

## Minutes of Panel Meeting 25

27 November 2018 | 10:30 – 15:45

ETC Venue, 8 Eastcheap Monument Street, London, EC3M 1AE

Status of the Minutes: Final

### MEMBERS PRESENT

Jim Keohane	JK	Chair	Trevor Nelson	TN	Panel Member (Unassociated Retailer)
Mike Brindle	MBr	Panel Member (Associated Retailer)	Nicola Smith	NSm	Panel Member (Unassociated Retailer)
Wendy Monk	WM	Panel Member (Associated Retailer)	Mark Holloway	MH	Panel Member (Wholesaler)
Simon Wilshire	SW	Panel Member (Associated Retailer)	Howard Smith	HS	Panel Member (Wholesaler)
Helyn Mensah	HM	Panel Member (Independent)	Steve Arthur	SA	Affiliated Panel Member (MOSL)
Nigel Sisman	NS	Panel Member (Independent)	Christina Blackwell	CB	Affiliated Panel Member (CCWater)
Elsa Wye	EW	Panel Member (Independent)	Dan Mason	DM	Affiliated Panel Member (Ofwat)
Richard Moore (via teleconference)	RM	Panel Member (Unassociated Retailer)	Adam Richardson	AR	Panel Secretary
Dylan Freeman	DF	Panel Member (Wholesaler)			

### OTHER ATTENDEES

Shannon Dumbleton	N/A	Meeting Secretary	Andrew Swain	AS	Presenter (Yorkshire Water Business Services)
Rebecca Mottram	RM	Presenter (MOSL)	Elliot Bird	N/A	Observer (MOSL)
Zainab Mohammed	ZM	Presenter (MOSL)	Abu Rashid	N/A	Presenter (MOSL)
Emma Kelso	EK	Observer (Ofwat)	Antoine Schmidt	N/A	Observer (Thames Water)
Stuart Boyle	N/A	Observer (MOSL)	John Vinson	N/A	Observer (Alternate Independent)
Graham Pontin	N/A	Observer (Ofwat)	Huw Comerford	N/A	Observer (MOSL)
David Edward	DE	Presenter (MOSL)	Samir Rahim	SR	Presenter (SR)

### APOLOGIES

N/A	N/A
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## 1. Welcome and Introductions

- 1.1. The Chair welcomed Panel Members to the meeting of the Panel.
- 1.2. The Chair noted there were no apologies for this meeting.
- 1.3. 2 Panel Members had not yet arrived at the start of the meeting and the Panel was not quorate.

## 2. Update from Ofwat (Inquorate)

- 2.1. Dan Mason (DM) provided an update on activity of Ofwat, including:
  - Change Proposals [CPW044 'Digital Certificates and Public Keys Updates'](#) and [CPW045 'Updates to the Service Management Interface'](#) had been approved and the authority decision published on the Ofwat website.
  - DM indicated that [CPW046 'Changes to the unplanned settlement process'](#) had been approved and would be published shortly.
  - DM also indicated that [CPM008 'Redistribution of Market Performance Standards Charges'](#) would have an authority decision by the end of the year.
  - DM provided an update on an upcoming consultation on price and non-price protections under the Retail Exit Code and highlighted that this would be circulated shortly.
  - DM highlighted that Ofwat had published a formal [consultation](#) for DCP010 'Wholesale Retail Code inconsistency'.
  - DM also informed the Panel that there would be a Panel sub-group, held at Ofwat, to discuss potential future changes related to Developer Services and new connections, this would be held on 30 November 2018.

## 3. Update from MOSL

**DF joined the meeting**

- 3.1. Jim Keohane (JK) reported to the panel that Chris Scoggins would no longer be acting in his capacity of CEO of MOSL. JK assured the Panel that the direction of MOSL would not change.
- 3.2. Steve Arthur (SA) provided an update on activity of MOSL which included five key areas; the business plan, transition and recruitment, CMOS, bilaterals and market performance updates.
  - Final version of the MOSL Business Plan was issued the week commencing 26 November, SA gave thanks to the Panel and Trading Parties' for feedback. The vote on the final Business Plan will be on 14 December.
  - SA highlighted that changes were made to the Business Plan to provide more information on the headcount across teams and understand costs, clarity on forecast outturn for the 2018/19 budget and additional cost of Panel and Committee meetings being held in London.

- A Market Improvement fund had been introduced into the Business Plan to bring in expert and external resource with a clear focus on keeping costs down. MOSL will produce a business case to the Board for this additional fund, whilst ensuring the Panel has visibility.
- SA reported that MOSL's move into the Southampton office had taken place on time, and the Monument office was now closed. It was also highlighted that the temporary working space in WeWork near bank station would be open the week commencing 3 December 2018.
- SA introduced 2 new starters to the Panel, Stuart Boyle, Head of Market Design, and Huw Comerford, Market Design Manager. He also explained that ten new Southampton colleagues had joined MOSL to add to the 16 remaining from London, bringing a total of 26/54 permanent employees. SA also explained that MOSL were currently operating at 54 employees, which included 11 contractors. SA assured the Panel recruitment was on track other than challenges in the Market Performance area, and an additional recruitment partner had been engaged.
- SA explained that the knowledge transfer work being undertaken was on track with particular focus being on the key processes that MOSL operates and those employees leaving MOSL on January 2019.
- SA noted that defects had been raised since the implementation of CMOS Release 5.0 and MOSL were working with CGI to understand and resolve these.
- MOSL were reviewing the first Performance Rectification Plans for the Market Performance Standards (MPS). 20 mandated plans were requested from 8 retailers and 6 wholesalers. 15 were found to be satisfactory. SA explained that MOSL would be working with Trading Parties in order to address the remaining 5 plans.

3.3. Samir Rahim (SR) provided an update on activity with bilaterals, including:

- Requirements had been developed and MOSL were working with the Retail Wholesale Group (RWG) and Digital Strategy Committee (DSC) to agree operational, functional and non-functional requirements to inform the business case.
- SR explained that MOSL would consult with industry, to get a more detailed understanding from Trading Parties of the likely costs and benefits of this bilateral solution. This consultation would be issued shortly and is planned to run for 15 days.
- SR also explained that MOSL would start engaging with members of the Panel sub-group to discuss the Request for Proposals (RFP) and the consultation, in order to gain a common understanding and assess the likely associated code changes.
- SR recognised that different Trading Party platforms may be used to ensure suitability of the solution for all industry players.

3.4. A Panel member raised concerns that, in recent weeks there had been many requests for information and consultations received by Trading Parties. Therefore, MOSL should consider the current suggestion of 15-day consultation and whether this will be enough time, given that this consultation is being released over the Christmas period. The Panel agreed for this to be raised as an action.

**ACTION 25\_01**

- 3.5. A Panel member asked whether the solution would be mandatory, and whether MOSL would have a related question in the consultation, which SR confirmed. A Panel sub group will work with SR to assess the impact of the project in relation to likely associated code changes
- 3.6. A Panel Member felt that MOSL did not often receive significant input from smaller new entrant Retailers and requested clarity on how MOSL would ensure their views were captured. SR agreed to consider this.

**ACTION 25\_02**

## 4. Minutes and Outstanding Actions

MH joined the meeting

### 4.1. Minutes

- 4.2. The Panel reviewed the minutes from Panel Meeting 24 and provided comments to the Panel Secretariat.
- 4.3. A Panel Member raised a concern on point 11.6 that recorded that the Panel expressed a preference and point 15.4 where Panel Members agreed on process for nominations. However, the Panel Member noted that at this point the Panel were not quorate, and this should have been reflected in the minutes. The Panel agreed with this approach.
- 4.4. The Panel agreed to the accuracy of the [minutes from previous meeting](#) (Panel Meeting 24), subject to the amendments outlined above being made.

### 4.5. Actions

- The Panel agreed to close 5 actions: **(A24\_01, A24\_02, A24\_06, A24\_07 and A24\_08)**

## 5. Monthly Committee Update (Inquorate)

- 5.1. Nigel Sisman (NS) provided an update as the Chair of the Market Performance Committee (MPC) which focused on the call for inputs, relating to strengthening Wholesaler performance and service, raised by Ofwat. NS requested clarity from the Panel on whether the MPC should be providing a response to this call for inputs on the Panel's behalf, which the Panel agreed to.
- 5.2. Elsa Wye (EW) provided an update as the Chair of the Trading Disputes Committee (TDC), highlighting that at the last meeting the Committee were not quorate, and all decisions had to be postponed.
- 5.3. Rebecca Mottram (RM) stated there was no update for the MIMP Committee as no meeting had been held since the previous Panel meeting.

- 5.4. Adam Richardson (AR) provided an update as the Chair of the Credit Committee (CC), which highlighted that Trading Parties will be receiving a number of consultations from the Committee in the next few months.
- 5.5. A Panel Member highlighted that concerns had been raised on behalf of new entrant Retailer members at the Credit Committee. They noted that, at times the representation of new entrant Retailers was limited where members had to leave early. AR highlighted that throughout the course of the meetings he considered that all members had acted appropriately and were all being given fair opportunity to comment and provide their views. DM, who had also been attending these Committee meetings, agreed that his experience of the Committee was that members were acting in a balanced way and that the Committee had made substantial progress.

## 6. Change Report

- 6.1. MOSL provided an update on the Change Report which highlighted that:
  - Authority decisions had been received on CPW044 and CPW045 which would be implemented on 3 December 2018.
  - One consultation was currently open from the Credit Committee, on DCP014 'Improving the Transparency of Alternative Credit Arrangements'.
  - The Change Proposals intended to be brought to the December Panel include CPW049 & CPM012 'OPS review', CPW050 'the Long unread report', DCP014 'Improving the Transparency of Alternative Credit Arrangements', and CPW050 a MIMP committee change.
- 6.2. A Panel Member highlighted that Trading Party feedback was indicating the release schedule was slowing down changes and suggested that the Panel and MOSL should be aiming to address this.
- 6.3. The Panel raised concerns around the usage of the pre-change process and the volume of industry requests for information prior to initial Panel review. The Chair highlighted that this had been discussed at previous meetings, and the Panel would need to review this holistically at the January strategy meeting to streamline the work effort of Trading Parties.
- 6.4. A Panel member suggested that the blanket approach of RFI's for every draft change proposals be suspended until the January discussion, however another Panel Member expressed their view that the process was working well for Trading Parties, and Trading Parties had the choice as to whether to respond to consultations if they wanted. As such, there was no requirement to change it at this point.

## 7. [Draft Recommendation Report: Enabling Sewerage Wholesalers to create meter networks \(CPW047\)](#)

- 7.1. The Panel considered a Change Proposal that sought to provide sewerage Wholesalers with the functionality in the Central Systems (CMOS) to create and manage their own meter networks, rather than rely on the water Wholesaler who is not impacted by the meter network. The change would enable accurate charging to be efficiently and expediently set up in CMOS for trade effluent customers by sewerage Wholesalers.

- 7.2. MOSL provided a summary of responses to this change and highlighted that 2 wholesalers disagreed with the solution, out of a total of 16 respondents. This was based on the change in responsibility and possibility of MPS charges relating to late meter exchanges. The TEIC responded back acknowledging concerns but highlighted sewerage wholesalers require accurate details and reads which impact their networks and charges hence had a vested interest in allowing these to be entered in a timely fashion. All other respondents highlighted clear benefits to all parties (including water wholesalers) particularly customers.
- 7.3. It was also highlighted that there were some disagreements with the proposed implementation dates, as a number of the respondents requested that the change be implemented sooner.
- 7.4. A Panel Member queried the clarity of roles in CSD 0104 in terms of sewerage wholesalers compared to water wholesalers. The Panel Member requested the use of sewerage Wholesalers be checked in the legal drafting prior to issuing the Change Proposal to Ofwat for decision.
- 7.5. The Panel unanimously:
  - **AGREED** to recommend implementation of CPW047 to the Authority for approval;
  - **AGREED** the recommended implementation date of:
    - 8 November 2019 or earlier, if Authority approval is received by 30 April 2019. and
    - MOSL to investigate possibility of implementing before November 2019.
- 7.6. Panel Members raised concerns that the change would not be implemented for a year, when it was a relatively minor change with a substantial benefit. The Panel requested that MOSL consider the option of a stand-alone release, given that the change was minor. The Panel also requested that the change be implemented in such a way that does not impact other changes.

**ACTION 26\_01 AND ACTION 26\_02**

- 7.7. Another Panel Member has requested that MOSL provide the Panel with an update on why the change cannot have an accelerated implementation date, in the event that this is not possible.

## 8. Draft Recommendation Report: Alternative Payment Terms (CPW048)

- 8.1. The Panel considered a Change Proposal that sought to introduce additional optional payment terms into the Business Terms. The proposal being to allow parties to negotiate alternative payment terms that must be compatible with market settlement and provide primary charge and reconciliation details. The intention of the change is to encourage greater innovation in the market.
- 8.2. The Proposer highlighted that the Change Proposal should not have any effect on the incremental risk to Wholesalers, due to the requirement for them to agree to any arrangements, and that the change should ultimately benefit the end customer.
- 8.3. The Proposer explained that a request for information had received 23 responses, of which 10 agreed and 13 disagreed.

- 8.4. A Panel member questioned why wholesalers would agree to a unique agreement as described in this change, and whether an option to pay a proportion of post and pre-payment would be more appropriate. AS highlighted that the proposed solution gave options to wholesalers and retailers and allows further flexibility going forward.
- 8.5. Another Panel Member suggested that this change could introduce level playing field concerns, as it would allow associated retailers to negotiate favourable terms with their associated wholesalers. The Proposer highlighted that these arrangements would be transparent due to being published on the wholesaler's website, and therefore would be available to other retailers.
- 8.6. DM highlighted that it was not clear how this change would impact wholesaler risk. He felt there was no clear evidence to support the concern raised by wholesalers. He also noted that a lot of the arguments raised in the discussion were similar to those heard when Schedule 3 of the Business Terms was introduced for Alternative Credit Arrangements. DM also highlighted that if and where level playing field or anti-competitive issues were to arise, for example between wholesalers and their associated retailers, that Ofwat had enforcement powers at its disposal to address these behaviours if appropriate.
- 8.7. A Panel Member queried the level of risk variation that exists in current arrangements depending upon the choice of post-payment or pre-payment options. The Panel Member enquired how this was addressed in the price control setting and whether the proposal might therefore have an influence on wholesaler risk and working capital requirements. The Proposer recognised that risk could vary between the two options currently available, and therefore the proposal would enable a spectrum of acceptable arrangements between these two options.
- 8.8. Another Panel Member questioned whether this proposal would make payment terms between wholesalers and retailers more complicated, as every organisation could have different bespoke payment and collateral terms which would need to be unravelled to determine whether or not arrangements were discriminatory.
- 8.9. A Panel Member noted that it would be important to ensure that these optional terms should not only be made between associated retailers and their wholesalers, which could be discriminatory.
- 8.10. There were 8 votes in favour, 3 against and 1 abstention, therefore there was no qualifying majority vote and the Panel agreed to reject the change by default in accordance with paragraph 5.10 of the Market Arrangements Code.
- 8.11. The Panel:
- **AGREED** to recommend CPW048 to the Authority for rejection; and
  - **AGREED** that, if approved by the Authority, the recommended implementation date of:
    - 29 March 2019, if Authority approval is received by 22 March 2019; or
    - 26 July 2019, if Authority approval is received by 19 July 2019.
- 8.12. The rationale for rejection included the further complexity being introduced by allowing bespoke arrangements, the potential increase in risk Wholesalers will face when agreeing to these

arrangements and the risk of Associated Retailers using these options anti-competitively with their associated Wholesaler.

## 9. Market Performance Update

9.1. Steve Arthur (SA) provided an update on Market Performance which highlighted:

- The changes to the Operational Performance Standards (OPS) had been delayed and would now be raised at the December Panel meeting.
- Currently 7% of YVE's are 0 or 1, which would need to be addressed in the Data Rectification Plans. However, SA noted that some of these YVE's would be correct.
- Significant progress had been made in resolving the number of Unpaired SPIDs, and the latest CMOS 5.0 release would enable the definition of correctly paired SPIDs.
- Since August there had been a stabilisation of meter reading information, but companies were not yet meeting their forecasts in their plan. SA explained that MOSL would be in contact with these parties to help them prioritise their activities.
- As the MPOP matures it would be beneficial to introduce KPI's or metrics to monitor the impact of MPOP and establish what good looks like.

## 10. RF Settlement Catch-up Timetable

10.1. The Panel considered options on RF settlement catch-up timetables. Emma Taylor (ET) explained the intention was for the recovery to be as short as possible, without having adverse impact on other settlement runs. It was also explained that the timetable determined by the Panel would be circulated to the industry for feedback.

### **ACTION 26\_03**

10.2. A Panel member asked for clarification on the G reads option specified in the RF paper. MOSL confirmed that both options 1 and 2 were being considered and would be brought to the December meeting. MOSL confirmed that both options would work for the RF decision made by the Panel. Panel Members were mostly in agreement with introducing a catch-up timetable with settlement runs every 2 weeks, which was the most aggressive option. However, Panel Members suggested that the catch-up could proceed at a slower rate initially as the implications of G-read deletions and the required changes were understood.

10.3. A Panel member expressed the view that the March 2017 Rf settlement run should be completed sufficiently early to allow Trading Parties sufficient time to assess potential implications of "opening market" G Reads.

10.4. The Panel agreed to consult Trading Parties on a timetable that comprised a hybrid solution of catch-up settlement runs every 2 weeks starting from April 2019, but with one variation- that there would only be 1 run in the first month to allow the industry to time to address any major issues if necessary..

10.5. The Panel:

- **AGREED** that a variation of Option A was the most appropriate catch-up timetable; and
- **AGREED** that views from Trading Parties be sought on this proposed catch-up timetable.

## 11. Review of Volume Estimating Caps

- 11.1. The Panel reviewed analysis relating to the volume estimating caps (the Icap and Ycap) defined in the market codes and considered whether these values should be amended. This topic was deferred from the Panel meeting in June, due to an investigation into YVEs.
- 11.2. Some Panel Members noted the suggestion from a Trading Party to reduce the caps, due to the large charges retailers could be exposed to. Other Panel Members argued that having a higher cap could incentivise retailers further to seek meter reads.
- 11.3. MOSL highlighted that current evidence did not suggest a need to amend the cap levels, but that MOSL would be investigating the impacts on a more detailed level in the first half of 2019.
- 11.4. MOSL advised that Castle Water had provided a response to this paper, which requested that MOSL address the issue of Icap and the ILE being too large. They argued that the ILE was not reflective of the consumption of the market. MOSL confirmed that the ILE would be analysed over the next few months, as there is a market code obligation to have two years of data before undertaking the review.
- 11.5. The Panel:
  - **AGREED** the volume estimating caps require no change; and
  - **AGREED** to review the caps again in the last quarter of 2019

## 12. System Changes Committee

- 12.1. AR outlined the features of a potential new Panel Committee following observations made at previous Panel Meetings and requests to consider the merits of establishing a committee to provide expert input on system changes.
- 12.2. A Panel Member highlighted that it was important for this Committee to focus on more than system changes, as the scope of system releases were also a key Trading Party concern. They highlighted that there was a need for more technical input from the market and that it would be important to get the right result for customers.
- 12.3. The Chair suggested that Panel Members provide feedback to the Secretariat and the Panel would revisit it in January.

**ACTION 26\_04**

## 13. Any Other Business (AOB)

- 13.1. There was no further business and the Chair ended the open session of the meeting.

**CLOSED SESSION**

## 14. GDPR Issues Committee Nominations and Appointment

- 14.1. Rebecca Mottram (RM) summarised the nominations received for the GDPR Issues Committee, also noting that 3 members of the Committee are willing to remain on the Committee. In total 4 nominations were received, therefore if the Panel appointed all nominees there would only be 7 members out of the required 9 to achieve a full membership.
- 14.2. Panel Members agreed that the nominations should remain open until January, in order to seek further nominees particularly those with technical experience.
- 14.3. The Panel Secretariat agreed to inform nominees of the Panel's decision.

**ACTION 26\_05**

14.4. The Panel:

- **DEFERRED** the decision to appoint GDPR Issues Committee members until January 2019; and
- **AGREED** to re-open nominations due to not enough nominations being received to fill the membership.

## 15. Trading Disputes Committee Nominations and Appointment

- 15.1. Panel Members were informed that 2 nominations had been received for a Retailer position in the Committee, but no nominations had been received to fill the Wholesaler vacancy. The Panel therefore agreed to nominate one Retailer nominee and continue searching for Wholesaler members following the meeting.
- 15.2. The Panel:
- **AGREED** to appoint Carl Lees to the Trading Disputes Committee.
- 15.3. The Chair Closed the meeting.

### **POST MEETING NOTE**

- 15.4. Following the Panel meeting, another Retailer Member of the TDC resigned and the Panel agreed by email to appoint Peter Strain to the TDC.

### **Actions:**

- A24\_01** Consider the Implications of further releases and / or standalone mini releases and provide an update at the panel strategy day in January 2019, ahead of next year's planned consultation.
- A24\_02** Review the possibility of implementing CPW047 earlier than November 2019, as either a standalone release, in an upcoming release or an additional release, being sure not to impact the delivery of scheduled CMOS releases 6.0 and 7.0.
- A24\_03** MOSL to provide the industry with a clear view of the timeline for RF.

MAC Panel & Committees for the business water market

**A24\_04** Panel Members to email the Panel Secretariat with concerns relating the System Changes Committee.

**A24\_05** Feedback to be provided to GDPR nominees explaining why appointments have not yet been made.

The next Panel meeting is scheduled for: **18 December 2018, 10:30 – 15:30, at:**

**ETC Venue;**

**8 Eastcheap;**

**Monument Street;**

**London;**

**EC3M 1AE**