

Minutes of Strategic Panel Meeting 16

20 November at 09.00 a.m.

Strategic Panel meeting held at Elexon, London (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*	Michael Charlton	MC	Affiliate Member, Defra*

* 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

Andrew Beaver	AB	Wholesaler Member	Adam Richardson	AR	Panel Secretary**
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OTHER ATTENDEES

Stuart Boyle	SB	Secretariat	Alexander Cowie	AC	Secretariat
John Gilbert	JG	MOSL	James Higgins	JH	MOSL
Sam Webb*	SF	MOSL (item 2)	Evan Joannette*	EJ	MOSL (item 3)

Steve Formoy	SF	MOSL (items 8 - 13 11)	Peter Strain*	PS	Observer, Castle Water (items 6 - 12)
Martin Hall*	MH	MOSL (item 8)	Simon Powell*	SP	MOSL (item 8)

*Attended via videoconference

CLOSED SESSION:

1. Welcome and Declarations of Interest

- 1.1. TM welcomed all attendees to the Strategic Panel (“Panel”) Meeting and noted that apologies had been received from AB and AR and that SB was attending the meeting in place of AR to provide additional Panel Secretariat support.
- 1.2. 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.
- 1.3. The Panel noted that one previously declared potential conflict of interest had now come to an end.
- 1.4. The Meeting was declared quorate.

2. Trading Party Performance Update

- 2.1. The Panel received an update on the performance of 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 subsequent meetings.

3. MPF Reform Update

- 3.1. The Panel received an update from JG and EJ on the progress of the Market Performance (MPF) Reform Programme. JG noted that the purpose of providing an update to Panel at this point was that the programme was approaching a crucial stage with Part A (Governance) and Part B (Non-Financial Tools) of the programme launching this month and other parts of the programme, such as BR-MeX launching in April.

- 3.2. The Panel received an update from JG and EJ on the progress of the Market Performance (MPF) Reform Programme, including the project timeline, trading party feedback and Programme risks and issues. JG noted that the purpose of providing an update to Panel at this point was that the programme was approaching a crucial stage with Part A (Governance) and Part B (Non-Financial Tools) of the programme launching this month and other parts of the programme, such as BR-MeX due to launch in April.
- 3.3. The Panel reaffirmed the high-level strategic principles it expected the MPF Reform Programme to deliver.
- 3.4. The Panel noted that it was satisfied with the governance arrangements for the MPF Reform Programme.
- 3.5. The Panel discussed the possibility of issuing an open letter focused on the importance of the programme delivering improved customer outcomes and that it was not the role of the programme to achieve consensus among all parties. It was suggested that the open letter could be issued jointly with CCW. Following discussion, the Panel:
- **AGREED** that Chair would take responsibility for drafting the letter on behalf of the Panel and would engage with CCW on the possibility of issuing a joint letter.

ACTION SP16_01

- 3.6. The Panel discussed how it could improve its visibility as part of the MPF Reform process while not undermining the existing programme governance. After discussion, the Panel:
- **AGREED** that information on the dates and times for MPF Reform Programme feedback sessions should be communicated to the Panel and that an Independent Panel Member should attend each session, if possible, to hear Trading Party feedback directly; and

ACTION SP16_02

- **AGREED** that the Panel should review MPF Reform Programme proposals prior to their submission to the Code Change Committee and provide a view on whether the proposals being put forward meet the high-level strategic objectives for the Programme set by the Panel.

ACTION SP16_03

3.7. The Panel noted the update on the Panel-appointed MPF Reform Steering Group appointments and that the retailer representative position would need to be reviewed following the dissolution of the MPC and its replacement by the PAC. Following discussion, the Panel:

- **AGREED** that the Secretariat team should prepare a paper for ex-Committee decision recruitment for the Panel-appointed retailer member position on the MPF Reform Steering Group to reflect the transition from the MPC to the PAC.

ACTION SP16_04

4. New Government Agenda

MC and SB joined the meeting.

4.1. The Panel received an update on the government's agenda for the water sector and discussed how it could best feed into and support various initiatives including the recently launched Corry and Cunliffe Reviews.

4.2. The Panel noted an update on the progress of the Water Efficiency Report and discussed how this Report could interact with the recently initiated government reviews.

4.3. Following discussion, the Panel:

- **AGREED** that an Ad Hoc Panel meeting should be convened to agree the approach and high-level objectives for Panel engagement with the government reviews and development of legislative changes and that this work would then be delegated to, and taken forward by, a Subset of Panel members; and

ACTION SP16_06

- **AGREED** that Trisha McAuley would join the Panel's Water Efficiency Subset to support the integration of the messaging in the Water Efficiency Report to government with the broader approach to engagement with government.

5. Strategic Panel Priorities: Challenges to Delivering the Roadmap

5.1. The Panel reflected on feedback received at its Open Forum on 23 September and discussed the potential challenges to the delivery of the actions identified in its Roadmap to a Flourishing Market.

- 5.2. In particular, the Panel noted the interrelationship between actions and dependencies on delivering organisations as well as the need to ensure that the actions are reviewed at appropriate points to ensure that they remain relevant against the changing landscape of the sector (including the independent commission's review). Panel members noted that more focus would likely be needed on monitoring the actions on wholesalers and retailers as there were not the same incentives around accountability for delivery as with the actions allocated to named organisations.
- 5.3. The Panel noted that Ofwat had signaled an intention to commence a review of the REC with a view to a revised REC coming into effect in 2027, although this was still subject to sign off from the Ofwat board. While some of the actions linked to the REC review in the roadmap would not be complete at this point it would be crucial for the market to show that it is doing everything in its power to unlock customer benefits and to be able to demonstrate a direction of travel even where actions are not complete.
- 5.4. The Panel also agreed that early consideration of its approach and priorities for the REC Review would be beneficial.

ACTION SP16_07

- 5.5. The Panel:
- **AGREED** that its initial priority focus should be on actions identified for delivery in 2025 and actions being identified as potentially important in the context of a review of the Retail Exit Code.

OPEN SESSION:

PS joined the meeting.

6. Strategic Panel Priorities: Approach to Delivering the Roadmap

- 6.1. The Panel noted an overview provided by SB of the potential options it could take in its approach to overseeing delivery of the actions identified in its Roadmap to a Flourishing Market which were detailed in paper SP16_02 'Approach to Roadmap Delivery'.
- 6.2. The Panel considered and discussed the various options put forward. There was consensus that the preferred approach was to take a light touch to overseeing delivery, which started from the position that the organisations tasked with delivering the actions would do so, but that if it

became clear that actions were not being delivered or were at risk then the Panel would consider stepping up its involvement.

- 6.3. The Panel noted that its preference was to establish a Subset to oversee delivery of the actions identified in the roadmap. The Subset should receive regular, high-level reports on progress from delivery bodies facilitated by the Secretariat and identify and make recommendations to the Panel on any further supporting action or intervention required where risks to delivery are identified. High-level reports on progress should also be provided to the Panel as a whole on a regular basis at its scheduled meetings.
- 6.4. The Panel noted that there were a number of actions without specific organisations tasked with high-level ownership of the action and requested that the Secretariat team undertake a mapping exercise to identify the activity currently being undertaken by various groups within the market in relation to each action. This mapping could then be used by the Panel to identify where there are gaps in market activity supporting the delivery of the roadmap that would require the Panel to consider how they could be taken forward and by whom.

ACTION SP16_08

- 6.5. The Panel reflected in the interaction between its existing Priorities Document and the Roadmap to a Flourishing Market. Following discussion, the Panel:
- **AGREED** that its Priorities Document should be retired and replaced by the Roadmap to the Flourishing Market and that a Roadmap Delivery Document should be developed and published outlining the Panel's approach and high-level milestones.

HW left the meeting.

- 6.6. The Panel discussed the importance of stakeholder engagement as part of the delivery of the roadmap and requested that the Secretariat review the Panel engagement plan and bring back an updated engagement plan in the light of the approach to delivering the roadmap and interaction with the Cunliffe Review in due course.

ACTION SP16_09

7. Strategic Panel Priorities: Existing Workstreams

- 7.1. The Panel noted an update on the progress of its existing workstreams as set out in paper SP16_03 'Workstream Progress Report' and its appendices and reviewed and considered

whether to continue the workstreams in the light of the actions being taken forward through the roadmap.

- 7.2. Panel members noted the broad scope of the activity being considered by the Water Efficiency workstream, the need to ensure that messaging around water efficiency is appropriately incorporated into the Panel's engagement with the Cunliffe Review and the need for the workstream to finalise the report to government.
- 7.3. The Panel noted that the Tariff Simplification workstream was the only existing Panel workstream that was not either directly or indirectly covered by actions identified in the roadmap, but that tariff simplification was identified as a condition for a flourishing market and that the work of the Tariff Simplification Subset and RWG Tariff Simplification Subgroup were called out as dependencies within the roadmap.
- 7.4. Following discussion, the Panel:
 - **AGREED** to close all of its existing workstreams with the exception of the Water Efficiency and Tariff Simplification workstreams.

8. Granular Data Sharing

SF and MH joined the meeting.

- 8.1. The Panel noted an update from SF and MH on the development of the Strategic Case for a standard Data Sharing solution for meter readings and hourly consumption from smart meters, with the preferred solution being a data sharing 'hub' as outlined in paper SP16_04 'Sharing Meter Consumption Data in the NHH Retail Market Strategic Case'. SF noted that the proposals built on discussion at the Panel's Ad Hoc meeting in September and that the Panel was asked to review the Strategic Case and agree whether this provides sufficient evidence to support moving forward and developing an Outline Business Case.
- 8.2. The Panel reflected on the existing proposals, which suggested limiting direct access to existing market participants and provided a strong steer that it would like to see options for the inclusion of direct customer and potentially third-party access to the data hub come back as part of further proposals, noting that this would likely be via a portal rather than direct access was to the hub itself. The rationale for requesting the inclusion of customer and third-party access to enable innovation (noting that innovation in other sectors has often been driven by new entrants) and facilitate better customer outcomes through enhanced visibility of consumption data. The Panel also discussed whether failing to build in customer and/or third-party access at

the initial stage could potentially result in increased costs further down the line if it needed to be built in at a later stage but noted feedback from the MOSL team that this would not be the case.

- 8.3. The Panel discussed the potential for household data to be pulled into the proposed central system, noting the potential benefits for producing a single coherent view of consumption to support water efficiency initiatives. The MOSL team noted that this was not part of the current proposals, although it could possibly be part of a future scaling up if there was demand for it and that they were liaising with Ofwat to try and ensure that the findings from the Baringa Report were incorporated where appropriate (and that the cost of enabling direct customer access would be incredibly high and would potentially run against the role of the retailer within the market).
- 8.4. Following discussion, the Panel:
- **AGREED** approval to proceed to the Outline Business Case, with the development of a data sharing 'hub' as the preferred option.
- 8.5. In developing the Outline Business Case, the Panel requested that, in addition to information on direct customer and third party access, this should include some information on peer-to-peer frameworks that have been successful as a counterexample to the central hub approach, information on the incremental costs of provision of data to Ofwat and/or Defra and information on what a pricing model might look like for anonymized access to the data by academic institutions or other interested parties. The Panel also requested that additional information on the potential customer benefits and impacts of a data hub be provided in these proposals.

ACTION SP16_10

MH left the meeting.

9. MIF Governance

- 9.1. The Panel discussed proposals outlined in paper SP16_05 'Detailed Changes to the MIF for Round 4 and Beyond', which provided further detail on the changes agreed at SP15a for Round 4 of the Market Improvement Fund (MIF). These included an update on the timings for Round 4, the use of a booster fund to build on the success of MIF projects going forward, and changes to the MIF Selection Committee, as well as a further proposal that would allow the Panel to allocate funding (using market performance charges) to specifically identified market

improvement projects that meet the MIF criteria outside of the bidding window in exceptional circumstances.

- 9.2. With regard to the proposals on the revised composition of the MIF Selection Committee, Panel members reflected on the balance of the proposed membership and suggested that the phrasing of the composition be amended to allow for the possibility of more than one independent Panel member joining the Selection Committee. The rationale for this amendment was to allow greater flexibility if it was felt beneficial to bring more independent voices into the Selection Committee in the future.
- 9.3. The Panel noted that the assessment criteria for the proposed Booster Fund would be worked through with the Selection Committee and would come back for Panel approval in due course.
- 9.4. Panel members discussed the potential risk that allowing the use of MIF Funds for other market improvement work outside of the MIF as being perceived as circumventing existing processes such as the MOSL budget process. On balance, while Panel members recognised that this would be a risk, this could be mitigated by ensuring that a robust governance process was in place and that it would be essential to ensure that any such funds allocated were accompanied by clear communications that set out why the Panel viewed the project or programme as meeting the aims of the MIF and demonstrated that it would deliver clear benefits for the market and for customers.
- 9.5. Following discussion, the Panel:
- **NOTED** the update on timings for Round 4 of the MIF;
 - **AGREED** to the composition of the MIF Selection Committee for Round 4, which should include at least one independent Panel member, one retailer Panel member, one wholesaler Panel member and the Panel customer representative Member;
 - **AGREED** the structure and nomenclature of the Booster Fund;
 - **AGREED** to the potential use of the MAC provisions for the Strategic Panel to allocate market performance charges for other improvement programmes and for MOSL to amend the Governance Document to facilitate this.
- 9.6. It was noted that Secretariat would follow up with Panel members following the meeting to establish the membership of the Selection Committee, which would be subject to ex-Committee approval by the Panel and that the updates to the Governance Document would also be circulated for ex-Committee approval.

ACTION SP16_11

PT left the meeting.

10. Tabled Updates

Customer Radar Report

- 10.1. The Panel noted the Customer Radar Report included in the Meeting pack.
- 10.2. CB flagged recent research work that had been done by CCW and that links to the research would be circulated to Panel members. The Chair noted that it was of paramount importance that the Panel had as full an understanding as possible of customer views and that a teach in on the research undertaken by CCW would be arranged in the new year.

ACTION SP16_12

Committee Progress Reports

- 10.3. The Panel noted the Committee Progress Reports in the Meeting pack.

National Metering Strategy Progress Update

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

11. Minutes, Actions and Schedule of Ex-Committee Decisions

- 11.1. The Panel noted that the minutes of the Panel meeting held on 09 September 2024 (SP15a) had been circulated with the meeting papers and that one minor comment had been received. The Panel noted a proposal from AC to extend the deadline for comments until close of business on Tuesday 26 November and that, subject to no substantive comments being received that would require the minutes to be recirculated they would be taken as approved at that point and published on the MSOL website. The Panel agreed that it was content to proceed on this basis.
- 11.2. 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.

¹ SP09_06, SP15a_02, SP15a_03, SP15a_04, SP15a_05 and SP13_04.

² SP13_01.

11.3. In addition, the Panel noted the schedule of ex-committee decisions for the period from 03 September until 12 November 2024.

12. AOB

12.1. The Panel briefly discussed various documents related to the establishment of the Performance Assurance Committee that had been circulated in advance of the meeting. Following discussion, the Panel:

- **AGREED** minor amendments to the PAC Terms of Reference that had been circulated and that final approval of the Terms of Reference should be delegated to the Strategic Panel Chair;
- **AGREED** to approve updates to the Panel Delegation Policy;
- **AGREED** to approve updates to the Panel Schedule of Delegation; and
- **AGREED** to approve a letter to be sent on behalf of the Panel to MOSL instructing MOSL that all appointments to the Performance Assurance Committee have been finalised and that the transitional arrangements should end with effect from 23:59 on Wednesday 20 November.

CO and PS left the meeting.

CLOSED SESSION:

13. MOSL Business Plan

13.1. The Panel considered the draft MOSL Business Plan and proposed approach to the provision of a Panel response to the draft Business Plan as outlined in paper SP16_11 'MOSL Business Plan Consultation', providing initial feedback on the draft Business Plan.

13.2. Following discussion, the Panel:

- **AGREED** to delegate the process to draft and agree its final response to a Panel Subset comprising Trisha McAuley (Strategic Panel Chair), Pamela Taylor (Independent Panel Member) and Jo Dow (Retailer Panel Member).

SF left the meeting.

14. AOB (Closed Session)

Closed Session Actions from Previous Meetings

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

- The action 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.

15. Reflections on the Meeting

15.1. The Panel reflected on the meeting.

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

³ SP13_06.

⁴ SP13_07 and SP15a_01.