



Minutes of Panel Meeting 30

30th April 2019 | 10:30 – 15:00

MOSL Office, White Building, 1-4 Cumberland Place, Southampton, SO15 2NP

Status of the Minutes: Final

MEMBERS PRESENT

| | | | | | |
|----------------------|-----|--|----------------------|----|--|
| Margaret Beels | MBe | Chair | Martin Mavin | MM | Panel Member (Wholesaler) |
| Mike Brindle | MBr | Panel Member (Associated Retailer) | Helyn Mensah (T-con) | HM | Panel Member (Independent) |
| Andrew Bamber | AB | Panel Member Alternate (Associated Retailer) | Nigel Sisman | NS | Panel Member (Independent) |
| Trevor Nelson | TN | Panel Member (Unassociated Retailer) | Elsa Wye | EW | Panel Member (Independent) |
| Nicola Smith (T-con) | NSm | Panel Member (Unassociated Retailer) | Evan Joanette | EJ | Alternate Affiliated Panel Member (CC Water) |
| Claire Yeates | CY | Panel Member (Unassociated Retailer) | Des Burke | DB | Affiliated Panel Member (MOSL) |
| Mark Holloway | MH | Panel Member (Wholesaler) | Dan Mason | DM | Affiliated Panel Member (Ofwat) |
| Ian Dearnley | ID | Panel Member (Wholesaler) | Adam Richardson | AR | Panel Secretary |

OTHER ATTENDEES

| | | | | | |
|-----------------|-----|------------------|---------------|-----|------------------------|
| Steve Arthur | SA | Presenter (MOSL) | Amanda Hinde | AH | Secretariat (MOSL) |
| Stuart Boyle | SB | Presenter (MOSL) | Chris Arnold | CA | Observer (Thames) |
| Abu Rashid | ARa | Presenter (MOSL) | John Vinson | JV | Observer (Independent) |
| Harry Osei-Tutu | HOT | Presenter (MOSL) | Huw Comerford | N/A | Observer (MOSL) |
| Kate Harper | KH | Presenter (MOSL) | | | |

APOLOGIES

| | |
|----------------------|------------------------------------|
| Jim Keohane | Chair (MOSL) |
| Christopher Williams | Panel Member (Associated Retailer) |
| Christina Blackwell | Affiliated Panel Member (CC Water) |

1. Welcome and Introductions

- 1.1. The Chair welcomed attendees to Panel Meeting 30, including Andrew Bamber as alternate for Christopher Williams, Evan Joannette as alternate for Christina Blackwell, and Chris Arnold as an observer.

2. Minutes and Outstanding Actions

- 2.1. The Panel agreed the minutes from Panel Meeting 28 and 29, subject to the changes submitted by members through email prior to the meeting.
- 2.2. The Panel agreed with the outstanding actions and to close actions: A27_11, A28_02, A29_01, A29_02, A29_03, A29_04, A29_07.
- 2.3. A Panel member requested for the draft minutes to be circulated in Word file format for easier editing.

ACTION A30_01
- 2.4. A Panel member suggested the Secretariat to explore using SharePoint to circulate Panel documents, including minutes, for better efficiency.

ACTION A30_02
- 2.5. On A28_01 (Panel workshop), a Panel member suggested the Panel Secretariat engage an external facilitator so that MOSL could participate actively in the discussion. The facilitator could also help to set a framework for the workshop with defined objectives. Another Panel member requested for the date of the workshop to be put out to Panel members at least one month in advance.

ACTION A30_03

3. Update from Ofwat

- 3.1. Dan Mason (DM) updated that Ofwat had approved CPW056 (Cascade Erasure) and was considering CPW058 (Removing processes A1-A5 for new connections).
- 3.2. On various proposed changes to the Customer Protection Code of Practice, DM updated that Ofwat had finished consultation and would provide an update at end of May.
- 3.3. DM further updated that the first interim supply event concerning Aquaflo took place at the end of March, and there were a number of lessons learnt on the process, including Trading Parties' awareness of the policies and processes involved, which Ofwat felt would be useful to take forward as an education piece with MOSL. A Panel member suggested to include good working practices on

governance, such as what steps to take if the Trading Party that goes into administration also has representative(s) on the Panel or a Panel sub-committee.

- 3.4. DM informed the Panel that Ofwat would be publishing its response on the Call for Inputs (CFI) on strengthening wholesaler performance and service within the business retail water market in May. Separately, Ofwat would publish conclusions to the Retail Exit Code (REC) review alongside publishing its State of the Market Report around July, and DM would be able to share the emerging messages in subsequent Panel meetings.

4. Update from MOSL

- 4.1. Des Burke (DB) updated that the incoming MOSL CEO would join the Panel meeting in June. A Panel member requested for MOSL to circulate an updated organizational chart to the Panel members.

ACTION A30_04

- 4.2. In response to Steve Arthur (SA)'s update on long unread meters, a Panel member asked if there can be an industry-wide agreement on the definition of a long-unread meter. This was because the industry may be confused by reports generated by CMOS which record monthly meters and biannual meters as long unread if no read was submitted in 3 months and 14 months respectively. SA clarified that those reports were given for Trading Parties (TPs) to do their internal analysis, while Market Performance Operating Plan (MPOP) would continue to track and improve all meters without a read for 12 months, and those without a read since market opened.
- 4.3. A Panel member commented that the R1-RF figures this month showed a much smaller variation from that in April, and that it would be good to understand the reasons behind it. Another Panel member reflected that it may not be feasible to make further investigations if it means looking at all the different types of data submitted by individual companies, which together contributed to the overall delta.
- 4.4. A Panel member commented that looking at DCP021 (Individual SPID settlement), the full wholesaler-retail pairing/SPID level re-runs warrant a wider discussion with TPs on how to address the issue of non-compliance. SA agreed to produce a paper together with TPs that would guide Panel discussion on the course of action, which would be targeted for June Panel meeting. A verbal update would be given by MOSL in May on the approach of the paper.

ACTION A30_05

ACTION A30_06

- 4.5. Commenting on the diagram on how retailers were performing in terms of long unread meters, a Panel member suggested for MOSL to look into reasons why some retailers were very successful. SA responded that these were retailers that had not looked to compete nationally, had been using the same meter readers, and had the right interactions with wholesalers. Another Panel member said MOSL needed to go beyond "shining the light at the problem", but to drive the right behaviour in TPs. SA suggested that this would be a key focus of the next MPOP.

5. Change Report

- 5.1. Stuart Boyle (SB) gave an update on the Change Report which highlighted the new change process. A Panel member asked who makes the decision on which route a change should go to, to which SB explained that it would be MOSL but the Panel can direct a different approach.
- 5.2. A Panel member requested DCP023 (Household indicator flag) and DCP024 (Retailer Notification) be put on the website.
- 5.3. A Panel member asked for easier access to the status of Non-Code Changes (NCC), to which SB agreed to look into increasing the transparency of NCC statuses to Trading Parties and proposers.

ACTION A30_07

- 5.4. Another Panel member asked what “assessed” meant in the Non-Code Draft Changes in the Change Report, to which MOSL explained that it meant it was being assessed by MOSL or CGI, and agreed to make sure the statuses were clear and unambiguous.

ACTION A30_08

- 5.5. To a Panel member’s question on which budget is used for Non-Code Draft Changes, MOSL clarified that it would come out from the MOSL Change budget and Panel members currently have visibility of the indicative costs of these changes via the Change Report.
- 5.6. In response to SB’s indication of a new Change Proposal (CPM016 Panel Voting Majorities) raised in the Change Report, there was a mixture of views on whether this change would need consulting. Two Panel members suggested that this Change Proposal and CPM013 (Adding the Customer Representative as a Voting Panel Member) should be put through industry consultation as these would make significant changes to the way the Panel makes decisions. On the other hand, others felt that because the make-up of the Panel remains the same and what is changed is only the way the Panel carries votes, no consultation should be required.
- 5.7. All Panel members agreed that CPM016 should be developed by a sub-group. As Helyn Mensah and Elsa Wye had been appointed as sub-group members for CPM013 (with CC Water as attendee), the Panel agreed to expand the sub-group scope to include CPM016 and widen the membership. Ian Dearnley (ID) agreed to be consulted on the wholesaler’s perspective where needed by the sub-group.
- 5.8. The Panel ultimately noted that it would be for the sub-group to determine if it wanted to consult depending on how the solution for these changes developed.
- 5.9. The Panel:
 - **AGREED** to set up a Panel sub-group to design solutions for CPM016; and
 - **APPOINTED** Helyn Mensah, Elsa Wye, Mike Brindle and Claire Yeates to the sub-group.

6. Change Proposal: CPM015 Panel self-governance

- 6.1. To Amanda Hinde (AH)’s request to form a sub-group to design the solution for Panel self-governance Change, the Panel agreed to use the same sub-group that would be working on CPM013 and CPM016.

- 6.2. A few of the Panel Members commented that the planned timeline is too ambitious, and the sub-group should determine the process of solution design, which would then inform the timeline.
- 6.3. A Panel member asked if Ofwat should be involved in the sub-group discussions, to which DM was agreeable to.
- 6.4. The Panel:
 - **APPROVED** the approach and timetable for developing CPM015;
 - **AGREED** to use the CPM013/CPM016 Panel sub-group to develop a solution for this Change Proposal; and
 - **APPOINTED** Helyn Mensah, Elsa Wye, Mike Brindle and Claire Yeates to the sub-group, with Dan Mason and Ian Dearnley contributing Ofwat's and wholesaler's views respectively where required. CCWater would also attend the sub-group.

7. Draft Recommendation Report: CPM014 Market Performance Standards Charges Redistribution Payment Clarification

- 7.1. Harry Osei-Tutu (HOT) and Kate Harper (KH) presented the Draft Recommendation Report which sought to clarify in the Market Arrangements Codes (MAC) that the redistribution of Market Performance Standards charges would occur within six (6) months following the end of the relevant year, subject to no disputes being raised.
- 7.2. The Panel discussed and agreed that this change would bring clarity to the Codes and help to manage expectations in the market.
- 7.3. The Panel:
 - **AGREED** to recommend the implementation of CPM014 to the Authority for approval; and
 - **AGREED** the recommended implementation date of 26 July 2019, if Authority approval is received by 19 July 2019.

8. Review of Industry Level Estimates (ILEs)

- 8.1. The Panel considered whether MOSL should raise a Change Proposal to amend the ILEs to more appropriate figures, convert them from 'hardcoded' values into parameters in CMOS, and whether amended values should be able to be applied from a specific date.
- 8.2. Abu Rashid (ARa) highlighted a typographical error in Table 3 of the report and clarified that the median value for size 30-39mm pipes should be 1,261 cubic meters, instead of 12,621 cubic meters.
- 8.3. The Panel noted the significant scale of difference between ILEs and median volume consumption observed in settlement runs post April 2017. A Panel member questioned that the underlying usage could have changed so dramatically over such a short time suggesting that this might cast doubt over estimated consumptions based upon pre-market historic meter reads. Some Panel members noted that the existing, perhaps overstated, ILEs may provide a natural incentive for Retailers to read meters instead of relying on industry estimates. A Panel member observed that the nature of settlement meant that any of the overestimates in a given period would be corrected over time in subsequent

settlement periods as meters were read. Nevertheless some Panel members could see why MOSL felt it was untenable for the Market Operator to recommend that the ILE values remained unchanged, but the merit of a change needed to be proven.

- 8.4. The Panel agreed that the case for a Change Proposal to amend the ILE values should be explored and agreed that a sub-group should be formed to consider this Change Proposal. The Panel observed that the sub-group should consider what form the change should take, cost and implementation timescales in the context of encouraging meter readings be taken and used in settlement and using realistic estimates where meter readings were unavailable. The Panel also noted that the sub-group should explore whether guidance could be used to mitigate inaccurate estimation using YVEs as well as make a broader assessment and review of estimation methods.
- 8.5. The Panel:
- **AGREED** to establish a Panel sub-group to progress work on the Change Proposal; and
 - **APPOINTED** Ian Dearnley (who would nominate a technical representative), Martin Mavin, Nigel Sisman, Mark Holloway (who would nominate a representative) and Andrew Bamber to the sub-group.

9. Monthly Committee Updates

Market Performance Committee update

- 9.1. Nigel Sisman (NS) updated that the Annual Market Performance Review (AMPR) was received on the day before the MPC meeting, and the MPC had provided MOSL its feedback by the end of the week in which the meeting was held, allowing MOSL to refine the document although insufficient time was available for any further endorsement or feedback from MPC. The timeframe for AMPR review was seen as too short for turnaround and improvements should be made going forward.
- 9.2. NS also outlined that going forward, MOSL could better work with the MPC, on deliverables such as the AMPR, using intermediate deliverables during the year instead of doing a once-off review in end-March. This would help improve planning and coordination amongst other activities including MPOP, AMPR and the Business Planning cycle.
- 9.3. On the conduct of Market Performance Framework (MPF) review this year, NS updated that the MPC would define a high-level vision of the MPF on an aspirational basis.
- 9.4. On the procurement of consultancy support for the work on redistribution of Market Performance Standards Charges (MPS), NS updated that the process was at evaluation stage and would complete within the week.
- 9.5. NS reported that he had talked with all MPC Members and that all were willing to commit to another term. NS noted that MPC membership had evolved over its current tenure and so two members have effectively been replaced in the last 6 months to cover for maternity leave and role changes amongst the original Committee Members. Observers have also, and are encouraged, to participate in the MPC discussions. In terms of MPC membership, the Panel agreed that as a good governance practice, the MPC would be opened up for fresh appointments. Existing MPC members and new members alike would be welcome to apply. The process to start nominations would be started, so that the Panel could make the appointments in June.

Credit Committee update

- 9.6. Adam Richardson (AR) updated the Panel that the CC would table a way forward for Proposal 2 (Reflecting payment history in order to access an unsecured credit allowance) and Proposal 4 (Clarifications around credit assessment scores) at the May Panel meeting.
- 9.7. Similarly for Proposal 1b (Ensure greater transparency of PCGs and alternative credit arrangements), the CC planned to table its revised recommendation report to the Panel in May.
- 9.8. On Proposal 5 (Review of termination, default and interim supply processes), the CC would be looking at the issues in their May meeting.
- 9.9. The CC also agreed that it would do some forward thinking on Proposal 8 (Pooled credit models) and had scheduled the discussion to take place in July and September.

General Data Protection Regulation Issues Committee update

- 9.10. Helyn Mensah (HS) informed the Panel that the GDPR reconvened in March and would meet again on 16 May to discuss the scope of Personal Data.

Trading Disputes Committee update

- 9.11. Elsa Wye (EW) updated the Panel that the TDC had received three (3) retailer nominations and she planned to put up the paperwork to Panel in June for appointment.
- 9.12. The Panel:
- **AGREED** to delegate responsibility for appointing the three vacant member positions from the received nominations to the chair of the Trading Disputes Committee, Elsa Wye.
- 9.13. EW also updated that in the last TDC meeting, it was agreed that MOSL would draw up areas of improvement for Trading Disputes based on the lessons learnt from the recently closed TD044.
- 9.14. EW stated that the TDC was considering how best to approach DCP021 (Enabling corrective settlement runs to be requested for individual SPIDs instead of full pairings) and would table an update at the June Panel meeting instead of May Panel meeting.
- 9.15. EW expressed her thanks to Emma Taylor (who has now left MOSL) for her help and support in the TDC.

Trade Effluent Issues Committee update

- 9.16. AR expressed his thanks to Zainab Mohammed, the previous Chair of the TEIC, who was leaving MOSL, and informed that he would take over the chairmanship of the upcoming TEIC meetings in the interim. The Panel endorsed this approach and noted that the TEIC committee was expected to reconvene in May.

10. Market Performance Operating Plan (MPOP)

- 10.1. A Panel member commented that while the MPOP laid out clear priorities, the challenge was to drive action amongst the Trading Parties to deliver improvements. To do that, the priorities needed to be turned into projects with clear targets and timescales.
- 10.2. SA responded that MOSL was in the process of tying the priorities into wider work pieces and would bring the concrete action plans to the Panel once ready.
- 10.3. Other Panel members commented that there were several contributing factors to poor performance and that some of the issues were caused by a comparatively small number of players.
- 10.4. DM added that Ofwat was supportive of MOSL's approach and was keen to see actions by players in the market, and if this were not to be forthcoming Ofwat would consider whether regulatory intervention was appropriate.

11. Any Other Business

- 11.1. EW requested an update on Market Audit. To this, DB responded that the MOSL Board had recently discussed the scope and cost of the current Market Audit and the Market Audit for next year. MOSL would seek parties' inputs on the value they would like to achieve out of the Audit and present an update of the plan for next year's Market Audit and an update on this year's Market Audit report at the next Panel meeting.

ACTION 30_10

- 11.2. There was no further business and the Chair closed the meeting.

Actions:

- A30_01 MOSL to circulate minutes in working file format
- A30_02 MOSL to explore using SharePoint to circulate Panel documents
- A30_03 MOSL to investigate use of a facilitator for Panel workshop
- A30_04 MOSL to circulate updated organizational chart to Panel members
- A30_05 MOSL to provide verbal update on approach to full SPID pairing in May
- A30_06 MOSL to produce paper on way forward for full SPID pairing in June
- A30_07 MOSL to look into improving transparency of Non-Code Change status to Trading Parties and proposers
- A30_08 MOSL to check statuses for Non-Code Changes in the Change Report
- A30_09 MOSL to initiate the MPC nominations process
- A30_10 MOSL to provide an update on Market Audit