

Minutes of Strategic Panel Meeting 15a

09 September at 09.00 a.m.

MS Teams (the “Meeting”)

Status of the Minutes: APPROVED

PUBLIC

MEMBERS PRESENT

Trisha McAuley	TM	Chair	Rick Hill	RH	Independent Member
Paul Smith	PS	Independent Member	Pamela Taylor	PT	Independent Member
Andrew Beaver	AB	Wholesaler Member	James Cleave	JC	Retailer Member
Chris Offer	CO	Wholesaler Member	Jo Dow	JD	Retailer Member
Christina Blackwell	CB	Customer Representative	Shaun Kent	SK	Affiliate Member, Ofwat*
Sarah McMath	SM	Affiliate Member, MOSL*	Adam Richardson	AR	Panel Secretary**

* Non-voting members of the Strategic Panel

** While not a Strategic Panel member, the Panel Secretary has the right to attend and speak at Panel meetings but not to vote.

APOLOGIES

Michael Charlton	MC	Affiliate Member, Defra*	Dan Mason	DM	Affiliate Member, Ofwat*
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OTHER ATTENDEES

Markus Lloyd	ML	MOSL	Alexander Cowie	AC	Secretariat
Steve Formoy	SF	MOSL (items 3, 8, 10 and 11)	Sam Webb	SF	MOSL (item 4 only)
Holly Woodhead	HW	Ofwat (item 5 only)	Peter Strain	PS	Observer, Castle Water (items 9 - 14)

CLOSED SESSION:

1. Welcome and Declarations of Interest

- 1.1. TM (“the Chair”) welcomed all attendees to the Strategic Panel (“Panel”) Meeting and noted that apologies had been received from MC and from DM, who would shortly be leaving Ofwat.
- 1.2. The Chair reminded Panel members that, in line with Section 5.7 of the MAC, they were to act impartially and not in the interest or as a representative of any organisation or individual. If members believed they had an actual or perceived conflict of interest, they should declare this at the start of the Meeting or before an agenda item.
- 1.3. The Chair provided an update to Panel members on a potential conflict of interest that had previously been declared by a Panel member which had now fallen away.
- 1.4. The Meeting was declared quorate.

2. Roadmap to a Flourishing Market

PS joined the meeting.

- 2.1. The Chair thanked Roadmap Subset members for all of the time they had put into the development of the roadmap.
- 2.2. The Panel also expressed its thanks to Lucy Darch who had continued to support the Roadmap Subset past her time on the Panel.
- 2.3. ML provided an overview of the feedback from the consultation on the draft Roadmap to a Flourishing Market and a revised draft of the Roadmap to a Flourishing Market (the “Roadmap”) which incorporated and responded to the feedback received both in written form and at the Roundtable held on 30 July. Both the engagement report and the revised draft Roadmap had been circulated in advance of the meeting and Panel members had also been provided with access to the verbatim feedback received.
- 2.4. The Panel noted the feedback from the consultation on the draft Roadmap to a Flourishing Market and a revised draft of the Roadmap which had been circulated in advance. The consultation response had indicated that there was general support for the roadmap but drew out specific concerns. The most prominent concerns raised were in relation to the Retail Exit Code (REC), water security, and the need for market simplification

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2.5. The Panel discussed the revised draft of the Roadmap and the responses received to the consultation. In addition to some specific revisions, the Panel requested that:

- more of the feedback received during the consultation be pulled into the body of the Roadmap, to provide greater transparency on how the feedback received had been incorporated;
- the Roadmap be amended to more clearly reflect the strong feedback received from some stakeholders around the need for a further review of the REC, while also noting the need for this to be balanced against the necessity of continuing customer protections and Ofwat's clear position on the conditions required to relax REC price caps and that the Roadmap was trying to set a path to create those conditions but did not represent any kind of offer or commitment from Ofwat.

2.6. Following discussion, the Panel:

- **AGREED** (unanimous) that the amendments to the Roadmap discussed should be incorporated into a revised draft and agreed by the Subset before a final draft was circulated to the Panel as a whole for approval on an ex-committee basis; and
- **AGREED** (unanimous) that Jo Dow would join the Roadmap to a Flourishing Market Subset.

3. Early Input on MOSL Business Planning

SF joined the meeting.

3.1. The Chair provided an overview of the rationale for holding a discussion on the support the Panel requires, noting the high standard of support provided by the Secretariat at present but highlighting the work that would need to be taken forward as a result of the Roadmap and the level of work that would be needed between meetings to engage with stakeholders in order to drive actions forward and take better advantage of the Panel's position to engage and influence.

3.2. The Panel considered the areas where it would look to have the greatest impact in the coming years, particularly in light of the actions set in the Roadmap and discussed the kind of support it would require to deliver on behalf of customers and the market. The Panel outlined indicative areas where additional support might be required but noted that ultimately these desires would need to be balanced against affordability for the market at a time when resources were under pressure.

SF left the meeting.

4. Trading Party Performance Escalation Update

- 4.1. The Panel received an update on the engagement with a Trading Party who had originally been escalated for the Panel's review by the Market Performance Committee in February 2024 and further reviewed at an ad hoc meeting in June, noting that the Chair had met with senior leaders at the Trading Party in line with the agreed action at the June meeting and that further updates on the Trading Party's performance against its revised plan would be provided in due course

5. Ofwat Governance Review

HW joined the meeting.

- 5.1. The Panel welcomed an overview provided by HW on the findings of Ofwat's assessment of the impact of changes made to the market governance arrangements since the publication of the RISE Review in 2020 as set out in Ofwat's [Ripples of Change Report](#).
- 5.2. Panel members noted the recommendations made and agreed that the recommendations specifically made relating to its activity would be taken forward by the Secretariat and regular updates on progress should be provided.

ACTION SP15a_01

HW and AB left the meeting.

6. Water Efficiency Report to Government

- 6.1. The Panel welcomed an update from JC on the latest draft of the water efficiency report for government, which had been circulated in advance of the meeting and was intended, following further iteration and Panel approval, to be submitted to the new Minister for Water and Flooding in early October.
- 6.2. JC recorded his thanks to the MOSL team who have supported on the drafting of the report and noted that he and the Water Efficiency Subset had worked closely with AB and the Panel's Tariffs workstream as well as the RWG Water Efficiency Subgroup and RWG Tariffs Simplification Subgroup to ensure a coordinated approach.
- 6.3. The Panel discussed the draft report and proposed specific areas for further consideration and amendment and a broad amendment for the report to include greater clarity around the specific areas of action for government and other areas for action that were within Ofwat's remit.

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- 6.4. JC thanked Panel members for their input and noted that the Subset would take away the points raised and consider them as it continues to refine the draft.
- 6.5. Following discussion, the Panel:
- **AGREED** (unanimous) that the amendments to the Water Efficiency Report discussed should be incorporated into a revised draft and agreed by the Subset before a final draft was circulated to the Panel as a whole for approval on an ex-committee basis.

7. Performance Assurance Committee Chair and Independent Appointments

- 7.1. The Chair provided the Panel with an update on the process that had been undertaken to identify candidates for the Independent Chair and Independent Member roles on the Performance Assurance Committee (“PAC”), which had been led by the PAC Nominations Committee as agreed by the Panel. The Chair noted the high standard of the candidates who had been interviewed and outlined the strengths of the candidates recommended, including their experience in regulated markets and with customer engagement experience.
- 7.2. The Panel:
- **AGREED** (unanimous) to approve the recommendations made by the PAC Nomination Committee to appoint Claire Whyley as the Independent Chair and Lindsay Fussel and Keith Richards as Independent Members of the Performance Assurance Committee.

8. MIF Project Impact Review

SF joined the meeting.

- 8.1. The Panel welcomed an update on a review of the impact of Market Improvement Fund (“MIF”) projects that had been undertaken, noting a strong desire to continue and refine the assessment process and to seek greater alignment between MIF projects and the Panel’s Roadmap to a Flourishing Market and other priorities going forward.

SM left the meeting.

OPEN SESSION:

9. Welcome and Declarations of Interest

- 9.1. TM welcomed all attendees to the Strategic Panel (“Panel”) Meeting and noted that apologies had been received from JD. TM also welcomed a meeting observer, PS from Castle Water, to the Open Session part of the meeting.
- 9.2. TM reminded Panel members that, in line with Section 5.7 of the MAC, they were to act impartially and not in the interest or as a representative of any organisation or individual. If members believed they had an actual or perceived conflict of interest, they should declare this at the start of the Meeting or before an agenda item. No interests were declared.
- 9.3. The Meeting was declared quorate.

10. MIF Proposals for Round 4 and Beyond

- 10.1. SF provided a brief overview of the purposed of the discussion which was to seek agreement from the Panel on a series of proposals to change the structure of the MIF and agreement on specific proposals relating to Round 4 of the MIF.
- 10.2. SF requested comments from Panel members on the first four proposals relating to the governance of the MIF outlined in paper SP15a_05 which were:
 - Moving to annual funding rounds, subject to Strategic Panel approval with the ability to ‘defer’ a year if considered appropriate.
 - Panel to consider thematic areas which could be encouraged for bids each funding round, but not to restrict bids each round.
 - Panel to agree funding for MIF for each financial year in Q3 of the preceding financial year, to provide early sight with the bidding window to take place in Q4 of the financial year which is funding the round.
 - The MIF Selection Committee to continue to propose winning bids, with ‘endorse’ type approval from Strategic Panel, but with a change to the composition of the MIF Selection Committee to include a Panel representative with quoracy increased from three to four.
- 10.3. A Panel member noted that it was important that it was not necessarily seen as an objective to spend all the allocated funds within a particular year and that if the bids received did not meet the required quality or align with the previously discussed project criteria, the funds should not be spent.

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- 10.4. In response to a request for clarification, SF noted that it was not currently proposed that unspent funds in a MIF funding round be rolled over into a future funding round and that unspent funds would, under the current proposal, be redistributed through outperformance awards under the Market Performance Framework. Panel members expressed a preference that funds be rolled over into future rounds if possible, rather than redistributed and it was noted that this might require a code change.
- 10.5. There was general support for the position expressed by a Panel member that the Panel should be able to restrict bids to a specific theme or issue if it saw fit and that it should retain flexibility in this regard.
- 10.6. In response to a request for clarification, SF noted that, while it would be a decision for the Panel, the proposal was that an independent Panel member would join the MIF Selection Committee in order to retain the balance of wholesaler and retailer representation.
- 10.7. The Panel discussed the relative merits of greater involvement from Panel members in the selection of MIF projects, noting the opportunity to drive greater alignment with the delivery of the Roadmap and other Panel priorities. It was also noted that a number of current MIF Selection Committee members either had or were looking to step down and that recruitment to the MIF Selection Committee would be required. While Panel members acknowledged the significant work undertaken in assessing MIF bids, on balance there was consensus that greater Panel involvement would be beneficial and that the MIF Selection Committee should be replaced with a Panel Subset and that the Panel Subset should be able to co-opt non-Panel members onto it to provide additional resource and subject matter expertise. It was also suggested that when bringing back proposals for the establishment of the Subset, consideration should be given as to whether the Panel should retain the final decision on the approval of MIF projects or delegate this to the Subset.
- 10.8. SF requested comments from Panel members on the three further proposals relating to the governance of the MIF outlined in paper SP15a_05 which were:
- A separate ring-fenced pot to be set aside in each funding round, being a further 50 per cent on top of the main fund. Access to this fund subject to a separate bid, initially assessed by MOSL and then reviewed and agreed by the Strategic Panel.
 - Funding value (initial funding and secondary) and maximum bid value available to be agreed by the Panel for each round. This will be subject to sufficient funds collected, which would be confirmed by MOSL in advance of the bidding window opening.

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- MOSL to propose any additional support costs to the Panel for approval in advance (to be paid from the total fund allowance).

10.9. Panel members discussed proposals to create a separate, ring-fenced pot to be set aside for further work up to the value of 50 per cent of the initial bid. Panel members expressed concern that any ring-fenced pot would be redistributed if it was not claimed and indicated a preference that any funds not spent be rolled over into future funding rounds, noting the potential need for a code change to facilitate this per earlier discussion. Panel members also questioned the potential implications of creating a secondary pot for additional work on the number of bids that could be progressed. It was further noted that the Panel could also look to delegate the decision on second stage funding to a Subset.

10.10. In relation to proposed amendments to the governance of the MIF, the Panel:

- **AGREED** funding rounds should be held annually, subject to Strategic Panel approval with the Panel retaining the ability to 'defer' a year if considered appropriate.
- **AGREED** that the Panel should consider thematic areas which could be encouraged for bids each funding round.
- **AGREED** that funding for the MIF for each financial year should be agreed by the Panel in Q3 of the preceding financial year, to provide early sight and that the bidding window should take place in Q4 of the financial year which is funding the round.
- **AGREED** that proposals around the selection of winning bids should be brought back to the Panel, establishing a Panel member-led group to undertake the selection process, noting that this group could include members who were not Strategic Panel members.

ACTION SP15a_02

- **AGREED** that the MOSL support team should investigate the ability of funds not spent in either the first or second phase of funding in any given year to be rolled over into subsequent years and any code changes that would be required to facilitate this and bring recommendations on this to the Panel for review and decision.

ACTION SP15a_03

- **AGREED** that the funding value (initial funding and secondary) and maximum bid value available to be agreed by the Panel for each round. This will be subject to sufficient funds collected, which would be confirmed by MOSL in advance of the bidding window opening.

- **AGREED** that MOSL should propose any additional support costs to the Panel for approval in advance (to be paid from the total fund allowance).

10.11. In relation to Round 4 of the MIF, the Panel:

- **AGREED** total funding available of £1,550k - £1,000k for the initial round, £500k for the second stage and £50k for support costs.
- **AGREED** a maximum bid of £200k for initial round, and 50% of the initial bid (up to £100k) for second stage.
- **AGREED** a bidding window within February 2025 (with exact dates to be decided by MOSL team).

11. Granular Data Sharing Mechanism

11.1. SF provided the Panel with an overview of the progress towards developing a common data sharing mechanism for smart meter data.

11.2. SF noted that the actions identified in the National Metering Strategy and a recent letter from Defra to MOSL requesting that MOSL establish a data sharing mechanism for the market to share market data in a transparent, consistent, and accessible manner, provided a strong mandate for the development a common data sharing mechanism. SF noted that the initial scoping work undertaken by Artesia had identified three potential approaches to the sharing of granular consumption data. These were: organic growth (where wholesalers store customer data in their systems and develop individual data sharing processes, with 'light touch' governance, as necessary); a central platform: (where a single, central data 'hub' is developed, in which all consumption data is held and shared with the relevant parties); and an organised (peer-to-peer) system (where data is shared based on an agreed set of rules i.e. a 'trust framework' similar to on-line banking).

11.3. SF noted that the current stage of the work being undertaken involves gathering input from wholesalers and analysing existing data sharing methods being used in the market. SF outlined the primary use cases for the data sharing mechanism, which include making it easy for retailers to access smart meter data for billing and ensuring accurate settlement in CMOS. SF further noted that there was the potential that without a common data sharing mechanism, CMOS will struggle to handle the volume of data generated by smart meters.

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- 11.4. SF noted that the current thinking was that a central hub for storing data is proposed, which would take data from wholesalers and make it accessible to retailers through a single API. The central hub would feed data to CMOS at a manageable rate and would not need to store data for extended periods.
- 11.5. SF highlighted the next steps for the project included speaking to more trading parties, building a requirements document, and developing an outline business case which was expected to be presented to the Panel in November. Subject to Panel approval in November, this would be followed by a market-wide consultation and a fuller business case in early in 2025.
- 11.6. Panel members welcomed the update and noted the potential impact on the market of the introduction of a granular data sharing mechanism and the need to ensure that the Panel was provided with as much information as possible in advance in order to take a fully-informed decision.
- 11.7. A Panel member requested that, at the November meeting, a line of sight was provided on the extent to which the proposed solution takes into account the learnings from the smart meter roll out in the energy sector and the degree to which any proposed solution either closes off or leaves open future optionality for solving the various use cases.

ACTION SP15a_04

- 11.8. CB emphasised that it would also be important to understand how customers would interact with any central hub and whether they would be able to access it directly and draw data from it. It was noted that clarity would be provided on this point in due course.

ACTION SP15a_05

- 11.9. In response to a request for clarification, SF confirmed that the work on the granular data sharing process was separate from CPW142 'Wholesaler Smart Meter Reads' and would not be impacted by the decision on that change proposal.

SF left the meeting.

12. Tabled Updates

Customer Radar Report

- 12.1. The Panel noted the Customer Radar Report included in the Meeting pack.

Workstream Updates

- 12.2. The Panel noted the Workstream Updates included in the Meeting pack.
- 12.3. AR provided an update to the Panel on the progress of the Market Performance Reform (“MPF”) Programme, noting that consultation four, which primarily looked at examines the principles and thinking behind the structuring of the approach to financial incentives had just ended. AR noted that a substantial response from trading parties, with many detailed comments, and that the programme team has been reviewing these responses line by line over the past few weeks. AR further noted that a face-to-face session was scheduled for the 12 September, where trading parties are invited to discuss some of the feedback and where MOSL will share some of its preliminary thoughts based on the feedback received.
- 12.4. AR observed that there was a significant volume of feedback, some of which related to the design of obligations within the code rather than the financial incentives themselves, and that each piece of feedback was being carefully considered to determine the best path forward.
- 12.5. AR outlined that the programme team had noted a developing theme across the feedback related to the importance of trading parties being able to see and understand the overall picture of MPF reform, including how financial incentives align with the tools, metrics, and measures. We are considering the best ways to provide parties with that visibility moving forward.
- 12.6. The Chair thanked AR for the update and noted that the Panel would continue to be provided with visibility on the developments of the MPF Reform programme.
- 12.7. The Chair noted that, in relation to the Innovation Workstream, an open data teach in was scheduled for 11 September and that the Panel would be asked to consider next steps in relation to this workstream at its November meeting as part of conversations on how to take forward the actions identified in the Roadmap.
- 12.8. AC noted that while the Review of the MIF Workstream was proposed for closure in the workstreams update, the discussion earlier in the meeting had generated additional activity and there was agreement that this workstream should remain open until the additional actions generated as part of the earlier discussion had been closed.

Committee Progress Reports

- 12.9. The Panel noted the Committee Progress Reports in the Meeting pack.
- 12.10. The Panel noted the Disputes Committee Annual Report provided as part of the Meeting Pack.

National Metering Strategy Progress Update

12.11. The Panel noted the National Metering Strategy Progress Update included in the Meeting pack.

13. Minutes, Actions and Schedule of ex-committee decisions

13.1. The Panel noted that the minutes of the Panel meeting held on 16 May 2024 (SP14) had been approved ex-committee on 17 July and published on the MOSL website. The Panel further noted that the minutes of the ad hoc Panel meetings held on 18 (SP14a) and 21 (SP14b) June were currently undergoing a final review and would be circulated shortly for ex-Committee approval.

13.2. The Panel reviewed the Open Session actions from previous meetings and **AGREED** that:

- The action marked for closure¹, as notified in advance of the Meeting, could be closed.
- The open/future actions² would be carried forward to the next meeting.

13.3. In addition, the Panel noted the schedule of ex-committee decisions for the period from 09 May until 02 September 2024.

14. AOB

14.1. Panel members noted an update from AR and AC on plans for the Open Forum on 23 September, which would broadly focus on the Roadmap and providing Panel members with the opportunity to engage in an open dialogue with trading parties on the implications of the actions and help to inform what the Panel's priorities should be in the coming years. The Panel also noted that there would be an update on the progress towards the identification of a granular data sharing mechanism and the chance for trading parties to provide their initial thoughts on the opportunities and issues associated with open and central data, both of which were identified as areas for further exploration by the Panel within the Roadmap.

14.2. The Chair briefed the Panel that, following conversations with MC and Martin Woolhead at Defra, MC would provide an update at the November Panel meeting on the government's agenda for the water sector to consider how the Panel can best input into that work and how it interacts with the Roadmap.

CO, PT and PS left the meeting.

¹ SP13_02.

² SP09_06 and SP13_01.

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CLOSED SESSION:

15. AOB (Closed Session)

Closed Session Actions from Previous Meetings

15.1. The Panel reviewed the Closed Session actions from previous meetings and **AGREED** that:

- The actions marked for closure³, as notified in advance of the Meeting, could be closed.
- The open/future actions⁴ would be carried forward to the next meeting.

16. Reflections on the Meeting

16.1. The Panel reflected on the meeting.

16.2. There being no further business, the Chair closed the Meeting.

³ SP014_01, SP14_02 and SP14_03.

⁴ SP13_06 and SP13_07.