

Minutes of the Market Performance Committee Meeting 68

15 December 2022 | 09:30 – 16:00

Held via Videoconference (Microsoft Teams)

Status of Minutes: APPROVED

MEMBERS PRESENT

John Gilbert	JG	Alternate Chair	Adam Boyns	AB	Customer Representative Committee Member
Trevor Nelson	TN	Retailer Committee Member	Gerard Lyden	GL	Wholesaler Committee Member
Wendy Monk	WM	Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Neil Pendle	NP	Retailer Committee Member	Jesse Wright	JW	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

Markus Lloyd	ML	MOSL Presenter	Alexander Cowie	AC	Secretariat
Sam Webb	SW	MOSL Presenter	Sarah McMath	SM	MOSL Observer
Jacqueline Gibson	JG	MOSL Presenter	Steve Formoy	SF	MOSL Observer
Steve Andrews	SA	South East Water Presenter	Trading Party 1 Representative 1	TPR1	Trading Party 1 Presenter
Tanya Sephton	TS	South East Water Presenter	Trading Party 1 Representative 2	TPR2	Trading Party 1 Presenter
Dhiraj Sood	DS	South East Water Presenter			

APOLOGIES

Pamela Taylor	PT	Chair*	Georgina Mills	GM	Ofwat Representative*
---------------	----	--------	----------------	----	-----------------------

CLOSED SESSION

1. Welcome and Introductions

- 1.1. JG (“the Chair”) welcomed attendees to the Market Performance Committee (“Committee”) meeting and noted that apologies for absence had been received from PT and that he would be standing in Chair in PT’s absence. JG further noted that apologies had also been received from GM and outlined expected attendance for trading party performance rectification plan discussions.

- 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. The Committee noted that a Committee member had declared a potential conflict of interest in relation a trading party performance review and that they would recuse themselves for that discussion.
- 1.3. It was confirmed that the meeting was quorate.

2. South East Water Performance Rectification Plan Discussion

Southern Water Discussion Prep

- 2.1. The Committee noted a brief verbal overview from SW of the decision points and available options for them with regards to South East Water.
- 2.2. The Chair thanked Committee members for providing comments and questions on South East Water's proposed Performance Rectification Plan ("PRP") in advance and the paper detailing the questions submitted was noted and the allocation of questions between Committee members was discussed and agreed.

South East Water Performance Rectification Plan Review

SA, TS and DS joined the meeting

- 2.3. The Committee received a brief presentation from SA and TS outlining South East Water's proposed PRP and providing additional context to the cause of performance issues and improvement projects being undertaken.
- 2.4. The Committee discussed South East Water's proposed PRP and noted additional clarifications from SA, TS and DS.
- 2.5. The Chair thanked SA, TS and DS for their presentation and engagement with the Committee and noted that the outcome of the Committee's discussion on next steps would be communicated shortly after the meeting.

SA, TS and DS left the meeting

South East Water Performance Rectification Plan Decision

- 2.6. The Committee reflected on the presentation from South East Water and the responses to its questions and discussed next steps.
- 2.7. Following discussion, the Committee:
 - **AGREED** (unanimous) to accept South East Water's proposed PRP.
- 2.8. SW confirmed that a written response from the Chair would be provided to South East Water as soon as possible confirming that the Committee had voted to accept its proposed PRP and asking for additional information in the areas specified by the Committee.

3. Trading Party 1 Performance Rectification Plan Discussion

Trading Party 1 Discussion Prep

- 3.1. The Committee noted a brief verbal overview from SW of the decision points and available options for them with regards to Trading Party 1.

- 3.2. The Chair thanked Committee members for providing comments and questions on Trading Party 1's proposed PRP in advance and the paper detailing the questions submitted was noted and the allocation of questions between Committee members was discussed and agreed.

Trading Party 1 Performance Rectification Plan Review

TPR1 and TPR2 joined the meeting

- 3.3. The Committee received a brief presentation from TPR1 and TPR2 outlining Trading Party 1's proposed PRP and providing additional context to the cause of performance issues and improvement projects being undertaken.
- 3.4. The Committee discussed Trading Party 1's proposed PRP and noted additional clarifications from TPR1 and TPR2.
- 3.5. The Chair thanked TPR1 and TPR2 for their presentation and engagement with the Committee.

TPR1 and TPR2 left the meeting

Trading Party 1 Performance Rectification Plan Decision

- 3.6. The Committee reflected on the presentation from Trading Party 1 and the responses to its questions and discussed next steps.
- 3.7. Following discussion, the Committee:
 - **AGREED** (unanimous) to de-escalate Trading Party 1 to MOSL monitoring against milestones that would be requested by, and submitted to, MOSL for three holistic reporting metrics.
- 3.8. SW confirmed that a written response from the Chair would be provided to Trading Party 1 as soon as possible confirming that the Committee had voted to de-escalate and requesting milestones for the metrics specified by the Committee be submitted to MOSL for monitoring and potential future review by the Committee.

4. New Letters of Concern

- 4.1. The Committee noted a brief update from SW that provided a forward look on trading party performance against the holistic reporting measures and confirmed one new letter of concern was due to be sent out in December.
- 4.2. It was further noted that, unless the Committee exercised its discretion, at current performance levels one smaller trading party with performance above 99% would trigger a letter of concern in January. There was some discussion amongst Committee members about whether a trading party should be sent a letter of concern in these circumstances and that this might be an area to be explored further as part of the holistic reporting post-implementation review scheduled for January.

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

5. Trading Party 2 Escalation Review

- 5.1. The Committee reflected on Trading Party 2's performance against the milestones set in their response to a letter of concern sent in July. The Committee briefly discussed Trading Party 2's

response to the letter of concern, noting that it was very positive and that it had improved its holistic performance in a number of areas.

5.2. Following discussion, the Committee:

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

6. Market Performance Operating Plan

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

6.1. The Committee noted that a paper including the draft Market Performance Operating Plan (“MPOP”) had been circulated in advance of the meeting and that a further, revised, draft had subsequently circulated building in pre-meeting feedback from TN.

6.2. The Committee discussed the draft MPOP, noting the following key points:

- It would be beneficial to add additional references to where the MPOP is focussed on retailer and customer data points.
- The benefit of short-term changes ahead of full market performance framework (“MPF”) reform was likely to be very limited. As such, while it was right to flag the possibility of such activity in the MPOP, the MPOP should recognise that this activity was likely to be minor and that measures were only likely to be removed (ahead of full MPF reform) where there was a clear steer from the MPF Reform Programme that they would be removed and not replaced.

6.3. The Chair thanked Committee members for their feedback and noted that further comments on the draft could be sent through to ML by email and should be submitted by close of business on Tuesday, 20 December.

OPEN SESSION

MEMBERS PRESENT

John Gilbert	JG	Alternate Chair	Adam Boyns	AB	Customer Representative Committee Member
Trevor Nelson	TN	Retailer Committee Member	Gerard Lyden	GL	Wholesaler Committee Member
Wendy Monk	WM	Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Neil Pendle	NP	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
David Morris	DM	Alternate Retailer 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
--------------	----	----------------	-----------------	----	-------------

Sam Webb	SW	MOSL Presenter	Sarah McMath	SM	MOSL Observer
Jacqueline Gibson	JG	MOSL Observer	Steve Formoy	SF	MOSL Observer

APOLOGIES

Pamela Taylor	PT	Chair*	Georgina Mills	GM	Ofwat Representative*
Fallon Wilkinson	FW	Retailer Committee Member			

7. Welcome and Apologies

- 7.1. JG (“the Chair”) welcomed attendees to the open session and noted that FW had sent her apologies for the open session and that DM would stand in as her alternate.
- 7.2. 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.
- 7.3. It was confirmed that the meeting was quorate.

8. Housekeeping

- 8.1. The minutes of MPC67 in November were approved as an accurate record.
- 8.2. The actions update circulated in advance of the meeting was noted and it was:
 - AGREED that the following actions could be closed: A60_07; A62_03; A67_03; A67_04; A67_06; and A67_07.
 - AGREED that the following actions would remain open: A60_01; 61_03; A61_05; A62_05; and A64_01.
- 8.3. With regard to the non-market meter read performance issue raised and discussed at MPC67, the Committee confirmed that the next steps would be for MOSL to issue a communication to wholesalers noting that this an issue that the Committee has been made aware of and will be looking at and for MOSL to then send a letter of enquiry to the worst performing wholesalers on behalf of the Committee asking for an explanation of the drivers for poor performance. It was noted that the Committee would then consider responses and decide whether any further data or remedial action was required.

ACTION A68_03

9. Strategic Panel Priorities – New APIs

- 9.1. The Committee noted the paper circulated in advance as well as a brief verbal update from ML that detailed the approach taken to the development of a settlement accuracy market indicator and associated dashboards in response to previous discussion at the Committee around how to fulfil the Strategic Panel’s directive to set clear targets and hold market participants to account for settlement accuracy.
- 9.2. The Committee discussed the approach taken and the insight from the dashboards, noting the following key points:

- The Committee welcomed the dashboards and observed that there was some really interesting insight that could be drawn from them. While it was also noted that a significant amount of further work was required to get to the root of the issue the development of the dashboards and the ability for Committee members to explore the data using different filters was seen as a positive initial step.
- Given the lack of control retailers currently have over the metric and the further work required to understand the cause of any apparent poor performance it would be inappropriate for the dashboards to be made available on the MOSL website at present and they should only be published to trading parties via the MOSL portal. Additionally, it was noted that the role of the settlement accuracy market indicator was as a starting point for further exploration and that it would not be used to force a decision point in relation to individual trading party performance while it remained a market indicator.
- While there were a lot of potential avenues for further investigation, it was noted that the start point for further analysis would build around the effect of the existing CMOS algorithm and rules and the impact of manual estimation by trading parties.
- It would be useful for the Committee to get further understanding of how CMOS calculates settlement. Given the complexity Committee members had found when trying to establish this there could be some benefit for the MOSL team looking at how it can be communicated simply to new market entrants.
- The Committee noted that the timeline set out in the paper was ambitious and that the aim was for the analysis undertaken to provide a first tranche of insight to the MPF Reform Programme in time to be considered as part of that workstream. However, further work was likely to be required after that initial tranche of insight was delivered.

9.3. Following discussion, the Committee:

- **AGREED** (majority) to endorse the approach to the settlement accuracy market indicator and the publication of the associated dashboards on the MOSL portal.

10. Switching Rejection Rates

10.1. The Committee noted the paper detailing the switching rejection rate analysis performed by JG and the proposed next steps for this work ahead of further discussion at a future Committee meeting.

10.2. The Committee discussed the initial switching rejection rate analysis and proposed next steps noting the following key points:

- The further analysis being undertaken by the MOSL team is looking at the time taken to accept or reject a switch and considering the possibility of automated rejection being built into systems, although it was noted that automated rejections could be built into systems and be in line with Code requirements.
- Work being undertaken in the Scottish market to introduce a switching code of practice that reflects and supports the customer experience was highlighted along with the potential to share the findings of this work with the relevant Scottish bodies to support that work.

- 10.3. Following discussion, it was noted that further discussion on switching rejection rates would be held at the February Committee meeting once the full set of responses had been received and reviewed.

11. Tabled Updates

- 11.1. The tabled updates provided in advance of the meeting were noted along with an update from DH on changes within the Ofwat team that would mean Shaun Kent would replace him and GM as the Ofwat affiliate member of the Committee early in 2023.

12. AOB and Reflections

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