

# Minutes of the Market Performance Committee Meeting 69

19 January 2023 | 09:30 – 14:30

Held via Videoconference (Microsoft Teams)

Status of Minutes: **APPROVED**

## MEMBERS PRESENT

Pamela Taylor	PT	Chair*	Michael Rathbone	MR	Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Wendy Monk	WM	Retailer Committee Member	Gerard Lyden	GL	Wholesaler Committee Member
Neil Pendle	NP	Retailer Committee Member	Darren Hayes	DH	Ofwat Representative*
Fallon Wilkinson	FW	Retailer Committee Member	Shaun Kent	SK	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	Angela Day	AD	MOSL Presenter
Jacqueline Gibson	JG	MOSL Presenter	Steve Formoy	SF	MOSL Presenter
Reindorf-Elijah Akakpo	REA	MOSL Presenter	Matt Labrum	MLa	MOSL Observer
Sarah McMath	SM	MOSL Observer	Alexandra Piper	AP	MOSL Observer
Harriet George	HG	MOSL Observer	Janet Judge	JJ	MOSL Observer

## APOLOGIES

Adam Boyns	AB	Customer Representative 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 Adam Boyns.
- 1.2. The Chair noted that this would be DH’s last meeting and that SK would be joining as the Ofwat representative along with Sean Mills going forward. The Chair welcomed SK and thanked DH for his invaluable contributions to 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.
- 1.4. It was confirmed that the meeting was quorate.

## 2. Performance Overview

- 2.1. The Committee noted a brief verbal overview from SW on trading party performance, any new letters of concern due to be issued in January and the status of trading parties previously reviewed.
- 2.2. The Committee welcomed the performance pack as a useful tool for its decision making and it was agreed that the MOSL team should continue to provide the packs at future meetings.

## 3. Holistic Performance Escalation Decisions

### Trading Party 1

- 3.1. The Committee reflected on Trading Party 1's performance and raised the following points:
  - The Committee was disappointed with progress since Trading Party 1 was last reviewed and recommended that MOSL should request clarification from Trading Party 1 on whether the work that had been indicated as planned at its last review had started as planned and whether Trading Party 1's plan to improve performance was on track.
- 3.2. Following discussion, the Committee:
  - **AGREED** (unanimous) not to escalate Trading Party 1 and to continue to monitor its performance closely and review it again in March.
- 3.3. It was noted that MOSL would send a communication to Trading Party 1 informing them of the Committee's concerns.

### Trading Party 2

- 3.4. The Committee reflected on Trading Party 2's performance and raised the following points:
  - While the Committee was expecting to see a jump in Trading Party 2's performance once the improvement work previously indicated was completed, it retained sufficient concern on performance not to move Trading Party 2 back to standard MOSL monitoring.
  - The Committee recommended that MOSL should request clarification Trading Party 2 had commenced improvement work as planned and whether it was still on track to achieve the performance improvements in the timeframe previously indicated to the Committee.
- 3.5. Following discussion, the Committee:
  - **AGREED** (unanimous) not to escalate Trading Party 2 and to continue to monitor its performance closely and review it again in March.

- 3.6. It was noted that MOSL would send a communication to Trading Party 2 informing them of the Committee's concerns.

### Trading Party 3

- 3.7. The Committee reflected on Trading Party 3's performance and improvement activity set out in a response to letter of concern sent in July.
- 3.8. The Committee noted that Trading Party 3's performance against a specific holistic reporting metric had continued to deteriorate.
- 3.9. Following discussion, the Committee:
- **AGREED** (unanimous) to escalate Trading Party 3 and request that they attend the February meeting.
- 3.10. The Committee noted that the letter escalating Trading Party 3 should provide some guidance on the sort of information the Committee would expect to see in a performance rectification plan.

### Trading Party 4

- 3.11. The Committee reflected on Trading Party 4's performance against response to letter of concern sent in July and raised the following points:
- While Committee members were generally happy not to escalate Trading Party 4, concerns were raised around some aspects of their behaviour. However, the Committee did not believe the customer impact sufficient to warrant further action at this point.
- 3.12. Following discussion, the Committee:
- **AGREED** (unanimous) not to escalate Trading Party 4 and to move them back to standard holistic performance monitoring by MOSL.

### Trading Party 5

- 3.13. The Committee reflected on, and briefly discussed, Trading Party 5's response to the letter of concern sent in October as well as their recent performance.
- 3.14. The Committee noted Trading Party 5's engagement with MOSL and the improvement activity currently being undertaken.
- 3.15. Following discussion, the Committee:
- **AGREED** (unanimous) not to escalate Trading Party 5 and to move them back to standard holistic performance monitoring by MOSL.

## 4. PRP Review: South East Water Update

- 4.1. The Committee noted an update on South East Water's performance against its performance rectification plan ("PRP") and, following a brief discussion, requested that MOSL engage with South East Water to provide guidance on the sort of information that should be included in future PRP updates.

**ACTION A69\_01**

## 5. Settlement Accuracy Market Indicators

- 5.1. The Committee noted the paper on the insights from the settlement accuracy market indicator dashboards and a brief verbal update from ML.
- 5.2. The Committee reflected on the update provided as well as their own insights from using the settlement accuracy market indicator dashboards, and raised the following key points:
  - While the insight from the settlement accuracy market indicators was extremely interesting, further work was required to understand how large variances between R1 and R3 impact customers and trading parties. In order to understand this, further engagement with wholesalers and retailers would be required.
  - It was noted that there was not necessarily a direct link between settlement accuracy and customer billing as many retailers were likely to be using billing systems that were entirely separate from CMOS. However, high levels of estimate use might indicate that there are problems for a retailer's ability to bill accurately.
  - The purpose of the settlement accuracy market indicators was to drive further investigation and highlight areas where trading party behaviours are affecting settlement results to the detriment of the market.
  - It was noted that there was the possibility that the Retailer-Wholesaler Group would establish a working group looking at the settlement process and that if such a group was established the MOSL team would look to coordinate with them where appropriate.
  - A question was raised around the existing Yearly Volume Estimate and Interim Level Estimate values and processes were appropriate and this was noted as a potential area for further investigation.
- 5.3. The Chair thanked ML for his presentation and the Committee noted that while they would be provided with regular updates on the progress of the settlement accuracy work, further substantive discussion would only be scheduled when there were substantive findings to be presented back.

## 6. Holistic Reporting Process Review

- 6.1. The Committee noted the paper on the impact of holistic reporting and the revised escalation process that had been circulated in advance of the meeting as well as a brief verbal overview from SW.
- 6.2. The Committee provided initial reflections on the success of the processes underpinning the holistic reporting approach, including escalation and raised the following key points:
  - Overall, the Committee observed that there was clear evidence that the current system was working and, while there were areas for improvement in the existing process, Committee members encouraged the MOSL support team not to expend too much resource making significant changes at this point given ongoing MPF reform and potential central data cleanse activity.
  - The Committee was broadly in favour of the introduction of absolute performance levels where appropriate, although this should be as part of a hybrid approach with relative performance targets continuing to be used where there was not bunching of

high levels of performance by trading parties. It was noted that the market itself was demonstrating where absolute performance targets should be applied with all trading party performance above 99% for some measures.

- While formalising the escalation process would be beneficial the Committee was keen that an agile approach to escalation that allowed a degree of flexibility should be retained. In this sense it was noted that the ability of trading parties to understand and predict when they might be escalated was crucial and it was noted that the Committee had not received any push back on this to date.
- With regard to smaller trading party performance reviews, the Committee felt that there was a benefit to keeping them on its radar (and maintaining a zero-tolerance approach to poor performance) but greater responsibility for their performance management should be placed with MOSL and escalations for review by the Committee undertaken by exception.
- It was noted that the majority of LLUMs relate to long-term vacant premises and consideration should be given to how to move the focus of this metric to LLUMs at occupied premises as this is where the greatest customer impact would be seen.
- It was noted that there was an ongoing issue around how to manage trading parties that had triggered a letter of concern and then fell into the red zone in an additional area.
- It was noted that the Committee had needed to request additional clarifications from multiple trading parties in relation to how they planned to address performance issues and it was suggested that being able to provide some kind of clear guidance on what the Committee's expectations were, and possibly case studies, might help to streamline the process.
- The Chair thanked SW and Committee members for their comments and summarised that the areas the Committee had agreed for further review were:
  - consideration of how to bring in absolute performance targets where appropriate, noting that this would be part of a hybrid approach;
  - how to move more of the responsibility for monitoring smaller trading party performance to MOSL, while keeping it on the Committee's radar;
  - consideration of what, if any, guidance or templates could be provided to trading parties on what should be included in performance rectification plans or letter of concern responses;
  - how to treat companies that have already triggered a letter of concern but fall into the red zone on additional measures;
  - how to move to a focus on occupied LLUMs and LUMs rather than all premises.
- It was noted that SW would submit a timeline for expected delivery of as part of the Committee forward plan at a subsequent meeting.

**ACTION A69\_02**

- The Chair noted that it would be useful to provide the market with a view of how performance levels have changed following the introduction of holistic reporting and it was noted that this should be picked up in the Annual Market Performance Report.

**ACTION A69\_03**

## 7. Holistic Reporting Metrics Review

7.1. The Committee discussed the initial findings of a review of the impact of the holistic approach on identified trading party performance metrics and raised the following key points:

- The quarterly complaints data is quite different to the other metrics, which are reported on a monthly basis, and often also lags behind the period and when it is reported. The Committee noted that it would be beneficial if the complaints data could also be reported on a monthly basis, although it was acknowledged that this data was supplied by CCW and that there might be reasonable impediments that mean that monthly reporting was not feasible.
- A question was raised over whether CCW undertakes any escalation or rectification activity on the complaints data and it was noted that this should be considered as part of the work being undertaken by the group looking at the formalisation of the escalation process.
- It was suggested that it could be beneficial to report rolling monthly average performance on all metrics to trading parties to allow them to understand the market position and the direction of travel, although it was acknowledged that this information is available on the MOSL portal and website.
- While the additional insight driven by bilaterals hub task reporting could be useful, the Committee was wary about introducing additional complexity and/or new metrics to holistic reporting especially considering the ongoing MPF reform work.
- It would be beneficial to evolve the retailer metrics to remove internal meters at vacant or hard to access properties from the metrics. However, it was noted that in order to progress this, ML would need to work the options through with the MPF Reform programme and that further review would be added to the Committee's forward work programme.

**ACTION A69\_04**

## 8. MO Compliance

8.1. The Committee noted an update on MO compliance along with a clarification that the scope of the MO compliance audit undertaken by PwC was agreed with the MOSL Audit and Risk Committee.

## OPEN SESSION

### 9. Housekeeping

9.1. It was noted that the draft minutes of MPC68 had been circulated to the Committee and that the Committee had been asked for comments ex-Committee by close of business on Thursday 26 January. It was agreed that unless any objections or substantive comments that required

review were received the minutes would be taken as approved and published on the MOSL website on Friday 27 January.

9.2. The actions update circulated in advance of the meeting was noted and it was:

- **AGREED** that the following actions could be closed: A61\_03.
- **AGREED** that the following actions would remain open: A60\_01, A61\_05, A62\_05, A64\_01, A68\_01 and A68\_02.

## 10. Market Audit

10.1. The Committee noted a brief update from JG and SF on future market audits and individual trading party performance against areas of concern identified through the retailer data audit.

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

### Future Market Audits

- Any future audit on the alignment of CMOS tariffs and published tariffs should consider including the use of the standard tariff document template as part of its scope.
- Any future audit on the use of skip codes should take into account the timing of the introduction of new skip code lists following the implementation of CPW120 and CPW130 in May 2023 and should be expanded to include the use of skip codes by wholesalers on non-market meter reads.

### Retailer Data Audit Update

- It was noted that the final PwC report was available on the MOSL website and Committee members were reminded that they would need to log into the website to access the report.

## 11. Tabled Updates

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

## 12. AOB and Reflections

12.1. The remaining Committee members reflected on the meeting.

12.2. There being no further business, the Chair closed the meeting.