

Minutes of the Market Performance Committee Meeting 67

17 November 2022 | 09:30 – 13:00

Held via Videoconference (Microsoft Teams)

Status of Minutes: APPROVED

MEMBERS PRESENT

Pamela Taylor	PT	Chair*	Adam Boyns	AB	Customer Representative Committee Member
Trevor Nelson	TN	Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Wendy Monk	WM	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Neil Pendle	NP	Retailer Committee Member	David Seymour	DS	Alternate Wholesaler Committee Member
Fallon Wilkinson	FW	Retailer Committee Member	Darren Hayes	DH	Ofwat Representative*
Adam Richardson	AR	MOSL Representative*			

* Non-Voting Members of the Committee

OTHER ATTENDEES

Sam Webb	SW	MOSL Presenter	Alexander Cowie	AC	Secretariat
Markus Lloyd	ML	MOSL Presenter	Abu Rashid	ARa	MOSL Presenter
Jacqueline Gibson	JG	MOSL Presenter	Steve Formoy	SF	MOSL Presenter
Andrew Johnson	AJ	MOSL Presenter	Matt Labrum	MLa	MOSL Observer
Ray Porter	RP	Castle Water Observer	Alexandra Piper	AP	MOSL Observer
Peter Strain	PS	Castle Water Observer	John Gilbert	JGt	MOSL Observer

APOLOGIES

Georgina Mills	GM	Ofwat Representative*	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 and GM and that DS would be standing in as GL’s alternate.
- 1.2. The Chair welcomed NP and FW as newly appointed retailer members of the Committee.
- 1.3. 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. The Chair further noted that a member of the Committee had declared a potential conflict of interest in relation to a trading party holistic reporting escalation decision item and that they would recuse themselves from that section of the discussion.

1.4. It was confirmed that the meeting was quorate.

2. South East Water Performance Rectification Plan Update

2.1. The Committee noted a brief verbal overview from SW of the status of South East Water's revised performance rectification plan and that South East Water would now come back to present their updated plan at the Committee's December meeting.

3. New Letters of Concern

3.1. The Committee noted a brief update from SW that provided a forward look on trading party performance against the holistic reporting measures and confirmed two new letters of concern were due to be sent out in November.

4. Review of Holistic Performance and Escalation Decisions

General Comments

- 4.1. The Committee reflected on the packs provided in advance of the meeting raised the following points for future consideration by MOSL:
- Where the Committee is reviewing trading party performance after having previously received a response to a letter of concern, it would be useful for the slide pack to include a summary of the performance targets and deadlines the trading party had committed to previously.
 - Going forward it would be useful to ask trading parties for more information on what they want to achieve in terms of short-term goals as part of their response to letters of concern. This would make it easier for the Committee to monitor their performance and take decisions.
 - The Committee would need to be careful when considering escalation decisions to consider performance holistically. However, where performance against a single metric is particularly bad and there is a large customer impact it could still be appropriate to escalate trading parties on a single metric.
 - Going forward MOSL should communicate with trading parties to let them know how and when their performance is being reviewed by the Committee following initial reviews triggered by the response to a letter of concern. This communication should be by email and MOSL should be careful to ensure that the tone of the communication did not turn it into an invitation to enter into a negotiation in relation to the trading party's performance.

Trading Party 1

4.2. The Committee reflected on Trading Party 1's recent performance and the targets set out in their previously submitted response to the letter of concern issued in August and raised the following points:

- While the Committee was pleased to see that performance levels had improved in two areas of concern. However, LUM performance had not improved sufficiently for Trading Party 1 to be moved back into standard MOSL monitoring.

4.3. Following discussion, the Committee:

- **AGREED** (unanimous) not to escalate Trading Party 1, to continue to monitor their performance and to review performance again in January.
- **AGREED** that a communication should be sent to Trading Party 1 informing them of the Committee's concerns.

Trading Party 2

4.4. The Committee reflected on Trading Party 2's recent performance and the targets set out in their previously submitted response to the letter of concern issued in August.

4.5. Following discussion, the Committee:

- **AGREED** (unanimous) not to escalate Trading Party 2 and to move them back to standard holistic performance monitoring by MOSL.

Trading Party 3

4.6. The Committee reflected on Trading Party 3's recent performance and the targets set out in their previously submitted response to the letter of concern issued in August and raised the following points:

- While the Committee was pleased to see that performance levels had improved in two areas of concern, UPRN performance had not improved sufficiently for Trading Party 3 to be moved back into standard MOSL monitoring.

4.7. Following discussion, the Committee:

- **AGREED** (unanimous) not to escalate Trading Party 3 and (majority) to continue to monitor its UPRN performance closely and review it again in January.
- **AGREED** that a communication should be sent to Trading Party 3 informing them of the Committee's concerns.

Trading Party 4

4.8. The Committee reflected on Trading Party 4's recent performance and the targets set out in their previously submitted response to the letter of concern issued in August.

4.9. Following discussion, the Committee:

- **AGREED** (unanimous) not to escalate Trading Party 4 and to continue to monitor its LUM performance closely and review it again in February.
- **AGREED** that a communication should be sent to Trading Party 4 informing them of the planned review.

Trading Party 5

4.10. The Committee reflected on Trading Party 5's recent performance and the targets set out in their previously submitted response to the letter of concern issued in August and raised the following points:

- Trading Party 5 had failed to achieve any of the performance levels within the timeframe set out in its previous response to the Committee’s letter of concern.
- Trading Party 5 did not provide a rationale for the delay until they were asked for an explanation.
- The rationale provided for the failure to meet its specified milestones was not an acceptable mitigation.
- Trading Party 5’s performance against other holistic performance metrics was generally poor.

4.11. Following discussion, the Committee:

- **AGREED** (unanimous) to escalate Trading Party 5 and request that they attend the December meeting.

The Committee member who had noted a potential conflict of interest left the meeting

Trading Party 6

4.12. The Committee reflected on Trading Party 6’s recent performance and the targets set out in their previously submitted response to the letter of concern issued in August and raised the following points:

- There were some concerns that, although there were some performance improvements, Trading Party 6 plan of action was not sufficient and performance against the LUM metric would remain static.
- While this was a concern, and it would be helpful to know how Trading Party 6 planned to address this issue, it was not currently enough of a concern to warrant escalation.

4.13. Following discussion, the Committee:

- **AGREED** (unanimous) not to escalate Trading Party 6 and to continue to monitor its LUM performance closely and review it again in January.
- **AGREED** that a communication should be sent to Trading Party 6 informing them of the Committee’s concerns.

5. Strategic Panel Priorities – New APIs

The Committee member who had noted a potential conflict of interest re-joined the meeting

- 5.1. The Committee noted the paper circulated in advance of the meeting that outlined MOSL’s proposed way forward to develop market metrics for settlement accuracy.
- 5.2. It was noted that due to time constraints it would not be possible to hold substantive discussion on this paper at the meeting and that Secretariat would recirculate the paper along with a request for Committee members to provide any comments on the proposals to ML by email so that they could be considered ahead of final review and sign off in December.

6. Market Audit

AJ joined the meeting

- 6.1. The Committee noted a brief update from JG on the findings of the retailer data audit, the initial findings of the pilot wholesaler data audit and the future plans for market audit

including the increase in internal MOSL resource to enable a greater proportion of future market audits to be conducted by MOSL in house rather than through a third party.

6.2. The Committee reflected on the presentation and noted the following key points:

Retailer Audit

- The Committee was disappointed at the amount of time it had taken from the start of the audit before it was completed and then between completion and presentation and discussion at the Committee. Additionally, there was frustration that individual findings had not yet been communicated to trading parties. It was noted that market audit was an important performance monitoring tool and that these delays could negate its impact and reduce the value for money provided to the market.
- There was a wide range of performance on some areas of the audit, such as occupancy and meter reads, where there was the potential for poor performance in these areas to have a large customer impact. The Committee noted that JG would follow up with individual trading parties that had performed poorly in these areas (once they had received their individual feedback) and that JG would report back on any issues identified to the Committee once this follow-up investigation had been undertaken.
- It would be worth considering whether this data audit should be undertaken on an annual basis with additional follow-up activity in a similar manner to the annual data matching audit undertaken by the CMA in Scotland. However, this was not necessarily felt to be beneficial as routine audits run the risk of losing their impact and focusing on this area might reduce the ability of future market audits to prioritise the areas identified by the MPF Reform programme's risk and issues tracker and therefore might not deliver the maximum available benefit to the market.

Wholesaler Audit

- The Committee noted the additional insight that the MOSL team had been able to generate as part of the pilot audit and commended this as an example of the additional value that could be delivered by moving the majority of market audit in house.
- One of the learning's the MOSL team had taken from the pilot audit was to exclude any instances where edits have been made to the meter location free descriptor field after it was initially entered into CMOS as these edits will have been made by the retailer (who own the data field at this point) and will therefore no longer match wholesaler systems.

Future Audits

- It would be good if there was some capacity for future audits could work to test assumptions around issues that are thought to exist in the market but for which there is currently no evidence to support or refute those assumptions.
- The market risks and issues tracker developed by the MPF Reform programme could be used as a start point for identifying future areas for market audit. This would help to focus market audit activity on the areas that have the biggest customer impact.
- It was suggested that future market audits should focus on areas where there are not existing incentives for activity.

- 6.3. Committee members were asked to provide any further comments on future audits to JG by email and it was noted that a further discussion on future audits would be held at the Committee's January meeting.
- 6.4. It was noted that, due to time constraints, a planned discussion on the findings of the trading party GDPR compliance audit and planned next steps would not be possible at this meeting. It was agreed that Secretariat would circulate the findings and next steps slides ex Committee and that Committee members would be asked to provide comments by email. If there was a high level of interest and feedback from Committee members, then the item should come back for discussion in December.

AJ left the meeting

OPEN SESSION

7. Housekeeping

- 7.1. The minutes of MPC65 in September were approved as an accurate record.
- 7.2. The actions update circulated in advance of the meeting was noted and it was:
 - **AGREED** that the following actions could be closed: A59_04; and A60_06.
 - **AGREED** that the following actions would remain open: A60_07; A61_05; and A62_03.

8. Non-Market Meters

- 8.1. The Committee noted a brief verbal update from ARa on wholesaler performance in reading non-market meters and potential options to address the issue, including some options that might require CMOS changes.
- 8.2. The Committee welcomed a comment from PS that Castle Water had received a very high number of queries and complaints for customers in relation to meters where there is a sub meter or a non-market. The Committee further noted that Castle Water had found that while wholesalers have an obligation to update the data, they do not necessarily have a process to update it in place. PS noted that Castle Water had also found that non-market meters don't generate G reads, which is in conflict with CSD0002. PS concluded that Castle Water's main concern with this issue is in relation to the volume of customer complaints that this generates and the impact on customers. PS also observed that there was an issue in the market for both wholesalers and retailers in taking reads where meters are internal and that this had been specifically flagged as an issue for wholesalers in relation to sub meters at a recent User Forum.
- 8.3. The Committee reflected on the presentation and potential options, noting the following key points:
 - Variations in trading party performance were noted and there was consensus that poor performance in this area was an issue which needed to be addressed. Given this it was felt to be appropriate for the Committee to communicate to wholesalers that it had been made aware of this issue and that it was something it would be looking at.
 - While variations on service level agreements around meter read frequency for market and non-market meters were an issue, aligning them might not prove an effective

solution as there would be added complexity if two meter readers from different organisations were required to be on site at the same time.

- While improving volume estimation would be important, this was seen as fixing a symptom rather than the cause and the Committee's focus should be on how non-market meter read levels could be improved.
- It would be important to undertake further investigation to establish the root cause of trading parties' poor performance and it was noted that the Metering Committee had said that more groundwork would be required as it looked to introduce a solution through one of its quick start projects in the new year.

AB and MR left the meeting

- Where a read is not possible, one possible solution would be to move to an assessed charges model.
- It was noted that the MPS performance standards that cover non-market meter reads are included in holistic reporting and that the Committee could look to split them out as separate columns within the holistic performance table or to write to the worst performing wholesaler to ask them to explain their performance levels. The Committee could then pass the information on what is driving poor performance to the Metering Committee to pick up as part of its quick start project and consider whether further performance monitoring and potentially escalation action would be appropriate.
- Potential asset data to ask for from poorly performing wholesalers included: what is the serial number; where are they located; the purpose they serve; the meter age; and when they were last read.

JW left the meeting

- 8.4. It was confirmed that the Committee was no longer quorate, and the Chair directed the Secretariat to issue an email communication to the Committee setting out proposed next steps and requesting comment ex-Committee.

DH, TN, RP and PS left the meeting.

9. Tabled Updates

- 9.1. The tabled updates provided in advance of the meeting were noted by the remaining Committee members.

10. AOB and Reflections

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