

Minutes of Panel Meeting 22

28 August 2018 | 10:30 – 15:30

Etc. Venues, London, 8 Eastcheap, Monument, London EC3M 1AE

Status of the Minutes: Final

MEMBERS PRESENT

Jim Keohane	JK	Chair	David Siddall	DS	Alternate Panel Member (Unassociated Retailer)
Mike Brindle	MBr	Panel Member (Associated Retailer)	Dylan Freeman	DF	Panel Member (Wholesaler)
Kirstie King	KK	Alternate Panel Member (Associated Retailer)	Mark Holloway	MH	Panel Member (Wholesaler)
John Vinson	JV	Alternate Panel Member (Associated Retailer)	Howard Smith	HS	Panel Member (Wholesaler)
Helyn Mensah	HM	Panel Member (Independent)	Chris Scoggins	CS	Affiliated Panel Member (MOSL)
Nigel Sisman	NSi	Panel Member (Independent)	Dan Mason	DM	Affiliated Panel Member (Ofwat)
Elsa Wye	EW	Panel Member (Independent)	Christina Blackwell	CB	Affiliated Panel Member (CCWater)
Richard Moore (via teleconference)	RMr	Panel Member (Unassociated Retailer)	Rebecca Mottram	RMt	Alternate Panel Secretary
Trevor Nelson	TN	Panel Member (Unassociated Retailer)			

OTHER ATTENDEES

Elliot Bird	EB	Meeting Secretary	David Floyd (via teleconference)	DF	Presenter (United Utilities)
Steve Arthur	SA	Presenter (MOSL)	Margaret Beels	-	Observer (MOSL)
Mihai Ciurba	MC	Presenter (MOSL)	Nigel Hague	-	Observer (MOSL)
Rob Curry	RC	Presenter (MOSL)	Graham Pontin	-	Observer (Ofwat)
Steve Lyon	SL	Presenter (MOSL)	Antoine Schmidt	-	Observer (Thames Water)
Zainab Mohammed	ZM	Presenter (MOSL)	David Seymour	-	Observer (Thames Water)
Samir Rahim	SR	Presenter (MOSL)			

APOLOGIES

Adam Richardson	Panel Secretary
Wendy Monk	Panel Member (Associated Retailer)
Simon Wilshire	Panel Member (Associated Retailer)
Nicola Smith	Panel Member (Unassociated Retailer)



1. Welcome and Introductions

- 1.1. The Chair welcomed Panel Members to the meeting of the Panel.
- 1.2. The Chair passed on the apologies of Adam Richardson, Nicola Smith, Wendy Monk and Simon Wilshire who were unable to attend the meeting.
- 1.3. The Chair also welcomed David Siddal, John Vinson and Kirstie King to the meeting, who were attending as alternates for Nicola Smith, Wendy Monk and Simon Wilshire respectively.

2. Minutes and Outstanding Actions

2.1. Minutes

- 2.2. The Panel agreed to the accuracy of the minutes from the previous meeting (meeting 21), subject to a minor addition, following an update by the Panel Secretariat.

2.3. Actions

- 2.4. The Panel agreed to close 6 actions: **A17_04, A19_04, A21_01, A21_03, A21_04, A21_05**.
- 2.5. The Panel Secretariat highlighted that following investigation into action **A17_04**, which referred to Retailer notifications of retrospective amendments made by other Trading Parties, a number of inconsistencies were identified by MOSL. It was noted that the issues identified would be addressed by either raising a system defect or a new pipeline Change Proposal.
- 2.6. Regarding action **A21_03**, Panel Members requested that MOSL could provide a short presentation to the Panel on the lessons learnt from the simulation of the Interim Supply Process. MOSL agreed that it would aim to provide this presentation at the September Panel meeting.

ACTION 22_01

3. Bilaterals Update

- 3.1. Samir Rahim (SR) from MOSL provided an update on the activity of the Digital Strategy Committee (DSC), in their investigation and engagement around the market issue of bilateral communications between Trading Parties. This presentation explained the activity of the Committee including; the engagement with various industry groups; the questionnaire circulated to Trading Parties; and the Request for Information (RFI) from vendors of potential digital solutions for the problem.
- 3.2. One Panel Member observed that it could be confusing that the MOSL DSC is referred to as a Committee, despite not being a Committee of the Panel or subject to its governance.
- 3.3. SR provided an explanation of the range of potential solutions, from standardisation of forms and processes to implementation of a market wide digital solution.
- 3.4. SR noted that the majority of concerns that had been raised by Trading Parties was the potential cost of a solution. SR explained that alternative pricing options were being explored as part of the RFI, including subscription models, in order to address this. In addition, a pilot of any digital systems would be undertaken to ensure there is a solid business case for any potential system introduction.



- 3.5. SR explained that any decision to implement a digital solution would form part of the MOSL Business Plan and would be subject to a member vote. It would also likely require a code changes and SR suggested that early consideration of potential code impacts, possibly through a Panel sub-group, could be beneficial.
- 3.6. A Panel Member requested clarification on whether all Trading Parties would be required to use the solution. SR explained that, currently there were no plans to mandate a solution, especially considering the potential cost impacts on some Trading Parties. However, SR recognised that the benefit of such a system would be limited unless it was adopted widely, but it was important not to negatively burden smaller Trading Parties unnecessarily with further costs.
- 3.7. Another Panel Member asked whether the benefits of such a system to automate bilateral interactions had been quantified in order to build a business case. SR said that this had not taken place, but the intention was to provide a business case that clearly captured the benefits.
- 3.8. Another Panel Member felt it was important that any code-defined solution, should one be progressed, should reduce barriers to entry, and not impose undue costs on parties, particularly new entrants.
- 3.9. Panel Members discussed that there were clear benefits to this change, such as freeing up Trading Parties' manual capacity to allow for more value-added work processes to take place.

4. Update from Ofwat

- 4.1. Graham Pontin (GP) provided an update on Ofwat's activities since the previous Panel meeting including:
 - Ofwat had issued a call for evidence to interested stakeholders on whether changes to the Guaranteed Standards Scheme (GSS) are required, in particular relating to customers who had suffered interruptions of supply during the severe weather in February and early March
 - It's decision relating to changes to the standard licence conditions had been published
 - Outcomes of the investigation of Thames Water's failure to meet leakage performance commitments had been published
 - The decision to approve code Change Proposal CPW010 "Emergency Contact Details" had been published.
- 4.2. Ofwat also indicated that it intended to publish its decision on CPW039 "Deferral of Final Settlement Runs" that week, and that it would clarify the issues around the inconsistency in the Wholesale Retail Code (WRC) in this publication.
- 4.3. A Panel Member requested clarity from Ofwat on whether it intended to pursue any action in relation to self-supply licenses, given their suspension and investigation by the regulator in the Scottish market (WICS). Ofwat confirmed that while it continually keeps its approach to self-supply under consideration, it did not have any current plans to pursue a similar review or suspension.



5. Update from MOSL

5.1. Chris Scoggins (CS) provided an update on the key activities at MOSL which included:

- Deletion of G reads for all Trading Parties, from the Final Settlement Runs for the shadow market period
- Market Performance Operating Plan (MPOP) activities taking place, including development and preparation of data improvement plan work
- The lease of Southampton MOSL offices had almost been agreed, and the new offices fit-out design agency had been appointed
- An update on resourcing of MOSL including ongoing recruitment targets and current staffing levels within different teams
- Applications had been received from new potential self-supply Retailers and a new entrant looking to operate a multi-utility model
- Nominations for new Non-Executive Directors had begun for Associated and Unassociated Retailer Members
- Development of the MOSL Business Plan for 2019/20 had begun, which would be developed in light of the MPOP, the Panel Plan and feedback from Trading Party engagement.

5.2. Some Panel Members impressed the importance that MOSL ensure appropriate resource, with appropriate expertise, is provided through its transition.

6. Additional Services Update

Purpose: For Decision

- 6.1. SL highlighted that discussions with CGI had highlighted that scheduling between MOSL and CGI was causing issues. To address this, MOSL and CGI had developed a new contractual arrangement where these requests are outsourced entirely to CGI, and the cost could be reduced to £775 per unplanned settlement run.
- 6.2. SL confirmed that these arrangements would likely take a month to be put in place and would have no impact on Trading Parties, whose processes would remain the same. SL also confirmed that it would still remain accountable for this service.
- 6.3. Some Panel Members expressed concerns about the feasibility of running all unplanned settlement runs as a result of current data quality levels particular if G read deletion is introduced. . SL confirmed that this change should have no effect on the ability of MOSL and CGI to process these requests.
- 6.4. A Panel Member requested clarity on whether disputed settlement runs would also be provided at the same reduced cost, and It was agreed that an update be provided at a future Panel meeting.



7. Monthly Committee Update

- 7.1. NSi, as the Chair of the Market Performance Committee (MPC) provided an update on the progress on Change Proposal CPM008 '*Redistribution of Market Performance Standards Charges*', which the Committee were currently reviewing after Ofwat had requested further assessment be undertaken.
- 7.2. Conversations with Ofwat had highlighted that the proposed redistribution method would provide weak incentives to Trading Parties. NSi highlighted that the Committee had been reluctant to support a method that did not redistribute the charges collected, and Ofwat had indicated that a redistribution method should be linked to performance in order to be accepted. The Chair described the draft proposal currently in development which aimed to realign the distribution of charges with performance.
- 7.3. NSi also expressed concerns, that had been raised to him from industry forums, that the thresholds and caps applied to the current Market Performance regime, limited the exposure of Trading Parties quite considerably. This in turn would limit any incentives that may have been created by the regime.
- 7.4. NSi also explained that there would be further changes to the Market Performance Standards as part of another review scheduled for the end of 2018.
- 7.5. EW as the Chair of the Trading Disputes Committee (TDC) provided an update on the activities of the Committee and highlighted that it intended to circulate a new Change Proposal, on amending the materiality threshold and corrective settlement timescales, to the Panel in November or December.
- 7.6. Rob Curry (RC) provided an update on the activity of the Market Incident Management Plan (MIMP) Committee, highlighting that the Committee had met to review the MIMP documentation.
- 7.7. RC also highlighted recent disaster recovery tests that had been undertaken by MOSL for CMOS, the LVI and the HVI, which had all been successful. RC indicated that there was work underway to arrange a market wide rehearsal of the Business Continuity Plan, which was vital for ISO accreditation.
- 7.8. Panel Members requested clarity on what the MIMP Committee had determined was the greatest risk to the market currently. RC explained that currently it was believed that CMOS held the greatest risk in operation of the market but highlighted that these risks were thought to be well mitigated. RC also informed the Panel that the risk loss of key MOSL staff during the transition was also recognised as a risk.

8. Change Report

- 8.1. The Panel requested clarity from the Panel Secretariat on the draft Change Process and expressed concern that the current arrangements were limiting the Panel's oversight of new changes. The Panel highlighted that it appeared as if a majority of new changes were being brought to the Panel for Authority Recommendation, without the Panel's input into the development of the change.
- 8.2. The Panel Secretariat highlighted that, the pre-change process had been introduced in order to improve the efficiency of change process, and that this pre-work was with engagement from the User Forum, existing Panel Committees and through undertaking RFI with the industry. Additionally, this



process was generally reserved for what MOSL considered to be a minor change, and more significant changes would always be brought to the Panel for initial views.

- 8.3. The Panel noted this but expressed that it felt this currently represented too large a number of changes and that it was not clear if MOSL should be making this prioritisation decision of what constitutes a minor change.
- 8.4. A Panel Member suggested that this process be reviewed as part of the work to develop guidance on the change process that was currently taking place, and that this should be discussed at a future meeting.

9. Draft Recommendation Report: CPW040 – NAPS Report

- 9.1. The Panel considered a Change Proposal add more information into the New and Partial SPIDs (NAPS) report.
- 9.2. MOSL reported that the change had been consulted on through an RFI and:
 - All respondents had agreed to the proposed solution and red line changes
 - The majority of respondents had indicated that they expected to incur minimal to no additional costs as a result of the change
 - Respondents had given a mixed response on the suggested timescales, with a number of requesting that the change be implemented sooner, however MOSL clarified that the current systems release schedule would not support this.
- 9.3. The Proposer highlighted that this change would assist Trading Parties in undertaking data improvement activities and would also have a directly positive impact on customers, who previously were not able to choose their supplier.
- 9.4. MOSL highlighted that the cost of CMOS implementation of the change was £41,013, with a minimal to no cost impact on Trading Party systems.
- 9.5. The Panel:
 - **AGREED** to recommend implementation of CPW040 to the Authority for approval;
 - **AGREED** the recommended implementation date on:
 - 17 May 2019 if Authority approval is received by 28 September 2018; or
 - 8 November 2019 if Authority approval is received after 28 September 2018.

10. MPOP Update

- 10.1. The Panel discussed and provided comments on the plan drafted by MOSL and reviewed by the MPC. The plan covered the accelerated programme of actions and reviews that will be undertaken, in the event that the Ofwat approve the extension of final settlement (CPW039 – ‘Deferral of Final Settlement Runs’).



- 10.2. SA highlighted that consultation comments were received from 13 respondents, who broadly supported the content of the MPOP with some challenges, and that these responses would be published alongside a MOSL response to those comments.
- 10.3. In light of previous discussions on the MPOP, and comments received from the consultation, SA provided an update on the progress of the MPOP activities which included:
- Development of the Trading Party dashboards for settlement, switching and Level Playing Field (Wholesaler Performance)
 - The RF data improvement plans development
 - MPOP governance framework
 - Resourcing of MPOP activities.
- 10.4. SA highlighted that Trading Party dashboards had been developed in order to help better identify areas of improvement and prioritise activity in their data improvement plans. He explained that these dashboards would be updated monthly to provide Trading Parties with information on their relative performance. SA also made clear that Trading Parties' data improvements plans would not be requested until these dashboards had been put in place, which was expected to be in early September to allow Trading Parties to provide plans in late September.
- 10.5. MOSL confirmed that it would circulate to the industry the presentation shared with the Panel, following the meeting.
- 10.6. In response to the update on the MPOP, the Panel provided the following points of feedback:
- A need for a monthly update to be provided to the Panel on the progress of the MPOP
 - The need to consider the significance of non-market meters on the Wholesaler dashboard
 - There was an issue with conflicting language around the use of 'level playing field', that would normally refer to competition issues which was not the case here
 - the need for an accelerated review of the market codes in relation to post RF processes and the Ofwat Customer Code of Practice, due to inconsistencies identified across the documents
 - The identification of criteria to reinstate the RF run also needed to be accelerated. Panel Members emphasised that there were not clear what the market was aiming for, in terms of good market performance, and that this needed to be defined.
 - The impacts of vacants¹ on settlement, as well as the code arrangements, needed to be better understood, one Panel Member suggested that vacants were 'spiralling' without a practical mechanism in place to investigate or address the issue. They queried whether this could lead to Retailers avoiding bad debt issues by flagging increasing numbers of properties as vacant.

¹ 'Vacants' refers to Vacant Properties, which are defined in the code as premises which do not meet the conditions of an 'Occupied Premises' as described in CSD0104.



- Further development of the management and governance of the dashboards and data improvement plans was required
- The possible benefit of meetings between MOSL staff and Trading Parties to understand the specifics of actions undertaken to improve data and areas of priority
- The need for a clear statement of the mitigations in place to address any perceived risks to customers.

10.7. The Panel expressed the importance of prioritising data improvement to the large-scale issues that will have a high impact on settlement, which in turn may limit the focus of these plans to just a small group of Trading Parties.

10.8. A Panel Member also suggested that the MPOP should also, as a priority, address any uncertainty in the Codes related to post RF processes. They highlighted that issues should be expected following final settlement and that it was important processes were sufficient to resolve these issues to enable a properly functioning market.

11. TEIC Working Plan

Purpose: For Decision

- 11.1. ZM as the Chair of the Committee provided an update on the TEIC's approach and key outputs since it was set up in November 2017, and the proposal to close to Committee in October 2018.
- 11.2. ZM advised that a change proposal was being considered which would come to the Panel in November and also a Training workshop was being planned.
- 11.3. ZM recommended that the TEIC finish as planned in October, with the view to reinstated in March depending on the collection of information on new issues and embedding of the TEIC's contributions so far. The intention was to develop a second work plan in the new year, once this information is understood. This was met by agreement of one Panel Member as the Panel acknowledged the TEIC had achieved their objectives as prioritised by TEIC.
- 11.4. The Panel noted the update from ZM and suggested that the Committee be suspended from October until March. The Panel believed there would be benefit in maintaining the Committee's current membership so requested that the Committee could be maintained but Committee Members should be given the option to stand down where they wished.
- 11.5. The Panel:
- **AGREED** to update the Terms of Reference to extend the TEIC term past the existing 12 months;
 - **AGREED** to maintain the existing membership of the Committee for consistency; and
 - **AGREED** to seek nominations where members indicated they would like to step down.



12. Feedback on Panel Plan

12.1. The Panel considered a paper that set out the responses received from the RFI on the draft Panel Plan.

12.2. The Panel:

- **NOTED** the comments received from industry on the draft Panel Plan; and
- **NOTED** that the Panel Secretariat would schedule a Panel sub-group meeting to review the feedback and update the Panel Plan as required.

13. Any Other Business (AOB)

13.1. One Panel Member requested that the Panel Secretariat begin pursuing nominations for the GDPR Issues Committee, in order to replace lost members, given that there was a scheduled review approaching.

13.2. One Panel Member requested that the Panel could review their policy on transparency, as they felt that this was important to address. The Panel agreed to address this and suggested the possibility of a strategy meeting to discuss some similar higher-level questions. The Panel agreed that the Panel Plan subgroup could discuss potential agenda items of such a session at their upcoming call on the Panel Plan.

ACTION 22_02

13.3. There was no further business and the Chair concluded the open session of the meeting.

CLOSED SESSION

14. Credit Committee Nominations

14.1. The Panel discussed amending the proposed membership of the Committee to reflect the Panel and differentiate between Associated and Unassociated Retailers. However, the Panel agreed that it was not feasible to reconsider this at this point and agreed to review the membership structure of all Committees at a later date.

14.2. The Panel used the following criteria in order to appoint the members:

- Familiarity with the credit arrangements for the non-household market
- Previous experience of dealing with the credit options in the Codes
- Experience of assessing credit history and credit rating agencies
- Knowledge of credit and other related financial services
- Ensuring the representation of a cross section of Trading Parties and businesses, across the membership of the Panel and its Committees.



14.3. The Panel:

- **AGREED** the contents of the Terms of Reference;
- **APPOINTED** Matthew Labrum, Chris Cox, Julian Tranter, Richard Spencer and Richard Berger as the 5 members from Wholesalers to the Credit Committee;
- **APPOINTED** Chris Milner, Jacob Tompkins, Scott Christie, Neil Pendle and Richard Moore as the 5 members from Retailers to the Credit Committee; and
- **NOTED** once appointed, MOSL will seek confirmation letters and employer release letters for the newly appointed Credit Committee Members.

Actions:

- A22_01** MOSL to provide a presentation on the lessons learnt from the Interim Supply Process simulation at the September meeting.
- A22_02** Panel Secretariat to arrange a call with the Panel Sub-Group to discuss feedback on the Panel Plan and potential agenda items for the next Panel Strategy session.

The next Panel meeting is scheduled for: **25 September 2018, 10:30 – 16:00, at:**

MOSL
4th floor
16-18 Monument Street
London
EC3R 8AJ

The nearest tube stations are Monument, Bank and London Bridge.