

Minutes of Panel Meeting 56

29 June 2021 | 10:30 – 16:30

Videoconference

Status of the Minutes: **Final**

Attendees:

Trisha McAuley OBE	TM	Chair	Helyn Mensah	HM	Panel Member (Independent)
Richard Barton	RB	Panel Member (Associated Retailer)	Elsa Wye	EW	Panel Member (Independent)
Trevor Nelson	TN	Panel Member (Unassociated Retailer)	David Siddall	DS	Panel Member Alternate for Nicola Smith (Unassociated Retailer)
Charlotte Glass	CG	Panel Member (Associated Retailer)	Pamela Taylor	PT	Panel Member (Independent)
Claire Yeates	CY	Panel Member (Unassociated Retailer)	Mike Keil	MK	Panel Member (Customer Representative)
Martin Mavin	MM	Panel Member (Wholesaler)	Sarah McMath	SM	Affiliated Panel Member (MOSL)
Mark Holloway	MH	Panel Member (Wholesaler)	Dan Mason	DM	Affiliated Panel Member (Ofwat)
Fallon Wilkinson	FW	Panel Member (Associated Retailer)	Adam Richardson	AR	Panel Secretary

Other Attendees:

Stuart Boyle	SB	MOSL Presenter item 4/8	Evan Joannette	EJ	MOSL Presenter item 5
Evan Joannette	EJ	MOSL Presenter item 5	Sam Mawby	SMA	MOSL Secretariat
John Gilbert	JG	MOSL Presenter item 5	Helen Evans	HE	Ofwat Observer
Steve Formoy	SF	MOSL Presenter item 10	Christopher Wright	CW	Castle Water Observer
Abu Rashid	ARa	MOSL Presenter item 6/7	Markus Lloyd	ML	MOSL Presenter item 13
Hayley Robinson	HR	Ofwat Observer	John Vinson	JV	Observer
Michael Rathbone	MR	Severn Trent Water Observer	Kerry Spencer	KS	MOSL Secretariat
Matthew Weaver	MW	MOSL Observer	Antoine Schmidt	AS	Thames Water Observer
David Morris	DM	Water Plus Observer	Oli Robins	OR	MOSL Observer
Monica Falasca	MF	MOSL Observer	James Cleave	JC	Everflow Water
Lois Gill	LG	Everflow Water	Chris Dawson	CD	MOSL Observer

Apologies:

Nicola Smith	NS	Panel Member (Unassociated Retailer)
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1. Welcome/Introductions and Declarations of Interest

- 1.1. The meeting was confirmed as quorate.
- 1.2. Apologies had been received from NS who had nominated DS as their alternate.
- 1.3. The Chair reminded Panel Members that, in line with section 5.7 of the MAC (Market Arrangements Code), they were to act impartially and not act in the interest or as a representative of any particular body or individual. If Panel Members believed they had an actual or perceived conflict they should declare this at the start of the meeting or before an agenda item. Items discussed in closed sessions were confidential and should not be discussed with individuals outside of the Panel or confidential papers shared.
- 1.4. No interests were declared.

2. Minutes and Outstanding Actions

- 2.1. The Panel approved the open and closed session minutes for Panel meeting 55.
- 2.2. The Panel agreed that the following actions could be closed as they had been completed:
A55_01, A55_02, A55_03 and A55_04.
- 2.3. The Panel further agreed that the following actions would remain open:
A26b_04, A39_05 and A55_05.

3. Ofwat Update

- 3.1. DM reported that since the last meeting Ofwat had published its decision to approve the alternative solution for CPW109 '[Changing the Constraints on Customer Reads](#)'.
- 3.2. Ofwat had published a '[Revised Authority Timetabled Change Proposal - CPW070/CPM043 Bilateral Transactions](#)' to reflect the agile nature of the project and to allow for changes to the MAC.
- 3.3. Ofwat had published a notification setting out the decision to [extend the requirement for Retailers to have in place a Covid-19 repayment scheme until 31 July 2021](#) which is in line with the current government road map for the lifting of Covid-19 restrictions in England.
- 3.4. DM informed the Panel that Ofwat would be publishing two consultations on proposed amendments to the Customer Protection Code of Practice. The first is in response to a change proposal received prior to the Covid-19 pandemic from the Utilities Intermediary Association. Ofwat is proposing to reject the change which relates to access to audio recordings. The second consultation relates to a change that Ofwat is proposing and is linked to the work on customer credit balances. This follows a CFI (Call for Inputs) to retailers in March 2021 and will set out Ofwat's proposed interventions.

- 3.5. Ofwat will be publishing its decision document relating to Covid-19 bad debt in July 2021.
- 3.6. A Panel Member asked whether there was an update on Ofwat's plans for a follow-up to the [RISE report](#). DM responded that a follow up letter to CEOs was due to be published by Ofwat over the next few weeks.

4. Change Report

- 4.1 The Panel considered the proposed assessment approaches and assessment timetables for new change proposals: [CPM041 Sharing Non-Household Emergency Contact Details](#), [CPM043 Bilaterals Interface Solution](#), [CPW124 Revisions to Panel Composition](#), [CPW125 Panel Membership and Voting Rights](#) and amended the timetable for [CPW110 'Sharing Non-Household Emergency Contact Details'](#).
- 4.2 SB reported that CPW109 had been approved by Ofwat and would be implemented on 9 July 2021.
- 4.3 SB commented that each of the new change proposals for review were linked to existing change proposals. The timeline for each new change proposal reflected that of the existing change proposals and no additional work was required.
- 4.4 SB highlighted a delay to the timetable for CPW110 where the proposer had requested additional time to consult the RWG prior to submission to the Panel. It was proposed to submit CPW110 to the Panel on 31 August 2021.
- 4.5 A Panel member queried in relation to CPM041/CPW110 that sharing of personal data had been raised within the GDPR committee and that this should be a consideration for the RWG. Data Protection needed to be considered as key element of the change proposal. SB confirmed that the proposer and RWG were clear on the need to ensure that personal data is handled appropriately.
- 4.6 The Panel noted the change consultations in progress and that MOSL was also currently consulting on the [MPOP](#) (Market Performance Operating Plan) and the RWG was due to begin a consultation on Planned-Unplanned Works.
- 4.7 The Panel noted that the 2021 change programme had been streamlined to remove the 27 August 2021 release. [CPW109 – Changing the Constraints on Customer Reads](#) would now be released on 9 July 2021 and Ofwat had been requested to move [CPM038/CPW116 – Clarification and Removal of Redundant Clauses in the Unified Disputes Process](#) to the 1 September.
- 4.8 The Panel:
 - **AGREED** (unanimous) the assessment plans for new change proposals (12 in favour); and
 - **AGREED** (unanimous) the amended change proposal plans (12 in favour).

FW joined the meeting

5 CPW070a: Bilaterals Interface Solution

- 5.1 The Panel considered the change proposal '[CPW070a: Bilaterals Interface Solution](#)' which sought to provide for a central 'Bilateral Hub' through which processes specified by the Operational Terms would be progressed. Amendments are required to the Wholesale Retail Code (WRC) and Market Arrangements Code (MAC) to enable Trading Parties to use the Bilateral Hub for the first process to be implemented, i.e. verification of meter details or meter supply arrangements ('Process C1').
- 5.2 The Chair acknowledged the clear and comprehensive papers provided and the work that had been put into the project particularly by the CAG (Code Advisory Group). The Chair advised that in terms of Panel assurance the MOSL legal team had input to the drafting of the code changes.
- 5.3 JG advised the Panel that the authority timetable had been changed to reflect the 'go live' date of 22 September 2021. The date had been shared with all Trading Parties who were all supportive. The Panel had early sight of the majority of the documents in May and were minded to support. All 22 documents have been coded, drafted and reviewed by the CAG demonstrating a high degree of governance. Additional bodies including the project Pathfinder group, OAG (Operational Advisory Group) and TAG (Technology Advisory Group) have also provided input. Summary reports had been issued to Trading Parties to ensure a high level of transparency in relation to all changes. No major concerns had been expressed by Trading Parties. The programme was making good progress and would be able to deliver a more than minimal viable product and further functionality has been built in which Trading Parties will benefit from. The project continued to work closely with Ofwat. Trading Party readiness had been established and all organisations were on track to meet the final checkpoint at the end of July.
- 5.4 JG advised the Panel that further changes would be required as the programme is implemented as an iterative process. Transparency had been a key part of the project and levels of engagement with the industry were very strong. Code changes had been clearly tracked so all parties could see the programme journey and a video had been recently published to the industry demonstrating the Bilateral Hub. The Bilaterals programme was therefore asking the Panel to recommend that Ofwat approve the change proposal.
- 5.5 EJ highlighted how the documents presented had changed since the Panel last saw them. EJ walked the Panel through the more material changes and those where documents were completely new for Panel review. EJ asked the Panel to consider the summary of benefits which were outlined in the Draft Recommendation Report. He also asked the Panel to consider when making their recommendation that they would be approving a late amendment in the code drafting of section 2.6 of the Operational Terms to correct some section mis-referencing. EJ also noted that Ofwat intended within their decision to make the code clearer about what should happen with "in-flight" service requests, that is, C1 processes raised but not concluded before the system go-live.
- 5.6 The Chair invited Ofwat to comment on the presentation. DM confirmed Ofwat's significant involvement in the project and acknowledged the hard work of the project team. DM added that regarding the in-flight requests, Ofwat were confident that a pragmatic solution could be identified. Reflecting on the intent of the Programme overall, DM noted the Draft Recommendation Report (DRR) (Appendix 5) which showed the importance of the project and the impact it will have on customers' experience. It would deliver a fundamental change that

facilitated better relationships between Wholesalers and Retailers and thus improving outcomes for customers.

- 5.7 The Chair invited MM to comment in relation to his work with the Pathfinder group. MM confirmed that testing was underway in the Pathfinder group and was working well. Trading Parties were on track to make the necessary changes.
- 5.8 The Chair invited MR to comment on behalf of the CAG. MR commented that the changes to the code would allow the Bilateral Hub to function effectively and acknowledged the iterative process where further changes would need to be made.
- 5.9 The Chair invited MK to comment on behalf of CCW in relation to the customer journey. MK acknowledged the importance of the project and that CCW had been involved from the start.
- 5.10 The Chair invited the Panel to comment.
- 5.11 A Panel member commented that the project was more about the customer journey than the code changes and observed that it would be a significant step forward for the market.
- 5.12 A Panel member acknowledged the clarity and transparency of the documentation provided, welcomed the offer of one to one briefings and observed the positive impact the programme would have on the market.
- 5.13 A Panel member commented that outlining the customer journey had been a helpful addition to the DRR and would be useful to incorporate in future DRRs. They also noted the clarity of the documentation and that the market seemed well prepared to implement the change.
- 5.14 A Panel member congratulated the project team and was supportive of the proposed implementation date. The member raised a concern that there had been no impact assessments undertaken in relation to the changes that were being proposed and that it was hard to determine whether all customers would achieve better outcomes as a result of the project implementation.
- 5.15 JG noted the wide and open engagement through the programme via its various groups and webinars which had involved many trading parties and the published summary packs which invited comment from Trading Parties. Further engagement would delay the project and increase the cost both of which Trading Parties wanted to avoid. The Chair added that Ofwat seemed comfortable that further consultation would not be needed given the high level of engagement with Trading Parties and invited DM to respond as needed.
- 5.16 A Panel member commented that as a Trading Party they had a good level of assurance and did not feel a further need to go out to consultation. Another Panel member acknowledged the point specifically about impact assessments but felt that Trading Parties had been consulted or engaged with through other means. Going out for further consultation would probably not add anything significant beyond the insight the Programme already received from Trading Parties. The Panel member commented that there would be a degree of uncertainty as the success of the project was based on all Trading Parties using the system as intended, however, the proposal provided a better solution to that which was currently available.
- 5.17 A Panel member queried how the post implementation review would be approached to assist with the development of future phases of the project. It was important to check that anticipated benefits were realised and that any adjustments were incorporated into the next phase as

needed. The Panel member also queried the approach to query management to ensure that any initial system bugs were quickly resolved so that customers were not unduly impacted.

- 5.18 JG responded that the project's ability to be self-critical continued to be a real strength and gave the example of the Pathfinders group. In testing an issue with logging in to the system had been identified. This had been resolved but the lesson taken from that issue would mean that the Bilaterals Hub would be opened to phases of Trading Parties to ensure that everyone is supported to use the system effectively from the start.
- 5.19 Regarding realising customer benefits, 24 benefits had been identified to date which the project would monitor. This data could be fed back to Trading Parties to evidence the financial and service improvement impact of the project. Testing relating to customer benefits to date indicated that further benefits could be realised. JG proposed to come to Panel regularly with project benefits updates. In relation to query management, tracking was in place. MOSL would also identify internal and external resource to manage the peak of potential contacts at system go-live and ensure that customers were not impacted.
- 5.20 A Panel member commented that, post-implementation, the system would provide for a higher degree of visibility and transparency in relation to data and the activities undertaken by Trading Parties. This could be utilised by the Market Performance Committee (MPC) and could contribute to the Market Performance Framework (MPF) review to effectively identify challenges and potential customer impact. The programme would be an enabler to make fundamental changes, identify different behaviours in the market and address them accordingly. JG confirmed that this would be the case with the Bilateral Hub being able to deliver real time reporting. Issues would be more easily identified and tracked which would result in better outcomes for customers.
- 5.21 A Panel member commented that in terms of what the Panel was being asked to approve this only related to the changes in the codes that would be needed to facilitate the project.
- 5.22 The Panel member who had raised the query concerning impact assessment commented that that this would still present a risk without this step being taken and end customers could be adversely impacted. It would be better to understand any negative impact at this stage before going live with the system. The Panel member also reminded the Panel that the Code should determine what the system does, not the opposite. The Panel member was minded to support the proposed timeline but was not assured that the end customer would consistently receive the appropriate level service and was therefore not minded to support the recommendation.
- 5.23 JG confirmed that all Trading Parties had received and returned an impact assessment in relation to people processes and systems as part of the checkpoint 3a but noted the concern of the Panel member.
- 5.24 A Panel member asked whether there were any themes emerging from testing to indicate whether there might be any substance to the query raised on the potential need for impact assessment? JG commented that testing was in the early stages but to date there is no indication to suggest a negative impact to customers.
- 5.25 The Panel member added that the presentation of the documents was exemplary and advocated for this approach to be taken to the presentation of future code changes. On balance the Panel member was minded to support the proposal as continuing with the status quo would not be beneficial to the market.

- 5.26 A Panel member queried that the code changes could enable bulk requests which could cause an issue for end customers. The Panel member also commented that mandating Wholesaler appointments could create an issue for end customers and result in a deterioration in service. The Panel member also noted that anecdotally, they had heard the OAG felt that it did not receive answers to the queries raised and that the proposed code changes were being pushed through. Another Panel member did not recognise this view of the OAG and felt there were no material issues that should stop the project from proceeding.
- 5.27 EJ noted that the matters raised by the Panel member had been escalated within the programme and had been considered (they are addressed in the Draft Recommendation Report). EJ added that he would ensure that all OAG/CAG members feel that their views are taken into consideration.

The Panel:

- **AGREED** (majority) to recommend the implementation of CPM043a/CPW070a to Ofwat for approval (12 in favour, 1 against¹); and
- **AGREED** (majority) to recommend an implementation date of Wednesday 22 September 2021, if Ofwat approval is received by 30 July 2021 (12 in favour, 1 against).

6 CPW106 – Management of Long Term Vacants

- 6.1 The Panel considered the change proposal '[CPW106 Management of Long Term Vacants](#)' which sought to reduce the number of long-term vacant premises in the market by defining the criteria under which Supply Points for long term vacant premises should be deregistered and implementing a timescale for their deregistration and potential temporary or permanent disconnection.
- 6.2 A Panel member, who was the proposer for the change, expressed thanks to Amanda Hinde and Janet Judge (MOSL) and the support that MM had provided. They commented that vacant ineligible sites were currently a weight on the market and served to inflate the size of the market adding cost. This change together with other initiatives in the market on vacancy should deliver improvement.
- 6.3 The Chair invited CW to comment.
- 6.4 CW invited the Panel to consider the current priorities and strategy in the market. CW questioned whether this proposal would be as effective as it should be if there weren't correct Supply Point Details in CMOS. CW also questioned whether the resources that would be needed to implement the change would be better directed at more fundamental areas and whether the proposal would be addressing a symptom as opposed to an underlying problem.
- 6.5 The proposer commented that the proposal starts to address the issue of ineligible Supply Points in the market. It was one of several measures to accurately identify the number of vacant premises. A Panel member commented that CW made a fair challenge and that the reality for the market was that there were premises where the data was not sound for a variety of reasons. The proposal would start to address this and would also cut across to other projects. Although there was no perfect approach to take, the proposal was a step to improving data quality in the market and relevant to all Trading Parties.

¹ An additional Panel member joined the meeting after the Change Report

- 6.6 A Panel member commented that the proposed change was a positive step and would provide a lens on data. They also noted that there was no incentive in the market to do this currently.
- 6.7 A Panel member felt that this was currently a low priority for Trading Parties but noted that the proposal was balanced to Retailers and Wholesalers and would benefit the market.
- 6.8 A Panel member commented that the proposal looked like it was a bulk de-registration process which the code already enabled. The proposal could risk diverting resources from other more priority areas. The proposer responded that the proposal aimed to ensure that there was shared responsibility in relation to eligibility and was an opportunity to improve the data provided at market opening. A Panel member added that the change could result in bulk de-registration but would also confirm eligibility. The change would help to focus Trading Parties and give a timeline to the work. The enduring outcome would be for Wholesalers to proactively manage their databases.
- 6.9 A Panel member noted that there would be benefit in taking a concerted approach to the management of long-term vacant premises which had been an ongoing issue since market opening.
- 6.10 A further Panel member commented that the proposal was well balanced and asked how it would connect with the work of the MPC. A further question was raised in terms of whether the implementation timescales were challenging enough. The proposer responded that the proposal aimed to be palatable to all Trading Parties, so the timescale outlined had been a compromise. A Panel member commented that for Wholesalers, carrying out the work needed would be challenging and that the outlined timetable was reasonable. The origins of the proposal relate to the 2020-21 MPOP and was part of the steps outlined in addressing an area of focus for the MPC.
- 6.11 A Panel member acknowledged the benefits of the proposal and that, whilst there may be other methods that could be utilised, the proposal simplified the approach.
- 6.12 A Panel member commented that despite the mechanisms in place, the market hadn't addressed this issue. The proposal helped to move the industry forward by setting a timescale. The Panel member also commented that when the initial phase of work had been completed there was the potential to reduce the timescale.
- 6.13 A Panel member noted that within the Draft Recommendation Report (DRR) a cost negative scenario had been highlighted and asked what plans were in place to mitigate the risk identified. The proposer responded that the risk of the change being cost negative was very unlikely and the change would have a clear benefit to both the market and customers. AR added that the change would provide enhanced visibility of data and enable monitoring. A Panel member noted that it was important to acknowledge the value the change would add in the market.
- 6.14 A Panel member expressed concern that the proposal would create cost in an area where work has not been taking place as it is not seen to be cost effective. The benefit of the change was not significant to end customers and would incur significant cost. The proposer confirmed that a cost benefit should be realised in addition to the further benefits outlined.

The Panel:

- **AGREED** (majority) to recommend the implementation of CPW106 to Ofwat for approval (12 in favour, 1 against); and
- **AGREED** (majority) to recommend an implementation date of 5 Nov 2021, if Ofwat approval is received by 10 Sep 2021 or 31 Mar 2022, if Ofwat approval is received by 3 Feb 2022.

7 CPW117: Shortening the late payment default timeline

- 7.1 The Panel considered the change proposal '[CPW117 Shortening the Late Payment Default Timeline](#)' which sought to reduce the burden of credit requirements on Retailers by creating a new payment option. By shortening the late payment default and termination timeline, there would be a corresponding reduction in the credit support requirement.
- 7.2 The proposers commented that the proposal represented an improvement for the customer and was an efficient use of cash in the market. The current late payment period was longer than it needed to be; therefore, the proposal would release cash that could be used more effectively to serve customers across the market. Overwhelming support for the proposal had been received from Retailers and most Wholesalers.
- 7.3 CW was invited to comment.
- 7.4 CW invited the panel to consider the extent to which the analysis could be described as comprehensive. The DRR noted that 'CPW080 – [Simplification of the Default and Termination Process](#)', which was awaiting a decision from Ofwat, needed to be considered. CW felt CPW117 would treat Retailers as if they were persistent late payers which seemed strange. Several Trading Parties had noted that the impact of a default risk could increase the cost of collateral which might neutralise the benefit of the proposal and potentially erode current business terms. Finally, most Trading Parties seemed to be able to manage alternate mechanisms for payment (e.g. through the use of existing code provisions relating to Alternative Payment Terms and Alternative Eligible Credit); therefore, a consistent approach in this area may not be needed.
- 7.5 The Panel confirmed that if Retailers opted into the proposed mechanism with one Wholesaler that the code did not require them to opt into it with all Wholesalers. It was noted this was as per current payment arrangements where pre-payment and post-payment and alternative payment arrangements could be set up on a bilateral basis with different parties. This meant that, as now, retailers could be found in default at different times if they paid late under the various arrangements they had in place with each Wholesaler.
- 7.6 The Chair invited the Panel to comment.
- 7.7 A Panel Member commented that the proposal should assist Retailers in terms of cost; however, the change seemed to place more risk on end customers if it increased the potential for a Retailer to be placed in default (and so be open to having its contract terminated). A Panel Member responded that CCW's perspective was supportive of the proposal.
- 7.8 ARa responded that the extent to which the proposal would increase the risk of Retailer failure had not been analysed in quantitative terms as it was not known how many Retailers would opt into this new payment option, and such analysis would require assessment of the commercial position of each Retailer. However, as the proposed mechanism would be optional, it would be for each Retailer to determine the appropriateness of opting for the arrangement on a case by case basis.

- 7.9 JC added that if the proposal reduced a default timeline without any corresponding benefit, then that would increase risk; however, the proposal was designed to reduce the default timeline with a corresponding benefit that meant that the proposal should be risk neutral. As costs were being reduced, there would be a benefit to end customers in a range of areas including investment in service improvement. Benefit to the end customer was a key part of the proposal. A Panel Member recognised the benefit to the customer in relation to what had been outlined but asked whether there was any further analysis on how much more additional risk the end customer would take as a result of removing collateral from the market. JC responded that the way the proposal was structured meant that there was no extra risk placed on end customers in the event of a Retailer default. Collateral was being reduced but only in proportion to the number of days that the timeline was being reduced by. It was a neutral proposal in that regard. Following conversations with various Wholesalers the proposal was designed to be neutral to Wholesalers. LG noted that if the Retailer was in a position where it was financially unsustainable the organisation would fail regardless of whether they had a five or fifteen day late payment default period.
- 7.10 A Panel Member commented that from a customer's perspective the proposal was not trying to insulate a customer from any Retailer failure.
- 7.11 Panel Members noted it was important to keep in mind how the change proposal compared to the current provisions of the code. The DRR highlighted where consultation responses had raised points that could relate to level playing field e.g. a concern that it would be easier to move from the current post-payment position to the new arrangement than if you were a Retailer on pre-payment because the organisation would already have to access credit. It was observed that, under the current arrangements, one of the challenges that a Retailer on pre-payment faces when deciding to move to post-payment is that they need to access credit. If the change was implemented, the Retailer would have less credit to lodge so this would make it easier than current arrangements. As every Retailer would be in a different commercial situation, making a judgment on how the change would affect individual Retailers' commercial positions seemed to be outside of the scope of the analysis and a difficult area for the Panel to explore. The important point was that the mechanism was an option that was open to all.
- 7.12 Some Panel Members expressed a concern that benefits associated with reduced collateral may not be passed on to customers. Other Panel Members noted this was a matter for individual Retailers. It was not for the Panel or the Market Operator to review the commercial decisions of Retailers. However, Retailers existed in the market for the benefit of their customers. If Retailers did not invest in service improvement, then customers could choose to switch to a competitor. LG added that in relation to competition it was up to Retailers to decide how they provide services, how they utilise resources and that market forces ultimately determine where customers choose to place their business. Increasingly customers are engaging with a market where they receive good service, and where they have received great support that has generated more switching.
- 7.13 A Panel Member commented that the change proposal was risk neutral across the market with no significant risk to customers. It would likely lead to Wholesalers actioning default aspects more quickly as less collateral would be held. This would be an appropriate course of action to take on behalf of the market and the customers and Retailers involved, as it could reduce the period where a customer was serviced by a failing Retailer. In terms of level playing

field, the proposal was a step forward from the current position and there did not seem to be anything detrimental to the market in the proposed change. One point to note was unintended increases in the costs of funding credit but, on balance, they felt this would be unlikely. A review of payment terms may be needed on a case by case basis but, overall, the Panel Member was minded to support the change.

- 7.14 A Panel member commented that initially the change proposal looked straightforward in that it provided an additional option and reduced the burden on Retailers. However, the Panel needed to look at this not through the lens of general market competition but through the lens of the objectives and principles under the Code. A clearer understanding of the likelihood of take-up would be useful and how the benefits would be realised. Ultimately, it would be for each Retailer to decide how to utilise cashflow and they may not funnel it into the types of activities that the Panel would recognise as a benefit for customers. There was no real evidence as to what the benefit to customers, or generally to the market, would be. The Panel member was unsure whether the change proposal satisfied the threshold for the Panel to make a decision under the Codes. There was also uncertainty in relation to the potential to introduce, by way of unintended consequences, a shift in the balance in terms of a level playing field. There was no clear evidence either way.

The Panel:

- **AGREED** (unanimous) to recommend the implementation of CPW117 to Ofwat for approval; and
- **AGREED** (unanimous) to recommend an implementation date of 5 Nov 2021, if Ofwat approval is received by 15 Oct 2021 or 3 Dec 2021 if Ofwat approval is received by 12 Nov 2021.

8 CPW120: Final Meter Reads Where No Visual Read Available – Withdrawal

- 8.10 The Panel considered the withdrawal of change proposal '[CPW120 Final Meter Reads Where No Visual Read Available](#)' from the change process, at the proposer's request.
- 8.11 SB outlined that CPW120 had been raised by Thames Water. The proposer had asked MOSL to withdraw the change as it no longer believed that this was an issue for trading parties or customers. SB outlined the different decision pathways in relation to the withdrawal of the change.
- 8.12 A Panel Member asked whether MOSL could adopt a proposal. SB advised that this depended on which areas of the code were impacted but in this particular instance this would not be possible.

The Panel:

- **AGREED** (unanimous) to suspend the change proposal for CPW120 and that if no other Proposer wished to adopt the change for the change proposal to be withdrawn.

9 Update on Panel Purpose

- 9.10 AR provided an update on the Panel Purpose work. In relation to the proposed changes to Panel governance a four-week consultation had concluded which had included engagement with various stakeholders including the UK WRC, MEUC and the Strategic User Forum. An industry webinar had also been delivered which had been well attended.
- 9.11 A high level of quality responses had been received which had been reviewed by the governance sub-group.
- 9.12 The high-level themes emerging at this point included:
- A strategic gap was highlighted, and a clear opportunity identified to ensure that Ofwat and Defra were clear on the strategic outcomes
 - In terms of structure there seemed to be a preference for two separate groups, one focussed on strategy and the other dedicated to reviewing proposed changes
 - A view that the future structure could move away from the use of 'Panel' in relation to the terminology used for these groups
 - High level of support for the proposed Principles particularly in relation to the focus on customer outcomes
 - Mixed responses on the role of the Strategic group, matters that sat outside of the codes and the relationship the group would have with Ofwat and Defra.
 - Composition – a reduction in size is appropriate but different views on the balance of industry and non-industry
 - Different views on the mechanism for appointment (selection v. election)
- 9.13 The sub-group had been working incredibly hard to analyse the responses and had had detailed discussions. Both proposers were considering amendments to their solutions and there was scope for the sub-group to identify an alternative solution. The proposer was considering amendments to the Principles in light of the consultation feedback received. The sub-group would meet on 30 June to conclude discussions and finalise a recommendation for the Panel on the 8 July. Subject to Panel deliberations, the DRR would be sent to Panel early the following week.
- 9.14 A Panel member commented that given the remit of the sub-group, as set out in the ToR, the focus had not been on Panel purpose but had been a consideration in discussions. The key focus was Panel composition and Principles. The Panel purpose was a conversation that would need further exploration by this (or a future) Panel.

The Panel:

- **NOTED** the verbal report

10 Market Improvement Fund

- 10.10 The Panel considered the updated Market Improvement Fund (MIF) Project Selection and Governance Document.
- 10.11 SF commented that at Panel 55 approval had been given for the MIF to be set at £1 million. Following feedback from the Panel the project team had considered how the selection panel would be constituted and the minimum/maximum for project bids.
- 10.12 The original proposal for the selection panel had included two Wholesalers, two Retailers and three Independents. This had been revised to one Wholesaler, one Retailer and three Independents. From the three Independents one would be appointed as a customer representative and the remaining two would be appointed based on their experience of similar funds.
- 10.13 The minimum project bid had originally been £5K with a maximum of £150K. A benchmarking exercise was carried out although this was more challenging as the size of fund was small. Following that exercise the minimum bid had been set at £10K to remain as inclusive as possible, with the maximum bid remaining at £150K. There would be some scope for flexibility outside of those set amounts. The assessment criteria had also been simplified to provide more scope to the selection panel.
- 10.14 Additional clarity has been given to confirm that any unused funds following the bidding round would be returned to Trading Parties in the usual way.
- 10.15 Approval of the revised governance document and for the first funding round to commence in September 2021, based on the minimum and maximum amounts as outlined, was now sought from the Panel.
- 10.16 A Panel member asked if there was a selection panel with Trading Party members why would alternates be needed. SF responded that this would be needed if the Retailer or Wholesale member had to withdraw if the bid being reviewed was submitted from their organisation or an organisation they were involved with.
- 10.17 A Panel member asked whether it would be possible to attract the appropriate calibre of Independent members on the basis that the roles were unpaid. SF responded that there was confidence that this could be achieved but, if necessary, Independent members will be appointed and remunerated.
- 10.18 A Panel member asked whether the fund could manage the potential administrative burden that might occur if a high level of small bids were received. SF responded that there was confidence that this could be managed but a recognition that the vetting process would be made stricter if needed.
- 10.19 A Panel member queried the timeline in the proposal and whether the Panel would need to give further approval at a later date. SF clarified that the Panel would not need to give further approval and that managing the timeline would fall within the remit of the MIF sub-group.
- 10.20 A Panel member involved in the sub-group commented that benchmarking had been discussed in some detail noting that the value in the water market was very different to that

of electricity and gas. The fund wanted to encourage smaller innovative projects if they had the potential to have a real impact on the market and did not want to make it overly bureaucratic which might put organisations off from applying.

- 10.21 A Panel member queried whether a customer representative should be a requirement for the selection panel. SF responded that the customer representative would not have to be drawn from CCW and could be an independent with customer experience.
- 10.22 A Panel member added that communication in relation to the MIF was important that anything that related to OPS and MPS charges was a sensitive issue. It would be important to ensure the communications to Trading Parties not only promoted the fund but pre-empted any concerns that might be raised.

The Panel:

- **AGREED** (unanimous) to approve the proposed and updated key components of the first MIF funding round; and
- **AGREED** (unanimous) to approve the updated Project Selection and Governance Document.

11 Committee Reports

11.10 EW reported that the Disputes Committee would be meeting next on 14 July 2021 with the agenda incorporating a session looking at arbitration rules. No nominations had been received for the committee vacancy. As the remaining term of office was very short nominations would not be formally sought however it was still possible to apply for the vacancy. There were eight remaining committee members balanced between Wholesalers and Retailers.

11.11 In relation to MPC AR advised the Panel that the updated MPOP (taking account of consultation responses) would be shared with the Panel in August Panel.

ACTION: A56_01

11.12 A Panel member asked whether the balance of membership in the Metering committee was appropriate. SF responded that there was a mix of appropriate experience within the group.

The Panel:

- **NOTED** the Committee Reports

12 MOSL Business Update

12.10 SM encouraged the Panel to ensure their respective organisations voted in the upcoming AGM which was scheduled to take place on Tuesday 6 July 2021.

The Panel:

- **NOTED** the MOSL Business Update

13 MOSL Market Update

- 13.10 ML commented that task levels were generally returning to pre-Covid levels specifically in areas such as meter reads. In relation to parity (the gap between the first and third reconciliation runs (R1 and R3)) this was also returning to normal. However, the data was showing continuous low levels of actual reads specifically in relation to the third and final reconciliation runs (R3 and RF). In relation to the maintenance of Yearly Volume Estimates (YVEs) there was no significant movement to report. The data outlined would be presented to the Market Performance Committee in June (MPC51) as part of a holistic approach giving MPC members greater context particularly in relation to how different elements impacted on each other to build a better view of performance in the market.
- 13.11 A Panel member asked that if at MPS 18 and 19 (Missed Meter Reads) the level of tasks were fairly high, and the level of performance was satisfactory could it be suggested that different areas needed to be measured to establish a more accurate picture of performance. ML responded that the MPC would be exploring this to ensure that the most appropriate measures are measured and that a holistic approach is taken to understanding performance. A Panel member commented that this would be a good approach for the MPC to adopt as it is a significant issue for the market.
- 13.12 The Panel confirmed that the MPC was aware of the change proposal that related to '[Minimum Meter Read Frequency](#)' in terms of the potential impact on settlement.
- 13.13 A Panel member suggested further consideration be given to the number of deferred tasks being reported under Operational Performance Standards. There were some quite significant variations in the extent to which tasks were being deferred across Trading Parties and it would be useful to understand why that differential existed in the market. ML responded that at MPC52 Wholesaler performance will be the focus.

The Panel:

- **NOTED** the MOSL Market Update

14 Any Other Business

- 14.1 There was no AOB to discuss.

Closed Session

15 Wholesaler Nominations

- 15.1 The Panel noted that no nominations had been received for the Wholesaler vacancy. At this stage there would be insufficient time to conduct another election process prior to the proposed governance changes taking effect therefore the Panel would continue to carry the vacancy. MH and MM were thanked for their efforts to ensure that meetings continued to be quorate in the interim period.