

# Minutes of the Market Performance Committee Meeting 81

24 January 2024 | 09:30 – 14:30

Held via Videoconference (Microsoft Teams)

**Status of Minutes: FINAL**

## MEMBERS PRESENT

Pamela Taylor	PT	Chair*	Gerard Lyden	GL	Wholesaler 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	Adam Boyns	AB	Customer Representative Committee Member
Fallon Wilkinson	FW	Retailer Committee Member	Adam Richardson	AR	MOSL Representative*
Shaun Kent	SK	Ofwat Representative*			

\* Non-Voting Members of the Committee

## OTHER ATTENDEES

Sam Webb	SW	MOSL Presenter	Nichola Vincendeau	NV	MOSL Secretariat
Axelle Saada	JG	MOSL Presenter	Trading Party Representative	SA	Trading Party 1 Representative
Markus Lloyd	ML	MOSL Presenter	Trading Party Representative	DH	Trading Party 1 Representative
Sarah McMath	SM	MOSL Observer			

## CLOSED SESSION

### 1. Welcome and Introductions

- 1.1. The Chair welcomed everyone to the Market Performance Committee (“Committee”) meeting and noted that no apologies had been received.
- 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. Trading Party 1 Pre-Brief

- 2.1. The Committee were asked to consider the information to be presented in item 3.

- 2.2. The Chair updated the Committee on progress on the actions that came from MPC79 relating to Trading Party 1, namely that a letter had been sent to Strategic Panel as agreed by the Committee and the Panel Chair will meet with the CEO of Trading Party 1 next week prior to the next Panel meeting in February 2024.
- 2.3. It was confirmed that Trading Party 1 did not request to meet with a subset of the Committee.
- 2.4. The Committee wanted to see a plan that gives it confidence that Trading Party 1 is fulfilling its obligations; the metrics measured by MPC are in place to ensure that trading parties are operating on a level playing field.
- 2.5. It was confirmed that Trading Party 1 has moved off the bottom of the table, but the MPC remained concerned that the average performance across holistic metrics is still below 80%.

### 3. Trading Party 1 PRP Update

- 3.1. Trading Party 1 shared a presentation at MPC. It was noted by the Committee that it would need to have a copy of this presentation to review (having not have sight of the presentation before the meeting). It was agreed that Trading Party 1 would forward a copy of the presentation after the meeting.
- 3.2. The Committee discussed the progress of the revised PRP with Trading Party 1, where the following key points were raised:
  - Trading Party 1 raised the complexity of supply that is a particular issue in the area that it covers, especially in rural areas. There are a number of shared supplies and Trading Party 1 is addressing this through its mapping and metering projects, in particular with the use of What Three Words.
  - The Committee expressed concerns about performance in relation to the specific indicators it monitors. While acknowledging that Sout East Water have been focussed on projects such as Long Unread Meters, The MPC needs to build its confidence that Trading Party 1 are taking steps to improve in these specific areas, including OPS and MPS measures and VOA data.
  - The Committee asked about the Trading Party 1 Board's perspective on the issues raised. It was acknowledged that the Board was disappointed that Trading Party 1 was going through this process and that the Board was aware of the issues and that it was happy with the direction of travel. When asked about the Board's view on risk, it was acknowledged that there were concerns about major incidents and the difficulties of mitigating the risk of drawing people away from their core functions to cover this area of work.
  - The MPC expressed concern that the Trading Party 1 Board appeared to be comfortable with a plan that did not include interim targets to track progress.
- 3.3. The Chair thanked Trading Party 1 for the update and explained that the Committee would discuss the matter further in closed session and report back to the Chair of the Strategic Panel.

### 4. Trading Party 1 Performance Rectification Plan Review

- 4.1. Following on from discussion at MPC79, the Committee reviewed the progress of the revised PRP.

- 4.2. The MPC recognised the work that was being undertaken to improve areas within the business along with the complexities of identification and location of meters in the area covered by Trading Party 1. However, while MPC members heard a commitment to improvement, the MPC felt that the plan presented does not track how Trading Party 1 will improve against the specific measures that the market monitors.
- 4.3. The Committee felt that, although Trading Party 1 produced plans, the Committee's concerns raised in MPC79 in November have not been addressed<sup>1</sup>. It was disappointed that Trading Party 1 had not prioritised the measures used by the MPC to monitor the market.
- 4.4. The Committee had low confidence in seeing an improvement in Trading Party 1's performance against the metrics.
- 4.5. The Committee would like to have a granular plan that tracks Trading Party 1's improvements against the measures used by the MPC, showing month-to-month progress and to what extent various targets will be met (including insight on the planned implementation of system or process improvements and workstack clearance rates that will contribute to performance improvements). MPC members requested this information be provided in advance of the February MPC meeting.
- 4.6. The MPC was concerned about the degree of risk that it observed in the presentation. Resources are moved in major incidents and there appears to be little mitigation of that risk and there may not be the systems in place to manage this. In addition, the company's Board appears to have signed off a plan with no targets for the measures outlined. The MPC felt that there was a risk that unexpected events would continue to throw projects off agreed timescales.
- 4.7. The Committee:
  - **AGREED** (unanimous) that a letter would be sent to Trading Party Representative, cc'd to the Panel Chair, the Panel and MPC members expressing the concerns and a desire for Trading Party 1 to return to the MPC in February (MPC82) with a more granular plan detailing milestones. Strategic Panel are meeting on 5 February and, should they continue to delegate this responsibility, this will be confirmed in writing to the Trading Party.

***ACTION: A81\_01***

## 5. Trading Party 2

- 5.1. Following on from discussion at MPC74, the Committee reviewed the updates from Trading Party 2, noting that Trading Party 2's performance has improved significantly and it is now out of the bottom quartile.

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<sup>1</sup> At MPC79 in November 2023 the MPC was not convinced that Trading Party 1 understood the rationale of the escalation process, the significance of the measures being applied to all trading parties and the importance of improving performance against these measures. (Trading Party 1 was escalated for performance concerns against OPS Metering & Verification, OPS Customer Service & disconnection, MPS New Connections and Meter Reads, VOA, GIS and R-MeX (NB: MPC no longer escalate on the basis of R-Mex) and their Performance Rectification Plan was accepted at MPC68 in December 2022). Additionally, it offered a subset of the MPC to explain the focus on these measures. The Committee wanted to see a more prescriptive approach, including monthly milestones, the percentage contribution that Trading Party 1 was expecting to make, risk management/mitigation plans (specifically the control of risks relating to performance) and a report from the Senior Leadership of Trading Party 1 on a regular basis giving their view on the progress against the plan.

- 5.2. It was noted that Trading Party 2 had previously expressed a desire to provide an update to the MPC and had been invited to the meeting. However, in light of its improved performance it felt that a further update was not needed and decided not to attend.
- 5.3. MPC Members agreed it should be recognised that Trading Party 2 had made significant improvements in its performance and that Focussed Monitoring was no longer required.
- 5.4. The Committee:
  - **AGREED** (unanimous) that Trading Party 2 should be taken out of Focussed Monitoring and SW will write to them on behalf of the MPC to let them know that this was the decision of MPC.

***ACTION: A81\_02***

## 6. Trading Party 3

- 6.1. The Chair provided an update on the meeting with Trading Party 3 in the paper circulated to the MPC prior to the meeting.
- 6.2. The Committee briefly discussed the update provided, noting that the meeting between the MPC Chair and the CEO of Trading Party 3 was positive; in terms of learning for the Committee, the Chair said that communication styles could have caused some of the issues that led the Committee to take the action that it did on receiving the response to its original Letter of Concern. Additionally, in the meeting, some historical issues within Trading Party 3 Group came to light that would not have been evident to anyone outside that group.
- 6.3. The MPC agreed that, if there were specific issues between any type of trading party and another and these were cited by a trading party under a performance review, it may be minded to ask both parties to attend a future meeting of the MPC.
- 6.4. It was also noted that, with the MPF Reform work, there will be a better view of wholesaler performance in relation to the processing of bilateral hub transactions.
- 6.5. The Committee:
  - **AGREED** (unanimous) that it should formally acknowledge that Trading Party 3 are no longer subject to Focussed Monitoring.

## 7. Tabled Updates

- 7.1. The tabled updates provided in advance of the meeting were raised. The MPC welcomed the new table by SW for presenting data.

## 8. Review of Holistic Performance and Escalation Decisions

- 8.1. The Committee received an update on current status of Letters Of Concern recipients.
- 8.2. Trading Party 4's performance was discussed. It is moving to the High Volume Interface platform as it completes reassurance and SW recommended Focussed Monitoring as the MPC looks for an improvement over the next few months. Trading Party 4 triggered its Letter of Concern in November 2023.
- 8.3. Following discussion, the Committee:

- **AGREED** (unanimous) to ask Trading Party 5 for an update following its response to the Letter of Concern issued in July 2022 and reviewed at MPC64
- **AGREED** (unanimous) to ask Trading Party 6 for an update following its response to the Letter of Concern issued in March 2023 and reviewed at MPC72.
- **AGREED** (unanimous) that the period between issuing a Letter of Concern and a review, going forward, should be six months.
- **AGREED** (unanimous) that Trading Party 4 should be moved onto Focussed Monitoring.

## OPEN SESSION

### MEMBERS PRESENT

Pamela Taylor	PT	Chair*	Gerard Lyden	GL	Wholesaler 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	Fallon Wilkinson	FW	Retailer Committee Member
Shaun Kent	SK	Ofwat Representative*	Adam Richardson	AR	MOSL Representative*

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### OTHER ATTENDEES

Sam Webb	SW	MOSL Presenter	Sarah McMath	SM	MOSL Observer
Axelle Saada	JG	MOSL Presenter	Nichola Vincendeau	NV	MOSL Secretariat
Markus Lloyd	ML	MOSL Presenter	Peter Strain	PS	Castle Water Observer
Evan Joannette	EJ	MOSL Presenter			

### APOLOGIES

Adam Boyns	AB	Customer Representative Committee Member
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## 9. Welcome and Apologies

- 9.1. The Chair welcomed attendees to the open session and noted that AB offered his apologies for the Open Session.
- 9.2. 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.
- 9.3. It was confirmed that the meeting was quorate.

## 10. Housekeeping

10.1. The Committee agreed to approve the minutes of the Market Performance Committee meeting held on 30 November as an accurate record of the meeting.

## 11. MPF Reform Update

11.1. The Committee were provided with the latest updates from the MPF Reform Programme. Including an update from PAG meetings and updates on metrics referring to MPS31/32/33.

11.2. The Committee briefly discussed the update provided.

11.3. The Chair thanked EJ and ML for their presentation.

## 12. Tabled Updates

12.1. The tabled updates provided in advance of the meeting were noted.

12.2. The implications from the next Strategic Panel meeting on MPC will be picked up at MPC82.

12.3. The Panel will be considering a number of strategic papers including the roadmap for metering and the work on water efficiency as well as an early discussion on the roadmap to a flourishing market.

12.4. The MPF Reform programme work, detailed in the previous agenda item, was approved by Code Change Committee.

12.5. Ofwat confirmed that the consultation on the Customer Protection Code of Practice tranche two was published in December. The next session for BR-Mex is on 9 February, focussing on MPF metrics and R-Mex on 15 February; the consultants are on course to publish their final report in February.

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

- **AGREED** that the following actions could be closed: A69\_04, A73\_05, A73\_08, A75\_01, A75\_02, A79\_01 and A79\_02.
- **AGREED** that the following actions would remain open: A55\_01, A73\_02, A73\_04 and A75\_03.

## 13. AOB and Reflections

13.1. The Committee members reflected on the meeting.

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