

Minutes of the Market Performance Committee Meeting 62

16 June 2022 | 09:30 – 14:00

Held via Videoconference (Microsoft Teams)

Status of Minutes: **FINAL**

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
Georgina Mills	GM	Ofwat Representative*	Jesse Wright	JW	Wholesaler Committee Member
Adam Richardson	AR	MOSL Representative*	Darren Hayes	DH	Ofwat 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
Steve Formoy	SF	MOSL Presenter	Janet Judge	JJ	MOSL Observer
Reindorf-Elijah Akakpo	RA	MOSL Observer	Matt Labrum	MLa	MOSL Observer
Jak Gibson	JG	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.
- 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 61 in May were approved as an accurate record.
- 2.2. AC noted an action to confirm that bringing the next MO compliance update back to the Committee in October would meet the expectation for updates to be provided on a quarterly basis.

ACTION_01

- 2.3. Following an update from AC, the Committee agreed that the following actions could be closed: A47_01; A60_02; A60_09; A61_01; and A61_04.
- 2.4. It was noted that the following action would remain open: A58_06.

3. Conflicts of Interest Guidance

- 3.1. The Committee noted the guidance on conflicts of interest circulated in advance of the meeting as well as a brief verbal update from AC that noted the importance of Committee members providing an alternate and advanced notice of the intention to send an alternate given potential quoracy issues where a member would be expected to recuse themselves for a decision item relating to their trading party.
- 3.2. The Committee discussed the conflicts of interest guidance, noting the following key points:
 - The guidance should retain the flexibility for members to represent their trading parties in PRP escalation discussions if required, but the guidance should bring out more clearly that when doing so they are not acting as members of the Committee looking at the issue from a market lens but are there entirely as representatives of their trading party.
 - Secretariat should work to ensure that there is a process in place to facilitate the sequential recusion of members should it be necessary (i.e. where multiple trading parties represented on the Committee are considered for escalation in the same session).
 - Members should record close associations with other trading parties in the register of interests (e.g. wholesaler members should capture any associated retailer relationship and managing agent status should also be recorded where applicable). Where there was a wholesaler-associated retailer relationship the member should also record whether their role entailed focussing on wholesaler-only matters or also included corporate matters where they might be dealing with both the wholesaler and the retailer.
 - In line with the process used by the Disputes Committee, a member who represents a trading party that acts as the managing agent for the trading party being escalated would be expected to recuse themselves from that discussion.
- 3.3. AC noted that a request for members to fill in a register of interests would follow ahead of the next meeting along with a final version of the conflicts of interest guidance.

ACTION_02

4. Impact of and feedback on the Strategic Panel Priorities

- 4.1. The Committee noted the draft feedback paper to the Strategic Panel on their Priority Outcomes and Work Areas document.
- 4.2. AR noted that the feedback received from Committee members on the Priority Outcomes and Work Areas document and the key questions raised.
- 4.3. The Committee reflected on the draft feedback and raised the following points:
 - While the Committee welcomed the direction provided by the Strategic Panel and agreed that the areas identified were important to customers, it was generally felt that asking trading parties to switch focus onto new APIs included within the holistic reporting framework would not be helpful at this point. New APIs could be developed for meter asset health and settlement accuracy as specified by the Strategic Panel. While these should not be included in the holistic reporting framework, the Committee believed that the existing related measures would also drive performance on meter asset health and settlement accuracy. The Committee would monitor performance on any new settlement accuracy and meter asset health APIs once they were in place and would look to introduce them into the holistic performance framework in due course, particularly if poor performance or declining performance was identified.
 - The Committee agreed that APIs relating to meter data quality were already included in the holistic performance framework and that improvement was being seen in these areas.
 - Given the scale of the work areas set by the Strategic Panel any new APIs developed should build on existing data and systems and should not place an excessive strain on MOSL capacity. This might mean that the new APIs were not the same as those that might be introduced in these areas following the MPF Reform work but they would work as interim measures.
 - The Committee should not suggest the introduction of any new APIs beyond those specified by the Strategic Panel. The Committee also noted that tools other than APIs were available for it too look at some of the additional areas discussed.
 - The Committee's response to the Strategic Panel should not include any mention of smart meters as a percentage of meter estate as a potential meter asset quality API.
 - Any work on potential new APIs should take into account the findings of the MPF Reform programme's market risk register, and in particular how risks have been quantified, to ensure that the Committee's time is focussed on the most impactful issues.
 - The Committee noted the number of work areas and challenging delivery timescales set by the Strategic Panel as well as the apparent lack of prioritisation within the identified work areas. Members were also conscious of the potential workload that will be placed on MOSL as a result and were keen to make sure any work it asks MOSL to undertake on its behalf as a result is prioritised and fully justified.
 - It was noted that while escalation decisions are not currently made based on absolute performance, the Committee is monitoring absolute performance and gaining insight from it and will look to set absolute performance targets in due course. At present,

relative performance is viewed as the better measure for incentivising improvements as it enables the Committee to focus on the poorest performers. The Committee will watch for performance bunching or a lack of performance improvement as triggers that the relative approach is losing its effect and if either is identified it will look to accelerate the introduction of absolute performance thresholds.

4.4. Following discussion, the Committee:

- **AGREED** to delegate the finalisation of the Committee's feedback to the Chair and GL.

CLOSED SESSION

5. IPRP and PRP Update

AP joined the meeting

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

5.2. The Committee:

- **AGREED** that they were minded to de-escalate Northumbrian from their Performance Rectification Plan and that MOSL could de-escalate Northumbrian on behalf of the MPC subject to its July performance remaining at or above the milestone set in its PRP.

5.3. The Committee noted that trading parties currently on single-issue Interim Performance Rectification Plans ("IPRPs") would come off these IPRPs in July and August and that any trading parties that would not ordinarily have been de-escalated would be included in the letters of concern and moved into the new holistic performance review process. The Committee requested that letters of concern for any trading parties whose IPRPs were ceasing, but would be transitioned to the new process, referenced their poor performance on their old IPRPs.

AP left the meeting

6. Holistic Performance Pack – Wholesalers and Retailers

6.1. The Committee noted a brief overview from SW on trading party holistic performance, including a three-month view of performance, trading parties that would be sent a letter of concern and performance trends for the trading parties who would receive letters of concern this month.

6.2. The Committee discussed the update provided by SW noting that:

- It would be beneficial to see the forward look for letters of concern that would be sent the following month (assuming no change in performance ranking) in future packs.
- It would be helpful to include guidance criteria for escalation decisions in letters of concern. Any trading party feedback on the guidance or process should be provided to the Committee on an ongoing basis.
- It would be important for the Committee to be joined up with CCW on how it analyses trading party responses to any issues with their customer complaints metrics. It would also be important to ensure that the periodicity of the quarter terminology used by CCW and the holistic reports was aligned.

- While letters of concern would be tailored to individual trading parties they shouldn't express any views on potential performance drivers, leaving this for the trading parties themselves to explain. The purpose of the letters of concern was to better understand what was driving performance at each trading party and they should not be seen as any kind of censure in and of themselves. In some instances trading party responses might highlight market issues.
- MOSL should contact trading parties to request they nominate the correct Director-level point of contact for letters of concern, and it was noted that the letters of concern would ask for responses to identify to what level the identified issues had been escalated internally. However, the level of the trading party point of contact for letters of concern should be kept under review.

ACTION_03

- It would be useful for the holistic performance packs to highlight the trend in average performance for each measure, although it was noted that further refinements on how trends in absolute performance were identified was the subject of work being undertaken by a small working group on behalf of the Committee and that it was expected that this group would report back its initial recommendations in September.

6.3. It was noted that the next steps would be for letters of concern to be sent out by the end of the month, trading parties would then have 20 business days to provide a response and responses will be reviewed at the August Committee meeting.

7. Market Audit

SF joined the meeting

- 7.1. The Committee noted the overview of the proposed market audit on wholesaler data accuracy that was scheduled to commence later in the year following an initial pilot audit.
- 7.2. SF noted that an important part of the MPC's oversight role was early sight on the scope of market audit and to provide insight and input that helped to shape its direction.
- 7.3. SW provided an overview of the scope of work on the wholesaler data accuracy audit and noted that the purpose of this audit is to identify and address current and legacy issues with poor data quality, focusing on the completeness and consistency of data owned by wholesalers operating within the non-household water market
- 7.4. The Committee discussed the detail of the proposed wholesaler data accuracy audit, noting:
 - Overall, the Committee were generally supportive of the proposed wholesaler data accuracy audit, welcomed its focus on customers and noted the benefit of including oversight of market audit within the Committee's remit.
 - There was a risk that the audit would identify some mismatches that weren't really mismatches unless it was a very manual process, for example where trading party data systems include zeros at the start of serial numbers that are not included in CMOS or where they used four address lines rather than three.
 - That a pilot wholesaler data accuracy audit would be undertaken before the full audit was rolled out which should help to refine how the audit is undertaken to deliver the greatest benefit to the market. Feedback from this pilot audit should come back to the Committee in September.

- There might be some benefit in moving straight to a sampling approach that teases out the data mismatches and looks at how data transitions from trading party systems to CMOS and the processes that trigger and support an interaction.
- While the impact of other measures (such as meter size impact on tariffs) was recognised it was felt that asset and premises location data fields were extremely important when taken in their entirety and there was some feedback that these should be given greater priority than set out in the plans. It was suggested that it might be helpful to look at the correlation between long unread meters and meter data accuracy and to consider whether any correlation could be used to prioritise the audit of a particular meter data location item.
- The findings of Market Improvement Fund projects like Project Looking Glass and Project Pinpoint was highlighted as a potential source of additional information for the wholesaler data accuracy market audit.
- It was noted that it would be good to consider whether the audit could contribute to the delivery of the Strategic Panel's priorities and it was agreed that MOSL would liaise with TN further on whether there were any tweaks to the scope of the audit that could pick up on the meter asset health, meter data quality or settlement accuracy elements.

ACTION_04

7.5. It was noted that it was expected that the results of the recent retailer data accuracy audit would be presented back at the August Committee meeting.

8. Tabled Updates

Ofwat Update

8.1. The Committee noted the tabled Ofwat update provided by DH as well as an additional verbal update on the timeline for the publication of PR24 and REC Review Consultation documents.

CCW Update

8.2. The Committee noted the tabled CCW update provided by AB.

Code Change Committee Update

8.3. The Committee noted the tabled Code Change Committee update provided by AR.

MPF Reform

8.4. The Committee noted the tabled update provided in advance by ML and a brief verbal update from ML that noted that the discussion at the first Performance Advisory Group meeting.

9. AOB

9.1. The Committee noted an overview of the focus of upcoming Committee meetings provided by AC.

9.2. It was noted that feedback from the Market Audit pilot should be expected at the September meeting and that Secretariat should look to allow additional time for discussion of possible market-wide performance issues identified by holistic reporting at the August and September meetings if possible.

ACTION_05

- 9.3. It was agreed that MOSL would circulate a note ahead of the next Committee meeting that provided context for each of the Market Improvement Fund projects, what they were expecting to deliver and when, where and how findings would be shared publicly. The note would also include details of any upcoming webinars for MIF projects.
- 9.4. SW noted that the Annual Market Performance Report would be published before the end of June, thanked TN for his contribution to the development of the AMPR on behalf of the Committee and noted the key themes.

SF left the meeting

10. MPC54 Reflections

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