



STRATEGIC
PANEL
& Committees

Strategic Panel Priority Market Outcomes and Areas of Work

Appendices

6 September 2022

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Appendix 1: Summary of Defra's Draft Strategic Policy Statement

On 28 March 2022, Defra confirmed the [Government's Strategic Priorities for Ofwat](#). Aspects relevant to the non-household market can be summarised as:

Protecting and enhancing the environment: Companies should improve their day-to-day environmental performance to enhance the quality of the water environment and be more ambitious in their actions to protect and enhance the environment. Companies should have regard to the national strategy for net zero greenhouse gas emissions by 2050.

A resilient water sector: Water and wastewater services should be planned, built and operated to secure the needs of and deliver value to current and future customers, the environment and wider society over the long-term. Companies must act to improve the water efficiency of businesses and reduce demand for water in a way that represents value for money in the long term.

Serving and protecting customers: Companies should be incentivised to continually improve customer service and the timeliness and quality of responses to customer complaints including those raised on their behalf by Retailers. All customers should be treated fairly, and focus strengthened on protecting vulnerable customers including the transiently vulnerable. The interests of micro and small business customers should be protected by competition or regulation. Greater collaboration between market participants should be promoted to improve the value available to all customers. Companies should also deliver on commitments to expand data sharing initiatives across the industry and with other utilities.

Using markets to deliver for customers: An effective market delivers better service and more responsive products to save customers money, water and time. Competition should be considered to drive long term investment, provide customer benefits and support government priorities. Changes to market rules, processes and structures should be explored to deliver better outcomes for customers, society, market resilience, investor confidence and the environment, but parties also need to come together and play their part. The focus should continue to be on resolving frictions and structural challenges, monitoring and promoting incumbent support to develop a well-functioning market, proactively managing bad debt, and reducing potential disruption in the event of a retailer's unplanned exit.

Appendix 2: Summary of Ofwat's Vision for the Business Retail Market

Ofwat presented its vision for the Business Retail Market in speeches to the MOSL CEO Forum by [Rachel Fletcher in November 2020](#) and [by David Black in November 2021](#). These are summarised as:

The market should create value for customers, society and the environment – grow the pie. Dynamic and competitive, it should reward those that provide better quality service and value for money and evolve new propositions to meet the diverse and changing needs of customers and society.

Market participants should be actively engaged with an unrelenting focus on current and future customers. Wholesalers and retailer interactions should work well and changes that are beneficial to customers, society and the environment should be prioritised.

As the market evolves it should set new norms for customer service, including better use of data and digital technologies, and reduce carbon and water use.

Appendix 3: Strategic Panel Purpose and Approach

The Strategic Panel promotes, challenges and leads the operation and evolution of the market for the benefit of current and future non-household customers. It is the senior group responsible for overseeing the market codes, which govern the market.

The Strategic Panel was established in accordance with Section 5 of the MAC.

Scope

The core non-household market rules are set out in the Market Arrangements Code (MAC) and the Wholesale Retail Code (WRC) – the market codes. The Panel is a creature of these codes, and its remit relates to market code matters.

However, the non-household market (and adjacent markets) is defined and impacted by other provisions ranging from the Water Industry Act, through the regulatory licensing regime, price controls, associated regulatory documents such as the Customer Protection Code of Practice and other, bilateral, contracts that may be struck between market participants.

Consequently, the Strategic Panel should consider the context in which it sits and the extent to which the decisions it makes can address or better facilitate good market outcomes. This may include consideration of any matters that might occur, or be provided for, under the market codes or under adjacent rules or legislation that could impact (positively or negatively) the delivery of good outcomes under the Code Principles (in particular – good customer outcomes).

Priorities

The Strategic Panel should take its lead on priorities from the outcomes that [Defra](#) and [Ofwat](#) want to see. Other key inputs will include information and views from market stakeholders (including, but not limited to customers, trading parties, CCW and the market operator). Prioritisation should be based on the extent to which the desired outcomes or identified matters of concern, address the outcomes Defra and Ofwat want to see and improve the delivery for customers (and other Code Principles).

Engagement

To ensure there is appropriate and proportionate engagement with the market when developing the market strategy, the Strategic Panel is expected to take into consideration (in line with the Strategic Panel Engagement Policy) any feedback from the market stakeholders and groups with which it consults. The Strategic Panel Engagement Policy will be approved by the Strategic Panel and published on the Market Operator's website.

Powers

The Strategic Panel (either directly or via its Panel Committees or its service provider (MOSL)) can:

- Commission work to investigate issues and explore potential code-based solutions (prospective changes);
- Assess and recommend changes to the Market Rules (this could be to adjust, remove or add to current provisions);
- Set standards of performance and hold parties to account to rectify noncompliance/underperformance based on a framework that targets customer outcomes (subject to the outcome of the MPF review);
- Direct parties to take action where the Codes have been breached (Disputes).
- Seek to work collaboratively with other parties (e.g. CCW, RWG, etc) to develop solutions inside and outside of the codes.
- Where solutions cannot be progressed under the Codes, the Strategic Panel can note these in findings for the consideration of other parties (e.g. Ofwat/Defra etc.);

Approach

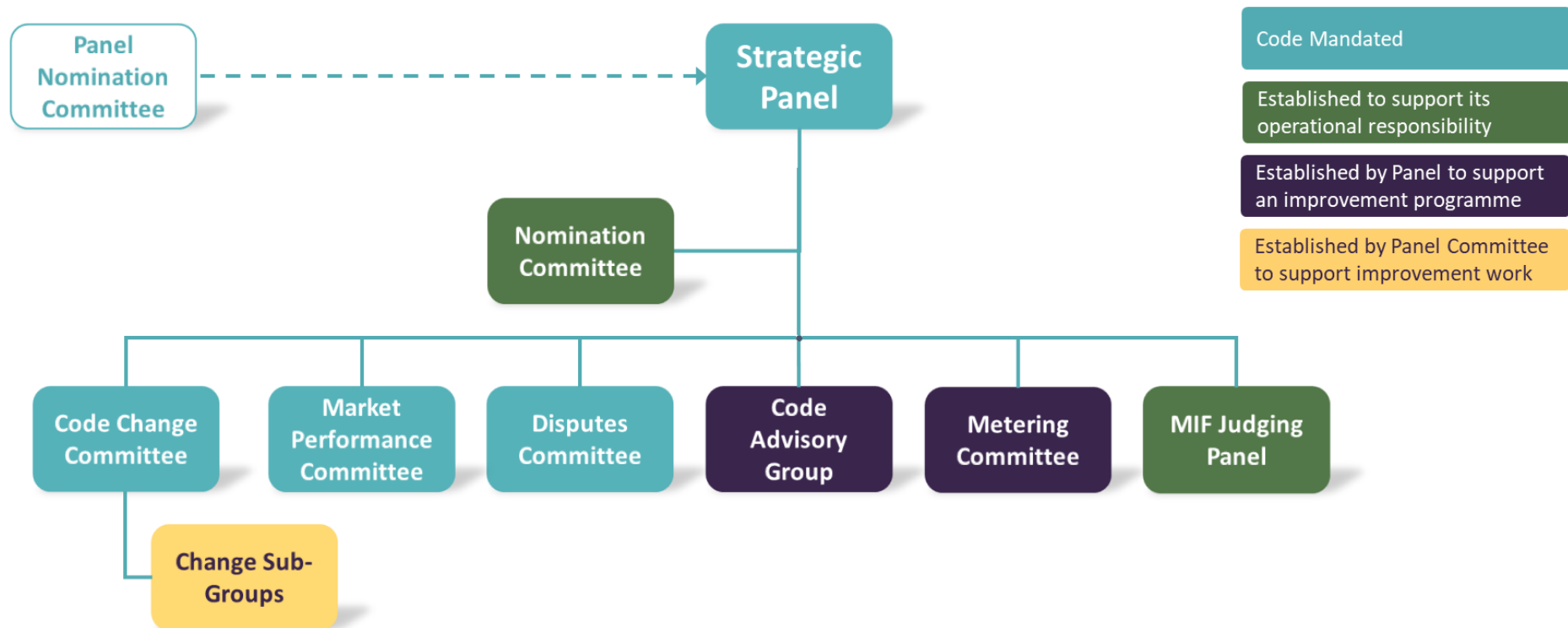
The Strategic Panel will meet four times a year to:

- 1) develop, review and evaluate a look-ahead for future years;
- 2) establish the priority outcomes ahead of each financial year;
- 3) baseline any associated delivery plans to deliver against these priorities as arising from Panel Committees;
- 4) consider any re-adjustment of priorities considering annual reports on the market or related matters as these are published; and
- 5) engage with stakeholders on the way forward.

The Panel's full Terms of Reference and membership is published in the [Panel web-pages](#).

Appendix 4: Strategic Panel Committees

The following chart shows the proposed organisation of the Strategic Panel and its committees. The Strategic Panel, Code Change Committee, Market Performance Committee and Disputes Committee are standing groups defined in the Market Arrangements Code. Other groups may be defined by the Strategic Panel as required from time to time.



The following tables show the purpose and delivery mandates of the Strategic Panel's current committees and sub-groups. The Strategic Panel will review these from time to time to ensure they remain aligned with its priorities.

The Strategic Panel will set performance measures for these groups based upon the outcomes expected from priority areas of work.

Code Change Committee

Purpose: To keep the market codes under review and make recommendations on proposed changes to Ofwat that protect and promote the interests of, and participation by, existing and future Non-Household Customers.

Mandate:

- Make recommendations to Ofwat on behalf of the Strategic Panel as to whether change proposals further the principles and objectives of the market codes.
- Commission appropriate assessment of change proposals by MOSL, sub-groups and other committees and consult with affected stakeholders on material changes to the codes.
- Delegate recommendations on changes considered to be low materiality or housekeeping to MOSL.
- Review the Code Change mechanism to provide for a more flexible and agile service that prioritises impactful change and provides timely stakeholder engagement.
- In collaboration with MOSL, agree plans for analysis, development and recommendation of all proposed changes to the codes.
- Prioritise work that furthers Strategic Panel Priority Market Outcomes and the principles of the market codes, including changes that emerge from Strategic Panel priority programmes of work, and:
 - changes that will improve data quality, assure meter asset quality, or clarify meter-related responsibilities
 - changes that support the removal of market inefficiencies and cost
 - changes that support alignment of industry interactions
 - changes that facilitate alignment of operational processes in the Bilaterals Hub
 - subject to the outcome of phase 1 of the market performance framework reform programme, changes that reform the market performance framework
 - interim changes to improve Retailer of last resort processes
- Prioritise other changes that arise in the context of these overall priorities.

Market Performance Committee

Purpose: Provide governance over the performance of the market and Trading Parties as provided for in the Market Codes and Market Performance Framework.

Mandate:

- Monitor overall performance of the market and call for action where incentives are not working or are encouraging the wrong behaviour
- Set clear targets and hold market participants to account for:
 - meter data accuracy
 - settlement accuracy
- Assist with the creation and ongoing development of the Market Performance Operating Plan
- Monitor Market Entry Assurance and Reassurance
- Ensure rectification of Trading Party underperformance
- Provide input to the scope and approach for the Market Audit

Disputes Committee

Purpose: Determine the outcomes of Trading, Non-Trading, Market Operator and Market Arrangements Code Disputes. Recommend changes to the market codes to improve disputes procedures.

Mandate:

- Investigate and resolve all Disputes
- Monitor the operation of and recommend modifications to the Code Subsidiary Documents which support procedures for resolving all types of Disputes
- Recommend code changes to the Code Change Committee to improve dispute activities.

Metering Committee

Purpose: Oversee and inform the improvement of metering arrangements in the market to remove cost, improve accuracy and access to metering data.

Mandate: Support MOSL and the Strategic Panel in identifying and implementing a programme of metering-related improvement initiatives for the market that have a focus on timely and accurate consumption data. These include:

- Support improvement work by reviewing meter technologies and responsibilities to improve accuracy and accessibility of consumption data and make recommendations to the Strategic Panel based on the findings of these reviews

- Prioritise quick start projects to deliver a range of code changes and guidance to address known issues to improve data quality, assure meter asset quality, and clarify meter-related responsibilities
- Identify future programme of work through continuous interaction with Trading Parties
- Oversee metering-related Market Improvement Fund Projects

Code Advisory Group

Purpose: Make recommendations to the Code Change Committee on code changes particularly in relation to the Bilaterals Programme, taking into account the advice regarding process elements made by the Operational Advisory Group and Technical Advisory Group.

Mandate:

- Review code drafting to embed process and technical elements of the Bilaterals Programme appropriately within the market codes (MAC and WRC as required).

Market Improvement Fund Judging Panel

Purpose: Review Market Improvement Fund bids for their potential to improve customer service and add value to the market. Recommend winning bids to the Strategic Panel for funding.

Mandate:

- Review bids through a set scoring rubric and evaluation meetings to recommend to the Strategic Panel bids to be funded in each round of the MIF.

Change Sub-Groups

Purpose: Provide expert advice and challenge on change proposals.

Mandate: Within the scope of change proposals and timescales set by the Code Change Committee:

- Advise and challenge proposers on the development of change proposals
- Ensure robust analysis of costs and benefits of changes including seeking and reviewing feedback from industry stakeholders
- Develop and own alternative proposals
- Assess and recommend proposals to the Code Change Committee