

# Minutes of the Market Performance Committee Meeting 85

30 May 2024 | 09:30 – 14:50

Via MS Teams

Status of the Minutes: Approved

## MEMBERS PRESENT

Pamela Taylor	PT	Chair*	Michael Rathbone	MR	Wholesaler Committee Member
Paul Baker	PB	Retailer Committee Alternate	Jesse Wright	JW	Wholesaler Committee Member
David Seymour	DS	Wholesaler Committee Alternate	Adam Boyns	AB	Customer Representative Committee Member
Fallon Wilkinson	FW	Retailer Committee Member	Adam Richardson	AR	MOSL Representative*
Robert Heatherington	RH	Ofwat Representative*			

*\*Non-Voting Members of the Committee*

## OTHER ATTENDEES

Sarah McMath	SMc	MOSL Representative	Sam Webb	SW	MOSL Presenter
Markus Lloyd	ML	MOSL Presenter	Nichola Sampford	NS	MOSL Secretariat
Axelle Saada	AS	MOSL Observer			

## APOLOGIES

Gerard Lyden	GL	Wholesaler Committee Member	Shaun Kent	SK	Ofwat Representative
Wendy Monk	WM	Retailer Committee Member	Trevor Nelson	TN	Retailer Committee Member
Neil Pendle	NP	Retailer Committee Member			

## CLOSED SESSION

### 1. Welcome and Introductions

- 1.1. The Chair welcomed everyone to the Market Performance Committee (“Committee”) meeting and noted that apologies had been received from SK, WM, TN, NP and GL. It was noted that PB would be acting as alternate for TN and DS in place of GL. The Chair welcomed RH to the Committee.
- 1.2. The Chair reminded Committee members of the requirement to act impartially and not in the interest or as a representative of any organisation or individual. If Committee members believed they had an actual or perceived conflict they should declare this at the start of the meeting or before an agenda item.
- 1.3. It was confirmed that the meeting was quorate.

## Performance Reviews

### 2. Trading Party 1

- 2.1. The Committee looked at the data set from April and took a decision on next steps.
- 2.2. The performance of Trading Party 1 was presented to the Committee and whilst there has been some improvement in performance, Trading Party 1 failed to achieve the targets set by the trading party when it was escalated to Strategic Panel at the end of 2023.

- 2.3. SW reminded the Committee of the reasons for escalation: lack of engagement primarily along with poor performance. Since escalation to the Panel, and within the current framework, Trading Party 1's improved performance has moved them out of the bottom quartile of the peer comparison tables and for OPS (definition) its performance sits above the market average.
- 2.4. SW asked Trading Party 1, as directed by the Committee in MPC84, about the uploading of the GIS (definition) and VOA (definition) data to CMOS. Due to issues around the uploading of data and data assurance, MOSL will undertake a targeted data audit.
- 2.5. The Committee was asked to consider three options for next steps.
- 2.5.1. The first option would be to recommend that the Strategic Panel escalate to the Regulator. Escalation would require a focus on impact on customers from the poor performance and due to the lack of absolute measures, this would be hard to define.
- 2.5.2. The second option would be move Trading Party 1 out of Panel escalation due to improved performance (although not meeting the targets that were set by the Trading Party itself) and improved engagement.
- 2.5.3. The third option would be to continue with the current Panel escalation, with Trading Party 1 continuing to be monitored by MPC and overseen by Panel. An option for a letter to be sent from the Panel Chair to the CEO of Trading Party 1 to clarify that it has not met the targets set but noting improving performance and engagement.
- 2.6. MOSL recommended Option 3.
- 2.7. The Committee agreed that whilst there has been an improvement in performance, Trading Party 1's performance has given cause for concern for over two years and it would not be appropriate to recommend that it is stepped down from Panel Monitoring. It was agreed that, without the necessary evidence of end-customer impact, escalation to Ofwat was not possible. This highlighted the limitations of the current Market Performance Framework.
- 2.8. Following discussion, the Committee:
- **AGREED (unanimous)** to recommend to Strategic Panel that Trading Party 1 remains in Panel monitoring for now, noting that this is the MPC's recommendation and Panel retain the right to decide a different option. It was suggested that any letter to Trading

Party 1 should include asking what are the targets it aims to meet and by when. It was also noted that the response from Panel about missing these targets should come before the next Panel meeting if possible.

***ACTION 085\_01***

2.9. The chair thanked SW for the update.

### 3. Trading Party 2

3.1. The Committee reviewed Trading Party 2's performance and response to the Letter of Concern (LOC) issued last month, including complaints.

3.2. The Committee considered the improvements in performance and noted that improvements are slow. SW acknowledged that whilst Trading Party 2 had the highest level of complaints amongst Retailers, the conversion rate for escalation of complaint to CCW was low.

3.3. The Committee was interested in some clarification about the actions being taken by Trading Party 2 to address the issue of Long Unread Meters (LUMs) and acknowledged that whilst the complaints conversion to CCW remained low, customer satisfaction was an issue with this Retailer.

3.4. Following discussion, the Committee:

- **AGREED (unanimous)** to keep Trading Party 2 in Focussed Monitoring but to ask it for clarification on when the Committee may see improvement and whilst it acknowledged the Trading Party 2 Plan, the Committee would like further information on Long Unread Meters and when these may be entered into the bilateral hub processes. Furthermore, the Committee would like to know what is driving the level of customer complaints and what Trading Party 2 is doing to mitigate the negative impact on customers.

***ACTION 085\_02***

3.5. The chair thanked SW for the update.

## 4. Trading Party 3

- 4.1. The Committee reviewed Trading Party 3's performance and response to the LOC issued last month, taking into account reasons for previous escalation.
- 4.2. The Committee noted the reply to the LOC that was issued as a matter of process and the points made in the response expressing concerns about the issuing of the letter. It was agreed that MOSL would acknowledge the letter.

***ACTION 085\_03***

- 4.3. Following discussion, the Committee:

- **AGREED (unanimous)** to return Trading Party 3 to regular monitoring and acknowledge its steady improvement in performance and its plans to address the issues that triggered the LOC.

- 4.4. The chair thanked SW for the update.

## 5. Trading Party 4

- 5.1. A committee member recused themselves due to a potential conflict of interest.
- 5.2. The Committee reviewed Trading Party 4's performance and response to the Letter of Concern. Trading Party 4 was flagged on four metrics, OPS (Metering and Verification) OPS (Customer Service and Disconnection), MPC and Legacy Long Unread Meters.
- 5.3. The Committee agreed that the MPS score was low enough to require Trading Party 4 to remain in Focussed Monitoring. The Committee was also keen understand the level of customer impact and how Trading Party 4 planned to manage this impact.

- 5.4. Following discussion, the Committee:

- **AGREED (unanimous)** to keep Trading Party 4 in Focussed Monitoring with an ask of what it is doing to manage the customer impact of its performance.

***ACTION 085\_04***

- 5.5. The chair thanked SW for the update.

- 5.6. MR re-joined the meeting.

## 6. Tabled Updates

6.1. The tabled updates provided in advance of the meeting were raised.

## 7. Review of Holistic Performance and Escalation Decisions

7.1. The Committee received an update on current status of LOC recipients and noted that no new Letters of Concern have been issued.

7.2. The Chair thanked SW for the update.

## 8. Annual Market Performance Review (AMPR)

8.1. The Committee reviewed a draft of the AMPR content.

8.2. JW was thanked for his comments. In terms of timelines, the various windows for changes were shared with the Committee. The Committee will receive a final draft of the AMPR for MPC86 in June allowing final minor changes before the final submission to the designer on 28 June.

8.3. It was agreed that, whilst acknowledging those who have made significant improvements in performance and moved up the peer comparison tables as a result is useful in the document, it would be a good idea to acknowledge those who have consistently been found at the top of the table with excellent performance. ML agreed to take this away and look at it with the team.

8.4. The Market Operator compliance section was raised as a minor adjustment and ML agreed to look at this. ML also agreed to ensure that where “we” appears in the current draft, this will be changed to MOSL.

8.5. The Committee noted that the executive summary will call out that the performance measures in place have driven improvement and where there is a dip in performance, this can be contextualised with looking at the detailed data.

8.6. The Chair thanked ML for his presentation.

## OPEN SESSION

### MEMBERS PRESENT

Pamela Taylor	PT	Chair*	Michael Rathbone	MR	Wholesaler Committee Member
Paul Baker	PB	Retailer Committee Alternate	Jesse Wright	JW	Wholesaler Committee Member
David Seymour	DS	Wholesaler Committee Alternate	Adam Boyns	AB	Customer Representative Committee Member
Fallon Wilkinson	FW	Retailer Committee Member	Adam Richardson	AR	MOSL Representative*
Robert Heatherington	RH	Ofwat Representative*			

*\*Non-Voting Members of the Committee*

#### OTHER ATTENDEES

Sarah McMath	SMc	MOSL Representative	Sam Webb	SW	MOSL Presenter
Angela Day	AD	MOSL Presenter	Axelle Saada	JG	MOSL Presenter
Reindorf-Elijah Akakpo	REA	MOSL Presenter	Markus Lloyd	ML	MOSL Presenter
Stephen Burge	SB	PwC Representative	Evan Joanette	EJ	MOSL Presenter
Alex Piper	AP	MOSL Presenter	Nichola Sampford	NS	MOSL Secretariat

#### APOLOGIES

Gerard Lyden	GL	Wholesaler Committee Member	Shaun Kent	SK	Ofwat Representative
Wendy Monk	WM	Retailer Committee Member	Trevor Nelson	TN	Retailer Committee Member

Neil Pendle	NP	Retailer Committee Member			
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## 9. Welcome and Apologies

- 9.1. The Chair welcomed attendees to the open session and noted that apologies had been received from SK, WM, TN, NP and GL. It was noted that PB was acting as alternate for TN and DS in place of GL. The Chair re-welcomed RH to the Committee.
- 9.2. The Chair reminded Committee members of the requirement to act impartially and not in the interest or as a representative of any organisation or individual. If Committee members believed they had an actual or perceived conflict they should declare this at the start of the meeting or before an agenda item.
- 9.3. It was confirmed that the meeting was quorate.

## 10. Housekeeping

- 10.1. The Committee agreed to approve the minutes of the Market Performance Committee meeting held on 24 April 2024 (MP84) as an accurate record of the meeting.

## 11. Review of Holistic Performance Escalation Approach

- 11.1. The Committee discussed performance measures going forward, triggers for LOCs and absolute performance measures.
- 11.2. The Committee noted that in light of the MPF Reform Programme’s work, large changes were not necessary at this stage. The issue of consulting on changes was raised, but some members noted that it was probably better to make no changes rather than making changes that would require consultation with the market.
- 11.3. It was noted that it would be easier to set absolute targets where trading parties were grouped closely on the performance tables, but harder where there was a larger spread. Furthermore, it was noted that discussions were planned around the principles around thresholds for performance with the Performance Advisory Group (PAG) in the coming weeks as part of the MPF Reform Programme’s work.

11.4. It was suggested that the Committee consider the baselining of the standards suggested in the paper and it should consider the number of triggers for escalation decisions. It was also suggested that vacant with consumption should be discussed further at the next MPC meeting in June.

***ACTION 085\_05***

11.5. Committee members were invited to consider what changes to the process that would make the work of the MPC more effective leading up to the handover to the new Performance Assurance Committee. It was suggested that any changes made should be targeted on better outcomes and that engagement with trading parties was vital. It was also noted that evidencing the impact on customers under the current framework would be difficult and this should be left to the MPF Reform Programme to develop.

11.6. Following discussion, the Committee:

- **AGREED (unanimous)** to move the triggers for Letters of Concern from four measures to five for Wholesalers and that MOSL will communicate this via the website and to the whole market including what has been changed and why.
- **AGREED (unanimous)** that the MPC would review other targets and make any small changes that will enhance the efficiency of the process that it deems necessary.
- **AGREED (unanimous)** a small working group would be formed to look at this more closely and bring back recommendations to the July MPC meeting.

11.7. The Chair thanked SW for the update.

## 12. MO Compliance

12.1. AP gave the Committee an update on the MPS Assurance work that has been undertaken over the past 15 months. The Committee noted that, since the last update, there has been work looking at various MPS18/19 scenarios. The only unexpected result had a very small impact and was resolved and the assurance work will continue on a range of standards as well as the new metrics that will be developed by the MPF Reform Programme.

12.2. The Committee noted a Market Operator Compliance Update. There have been no incidences of non-compliance since the last update to MPC in February. The Committee noted that the outstanding non compliances have actions in place and timelines adhered to.

- 12.3. With regards to the data retention, a concern was raised around data that is being removed that is over 7 years old. It was confirmed that there are costs and challenges presented by this growing data set. The MPF Reform Programme was looking at ways of tracking performance without requiring data going back to the opening of the market.
- 12.4. The Committee received a summing up of the activities that PwC have been monitoring, namely the CMOS Change Process, MPS control, specifically the internal audit work done around MPS, the internal audit methodology and the internal audit health check.
- 12.5. There were no major findings and minor recommendations have been made by PwC. It was noted that. In the appendix of the report included in the papers for the meeting (slide 7) there are some recommendations for future improvements. SB was formally thanked for the work that the PwC team has undertaken with regards to Market Operator Compliance.
- 12.6. AD confirmed that MOSL had appointed a new auditor, (Deloitte) following a competitive tender process.
- 12.7. The Chair thanked AP, REA, AD, and SB for the update.

### 13. Market Audit Update

- 13.1. The Committee noted the Risks and Issues Tracker and reviewed the revised Audit Plan for 2024-25. The following key points were raised:
- AS will work with AB (CCW) to design the YVE Audit to focus more on customer impact. A statement of work will be presented to the Committee at a future meeting.
  - AS has moved the Deferrals Audit back to allow for least six months' of the guidance being in place before data collection.
  - The Market Risks and Issues tracker has been published and AS thanked the MPC members for their help with this.
- 13.2. The Chair thanked AS for her presentation.

### 14. MPF Reform Programme Update

- 14.1. The Committee received information on the MPF Reform Programme.

14.2. The Committee noted that Ofwat had approved the implementation of Part A (Governance). The Committee noted that MPC90 (October) is therefore likely to be the final MPC meeting and that the Programme Team has sent a Paper to Strategic Panel regarding the recruitment process for the new Performance Assurance Committee (PAC).

14.3. The Chair thanked EJ for the update.

## 15. Tabled Updates

15.1. The Committee noted the Tabled Updates paper circulated in advance of the meeting

15.2. It was agreed that the Forward Plan would be modified to include Audits and that Secretariat would look at the agenda items for MPC88 (August) to verify whether it should be cancelled.

15.3. The actions update circulated in advance of the meeting was noted and it was:

- **AGREED** that the following action would be closed: A83\_02, A84\_01, A84\_02, A84\_03
- **AGREED** that the following actions would remain open: A83\_05, A84\_04

## 16. AOB incl. Reflections on the Meeting

16.1. The Committee reflected on the meeting.

16.2. Returning to Closed Session, the Chair confirmed that she had spoken to the individual Wholesaler members following the MPC's recent deliberations on the introduction of new APIs and interim changes arising from MPF Reform. The Chair offered the same opportunity to Retailer members.

16.3. A discussion paper will be compiled by MOSL. The culture, method of working and decision making for the Committee will be considered in future meetings with a view to providing the Performance Assurance Committee with an advisory paper once this work is completed.

16.4. There being no further business, the Chair closed the meeting.