcomes through escalation was reiterated and it was noted that it would be important to set the escalation triggers at the right level to maintain impetus on the correction of poor performance while not resulting in an unmanageable number of escalations.
- The R-Mex measure should be included in the wholesaler escalation criteria and both customer complaints measures should be included in the retailer escalation criteria. The number of measures required to trigger escalation should be reviewed on the basis of how the inclusion of R-Mex and customer complaints measures impact the number of trading parties likely to be triggered.
- The escalation process drafting should make it clear that the Committee will keep the triggers for escalation under review and may decide to change them. The drafting should also ensure that it is clear that the Committee retains flexibility in terms of who it chooses to escalate and may escalate trading parties who do not meet the trigger criteria (e.g. where a trading party is a consistent outlier in terms of poor performance on a single measure).
- Letters of concern should ask trading parties to comment on performance across all measures and not solely those that have triggered their escalation. Trading parties should also be asked to give an indication of expected future performance when responding to letters of concern.
- Escalation to Ofwat should be included in the performance escalation pyramid. The pyramid should also indicate more clearly where decision-making authority lies for each layer.
- Including pairing improvement plans as a part of the escalation process was potentially problematic as it would be difficult to ensure buy-in by the non-poorly performing party.
- Including request for information on the customer impact of issues (including where there is an absence of understanding) in the letters of concern was seen as positive.
- It would be beneficial to provide some more detailed information on the circumstances under which a data cleanse explanation for poor performance might be acceptable.

4.3. Following discussion, the Committee:

- **AGREED** to delegate final sign off on the revised escalation process to PT, WM, GL and MR.

4.4. The Committee thanked SW for her work on the proposals.

5. Impact of Strategic Panel Priorities

- 5.1. AR provided a verbal update on the priority market outcomes agreed by the Strategic Panel and the associated mandate that was being handed to the Committee. AR noted that the priority outcomes document would be published early the following week and gave an initial view on how the priority outcomes and Committee mandate might impact the Committee's work.
- 5.2. It was agreed that the next steps would be for MOSL to circulate the priority market outcomes document to Committee members following its publication along with a note requesting that they review and consider the priorities document and communicate these to MOSL ahead of the next meeting, where further discussion would form a substantive agenda item, so that MOSL could pull together a straw man to prompt debate.

ACTION A61_01

- 5.3. It was noted that there would be a separate opportunity for trading parties to comment on and engage with the document.

6. Tabled Updates

Ofwat Update

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

Strategic Panel Update

- 6.2. The Committee noted a brief verbal update on the Strategic Panel provided by AR.

Code Change Committee Update

- 6.3. The Committee noted a brief verbal update on the first meeting of the Code Change Committee provided by AR.

MPF Reform

- 6.4. The Committee noted the tabled update provided in advance by ML and a brief verbal update from ML that noted that the Performance Advisory Group call for nominations was out.
- 6.5. It was noted that the membership of the MPF Reform Steering Group and other relevant bodies should be published on the MOSL website.

CLOSED SESSION

7. IPRP and PRP Update

AP joined the meeting

- 7.1. The Committee noted the IPRP update circulated in advance of the meeting and a verbal update from AP.

AB and AP left the meeting

8. Holistic Performance Pack – Wholesalers and Retailers

- 8.1. The Committee noted a brief overview from SW on trading party holistic performance, including a three-month view of performance and how trading parties would look against the

escalation criteria agreed earlier in the meeting if there was no improvement in performance in the coming month.

8.2. The Committee discussed the update provided by SW noting the following key points:

- The supplementary trading party performance trend slides provided with the holistic dashboards were extremely helpful and should be included in the packs provided in advance of meetings going forward.
- On reviewing wholesaler trading party performance against the triggers set out earlier in the meeting there was consensus that, for wholesalers, four measures of performance in the bottom quartile should be maintained as the automatic trigger for a letter of concern.
- On reviewing retailer trading party performance against the triggers set out earlier in the meeting there was consensus that, for large retailers, the automatic trigger for a letter of concern should be three measures of performance in the bottom quartile once both customer complaints measures were included. For smaller retailers the consensus was that the trigger should remain at two performance measures in the bottom quartile.
- The Committee would retain a degree of flexibility and would look to escalate trading parties who did not meet the automatic escalation criteria where they felt this was appropriate.
- Further work should be undertaken by MOSL and a working group of Committee members to develop the absolute performance thresholds and absolute performance trend analysis in order to enable the Committee to identify market-wide issues. It was agreed that NP, JW and GM would form the working group to assist MOSL on the development of absolute reporting thresholds and trend analysis.

ACTION A61_02

- The Committee should review whether holistic reporting and the new escalation processes are having the desired impact at a future point once the new processes are properly bedded in.

ACTION A61_03

- It would be important to consider how conflicts of interest should be managed by the Committee going forward. While it was noted that this issue might form part of the review of the Committee's composition going forward it was agreed that Secretariat should produce some guidance for the Committee to be provided ahead of the June Committee meeting.

ACTION A61_04

9. MO Compliance Audit Outcomes

AD, SF, RA, DG and WJ joined the meeting

9.1. AD provided a brief overview on the purpose of the session, noting that the Committee's role in relation to MO compliance was to comment on the findings of the Market Auditor and MOSL in relation to MO compliance and that the Committee's comments would then be fed into discussions at MOSL's Audit and Risk Committee.

- 9.2. PwC and AD provided an overview, respectively, of the outcome of PwC's audit of MO compliance and MOSL's self-review of compliance.
- 9.3. The Committee discussed the findings presented by PwC and AD, noting:
- MOSL's report detailed outstanding actions in relation to areas of non-compliance and didn't cover historic areas of non-compliance where actions had now been closed.
 - It would be useful context for future reviews to provide further information on what the total number of compliance areas under review were and the criteria against which risk/impact were graded.
 - Going forward MOSL was working towards a transition to a more controls-based compliance testing process that looked at business processes in addition to its Code obligations. The aim was to complete this transition over the next twelve months.
 - MO compliance updates would come to the Committee on a quarterly basis and the next update was expected in October. The October update would include an update on the development of the compliance framework.
- 9.4. The Committee:
- **NOTED** the MO compliance update.

AD, SF, RA, DG and WJ left the meeting

10. AOB

- 10.1. The Committee noted an overview of the focus of upcoming Committee meetings provided by AC.
- 10.2. The Committee requested that a discussion on how it could feed into the MOSL Business Plan via the Strategic Panel was included on the agenda for either its July or August meeting.

ACTION A61_05

11. MPC54 Reflections

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