

User Forum

17 January 2023

17/1/23

Agenda

Item	Description	Who	Time
1	🔹 Introduction: MOSL /RWG	Markus Lloyd and Simon Bennett	3-3.05pm
2	🔹 MOSL Business Plan	Steve Formoy	3.10 – 3.15pm
3	🔹 Code Change Process Improvement	Stuart Boyle	3.15-3.45pm
4	🔹 Settlement Parity Dashboard	Markus Lloyd	3.45- 3.55pm
5	🔹 Retailer Wholesaler Group - Drought	Matt Rix	3.55 – 4.05pm
6	🔹 Break		4.05 -4.10pm
7	🔹 Change update	Abu Rashid	4.10-4.20pm
8	🔹 Pre-Dispute Query	Charles Unvala	4.20 – 4.30pm
9	🔹 Debate – Legacy Long Unread Meters	Martin Hall	4.30 – 4.40pm
10	🔹 AOB – MOSL Instagram and MOSL General meeting (23 Feb)	HF Egan and Charlotte Green	4.40 – 4.45pm
11	Close	Markus Lloyd/Simon Bennett	4.45 – 4.50pm`

MOSL 2023-26 Business Plan

Steve Formoy, Finance Director
User Forum, January 2023



Delivering on our purpose

- 💧 High quality, reliable core services
- 💧 Efficient and affordable cost
- 💧 Driving market value through improvement programmes

Purpose
“Advancing simple and effective water markets to unlock value and choice for customers”



High quality, reliable core services

Focus for 2023/24:

- ◆ Moving bilaterals into 'business as usual'
- ◆ Pilot survey for Business and Retailer Measure of Experience (BR-MeX)
- ◆ Embedding new query management system



Market operation



Market assurance



Market improvement



Governance & support services

Trading party satisfaction at 4.0 out of 5.0



What this means for Market Operator charges (2023/24)

- Overall – 6.6% increase remains below current inflation levels
- Core services - budget is 6.0% higher than the 2022/23 budget equivalent

Data cleanse

- Funded separately by wholesalers only (subject to code change approval)
- Proposed cost of £550k



Improvement programmes for 2023-26

What is reflected in our final plan

Must do

Market Performance Framework



Strategic Metering Programme



System modernisation Part 1: CMOS re-host



Must do

Bilateral Transactions Programme

Central data cleanse

...but
engaging on
approach
and phasing

Consultation questions – Central Data Cleanse

Q1: Are you supportive of the overall level of MO charges proposed for 2023/24?

Q2a: Are you supportive of the proposed new phase of the Bilateral Transactions Programme?

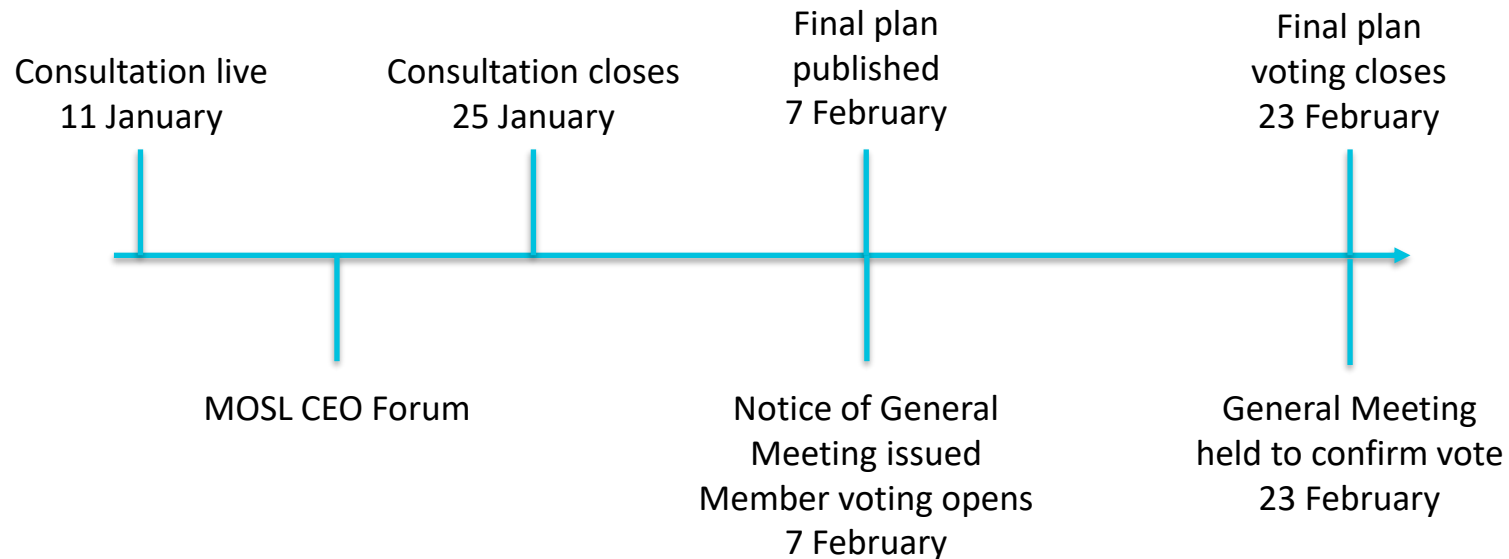
Q2b: If yes, do you support MOSL's plan to deliver the processes in nine groupings across the next two years or would you prefer a different delivery profile?

Q3a: Are you supportive of the proposed Central Data Cleanse service to improve wholesaler-owned data in CMOS?

Q3b: The Central Data Cleanse proposal includes a new funding mechanism whereby the cost of the service is funded by additional ringfenced MO charges levied on wholesalers only. Are you supportive of this funding mechanism?



Business Plan consultation





Developing an effective code change mechanism

Stuart Boyle and Amanda Hinde

User Forum

17 January 2023



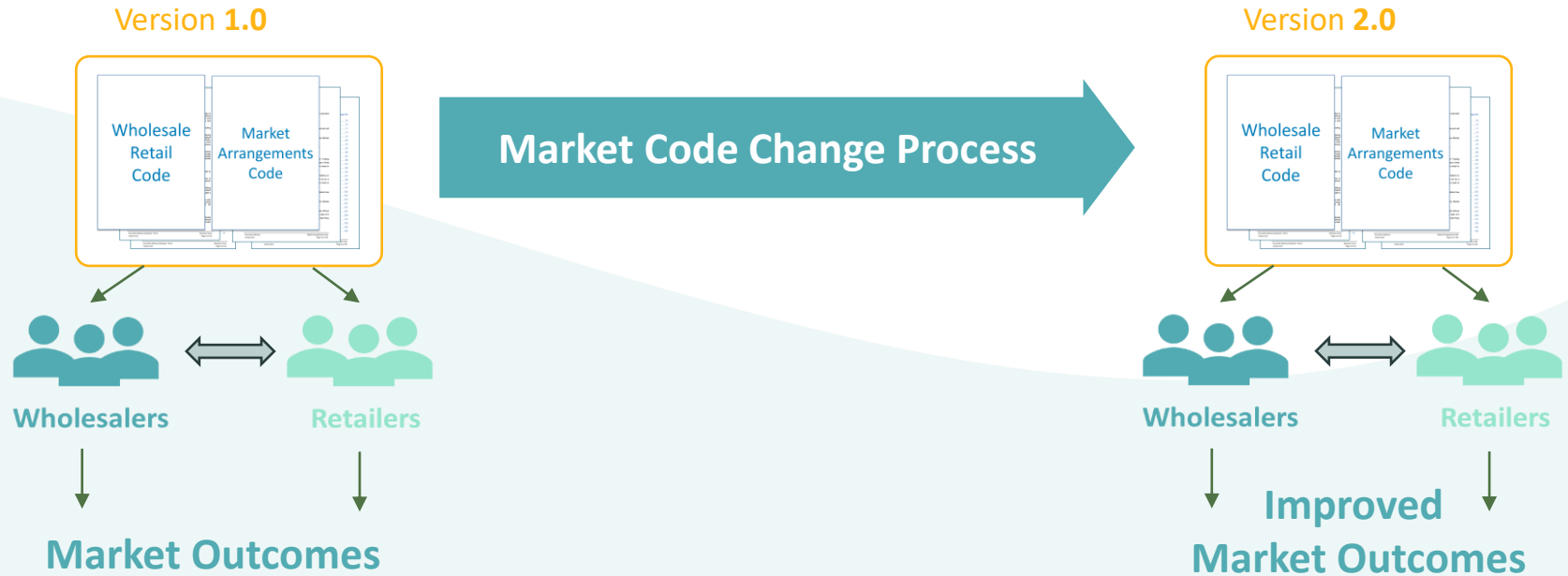
Consultation

- On 19 December 2022, MOSL launched a consultation on Code Change Process Improvements. Consultation closes at 6pm on **30 January 2023 (Monday)**.
- Questions and comments received today may be considered part of the consultation

Agenda

1. Overview of code change in the market Stuart Boyle
2. Stage 1 : Problem Definition Amanda Hinde
3. Stage 2 : Problem Acceptance and Prioritisation Stuart Boyle
4. Stage 3 : Solution Development and impact assessment Amanda Hinde
5. Stage 4 : Decision and implementation Stuart Boyle
6. Any Questions?

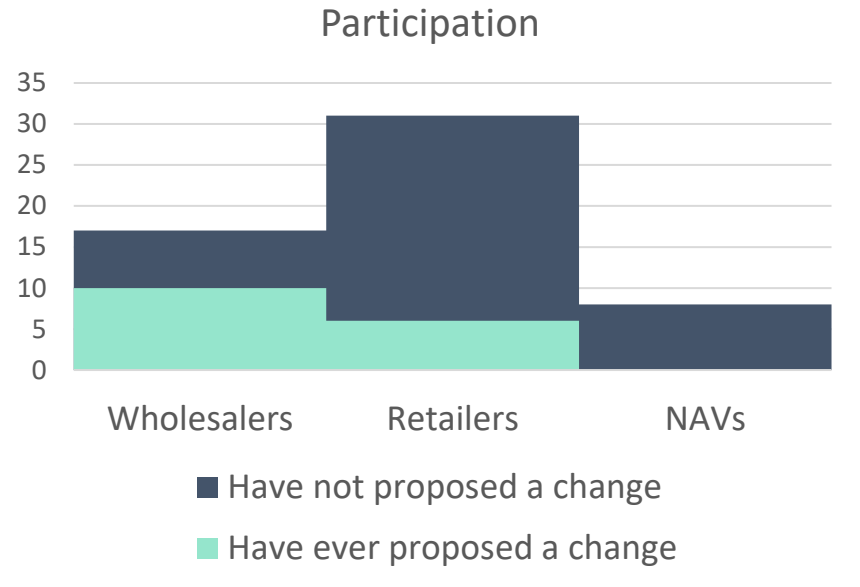
A Mechanism for Market Improvement



Why change the change process?

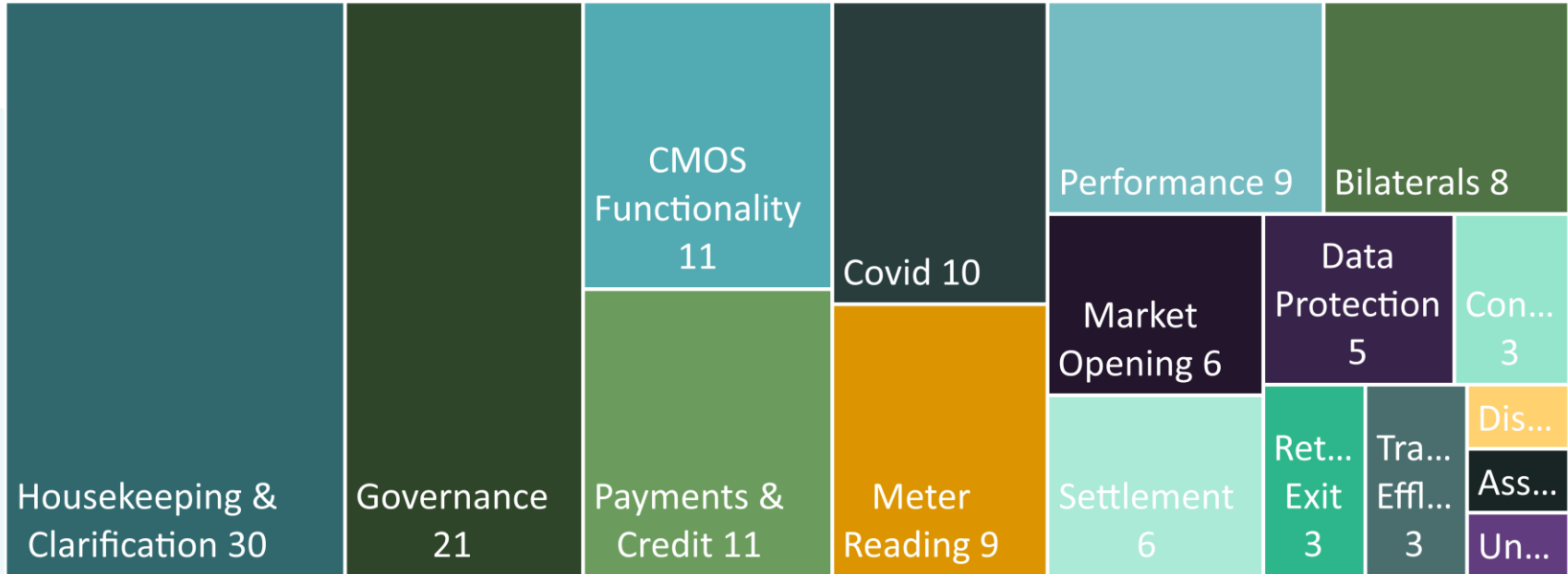
Since market opening, only a small number of Trading Parties have used the change process

1. Majority of Retailers have never proposed a code change
2. Just over half of Wholesalers have proposed at least one change
3. New Appointments and Variations (NAVs) have yet to propose a change



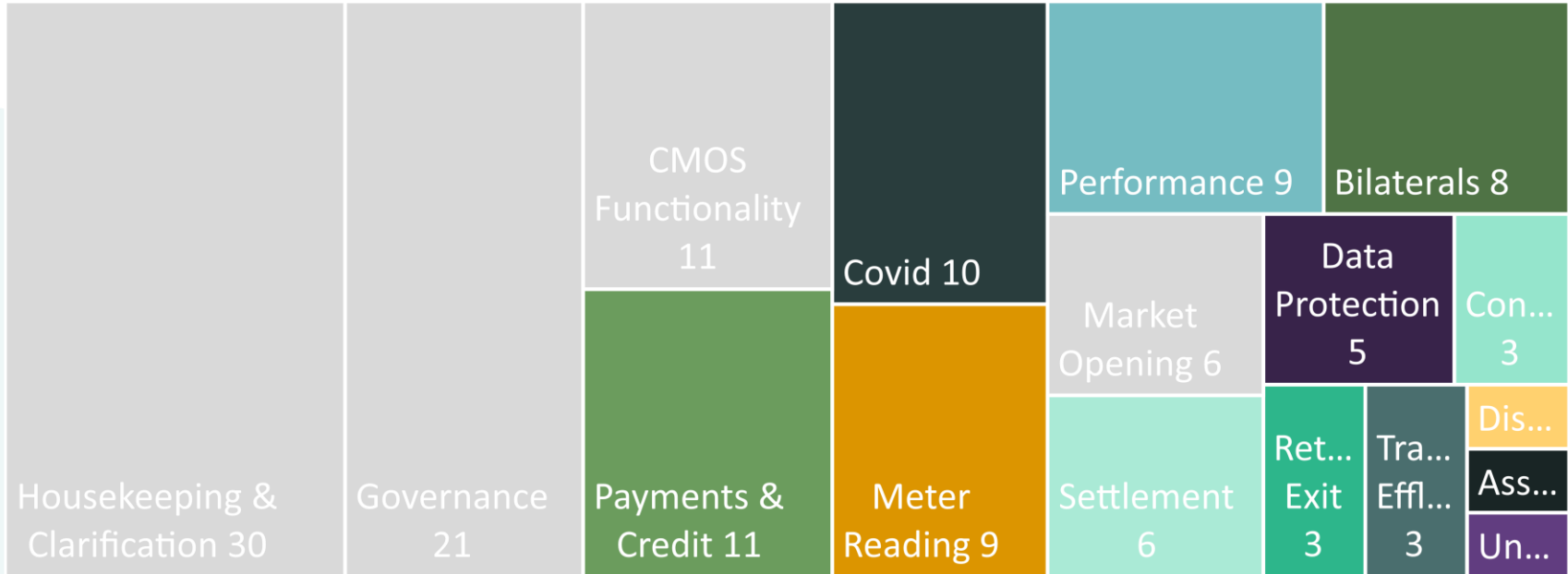
Why change the change process?

Less than half of approved change proposals “moved the dial”



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Less than half of approved change proposals “moved the dial”

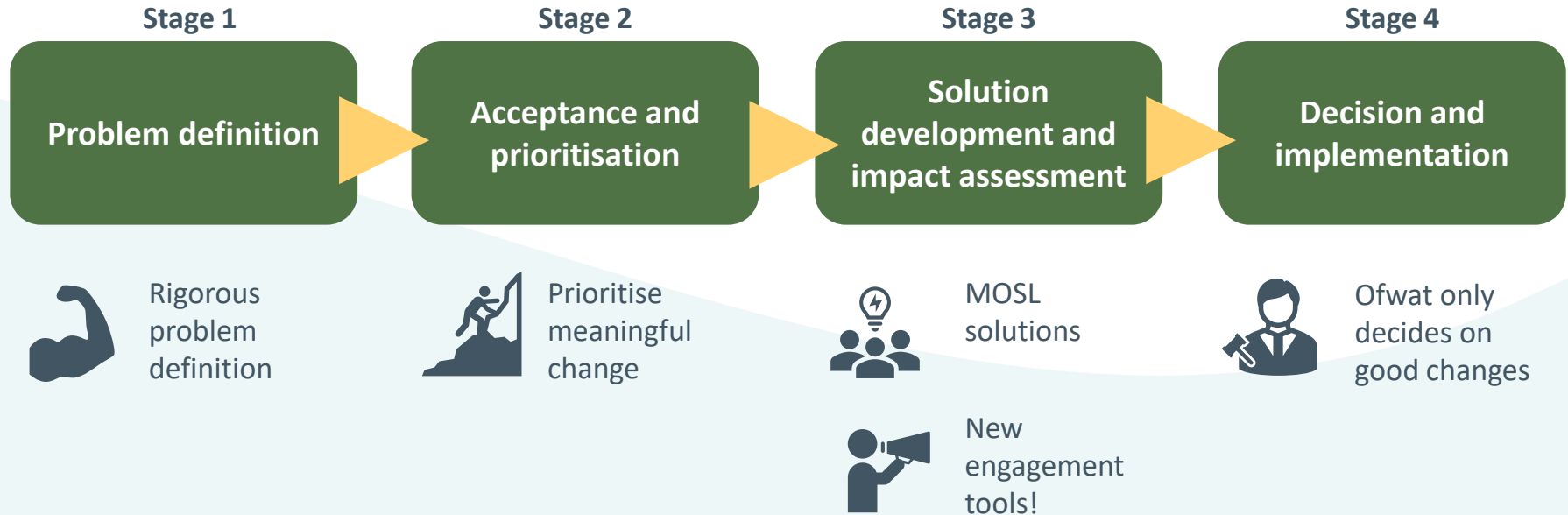


An Improved Mechanism for Market Change

- 1) Clear source of strategic change**
- 2) Proportionate assessment and engagement**
- 3) Enable prioritisation**

What does the new process look like?

Broadly speaking, there are four stages in the new change process



Agenda

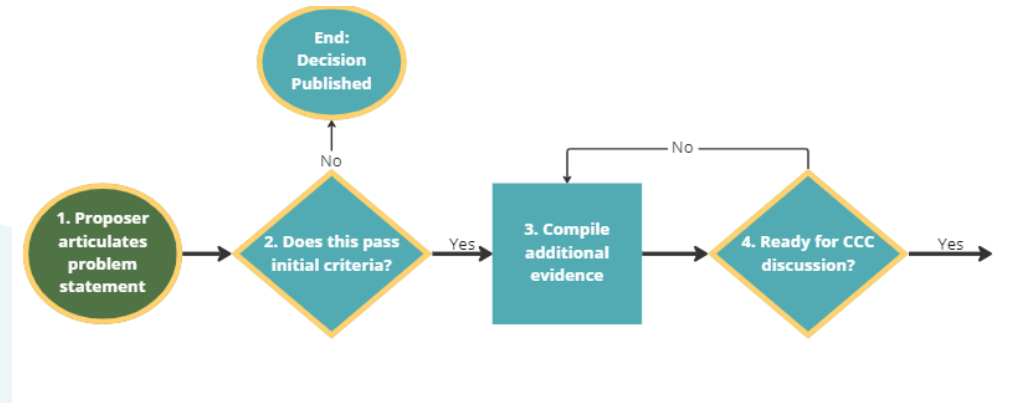
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| 6. Final questions | Simon Bennett |

Stage 1: Problem definition

The new change process encourages more rigorous understanding of the problem and its impact

What's different?

- Proposers should focus on articulating and evidencing the problem
 - Solution is not mandatory
 - Not necessary to engage to the end
- MO** won't present problems to CCC until they meet the **Initial Criteria**
 - MO supports the proposer to compile additional evidence, e.g. market data



Stage 1: Problem definition

Initial Criteria used by MO

A Problem Statement may be rejected if:

- | | |
|---|--|
| 1 | <p>The problem statement is incomplete or insufficiently clear on any of the following:</p> <ul style="list-style-type: none">• The issue & its root cause.• Actors involved in the environment of the problem.• How the problem impacts the proposer, customers, wider market.• How the problem inhibits the delivery of MAC and WRC objectives and principles. |
| 2 | <p>The problem that is seeking to be addressed is not materially different from and could not form part of an active problem statement that has not yet been decided upon (by the CCC).</p> |
| 3 | <p>The problem statement concerns matters that are outside the scope of the MAC and/or WRC.</p> |
| 4 | <p>The problem is being considered within the scope of an existing or scheduled improvement programme by the Market Operator.</p> |
| 5 | <p>The problem is being considered within the scope of an existing or scheduled policy review by The Authority.</p> |

Agenda

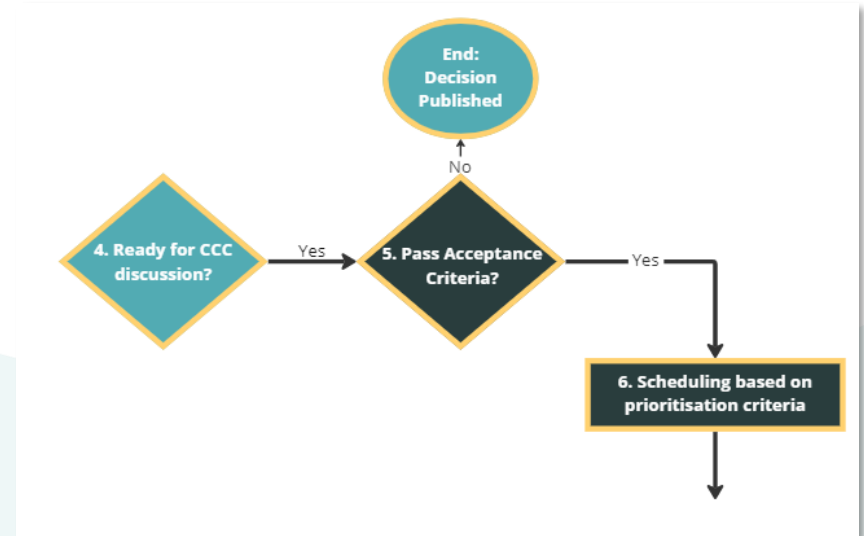
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Stage 2: Acceptance and prioritisation

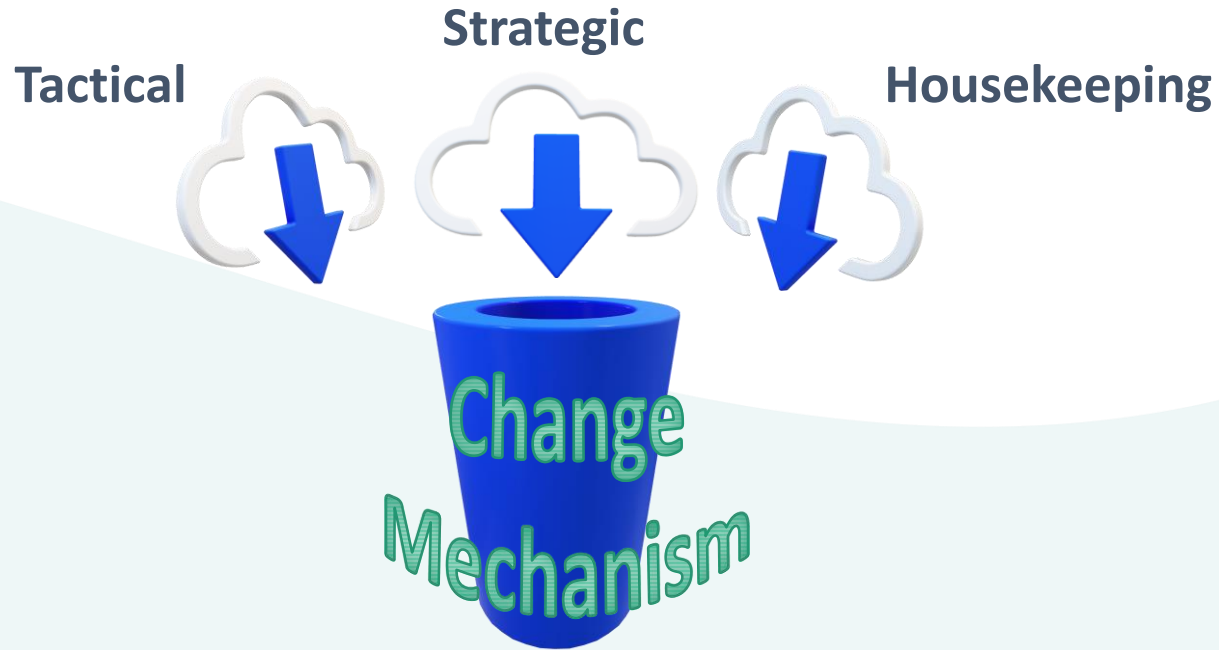
The new process ensures only worthy changes are progressed

What's different?

- CCC accepts and schedules changes using the Prioritisation and Acceptance Criteria
- CCC can re-prioritise the workstack (scheduled work on change proposals) in light of new information, e.g. a new problem that is more important/urgent to resolve



Stage 2: Acceptance and prioritisation



Stage 2: Acceptance and prioritisation

Acceptance & Prioritisation Criteria used by CCC

Evidence Based Problem	Is the problem statement sufficiently clear and presented with sufficient evidence to support the issue to allow the CCC to make a reasoned decision?
Legislative & Regulatory Imperative	Whether the change is needed to meet a new or amended legal or contractual obligation imposed on the parties to the codes.
Case for Change	<p>A judgement of:</p> <ul style="list-style-type: none"> • Whether the problem statement affects the Primary Principle. • Whether the problem statement affects the WRC Objectives and remaining MAC and WRC principles. • Costs associated with assessing and developing the problem statement and solution(s), borne in totality across the industry.
High Level Drivers	<p>A judgment of:</p> <ul style="list-style-type: none"> • the degree to which a problem is hindering the strategic market outcomes. • the degree that a change addresses a risk or issue identified in the market risk and issues tracker.
End State	A judgement of whether the opportunity cost of developing a solution for the problem statement will likely be outweighed against doing nothing.

Agenda

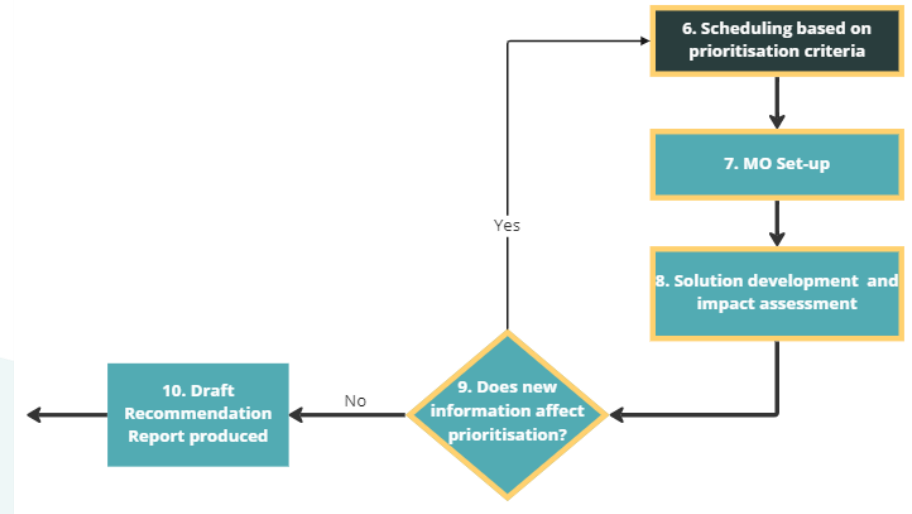
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Stage 3: Solution development and impact assessment

Encourage the best solution to come through

What's different?

- MO develops solutions in place of or as an alternative to proposer's
- MO can appoint experts to advise on solutions
- **Options:** Only the proposer's or MO's solution is presented to CCC



Stage 3: Solution development and impact assessment

Impact assessment that engages the industry proportionately

What's different?

*Least interactive,
least inputs
provided*

*Most interactive,
most inputs
provided*



If required, more than one type of engagement may be deployed

Reduce use of formal consultation for less contentious and low impact change

Agenda

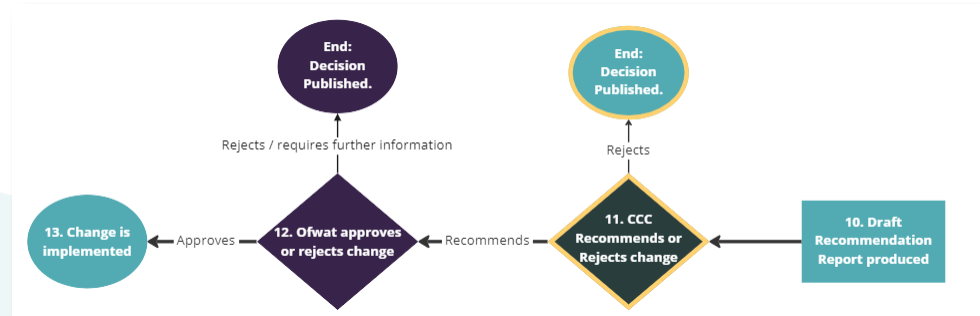
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Stage 4: Decision and implementation

Ofwat only decides on good solutions (change proposals)

What's different?

- CCC can reject a change proposal at any time if there is no reasonable prospect of finding a solution that will be approved
- CCC only recommends one solution to each change
- CCC only recommends solutions for implementation, i.e. if CCC doesn't think that solution is viable it will not go to Ofwat
- **Option:** CCC recommends all solutions to Ofwat for approval or rejection (current practice)



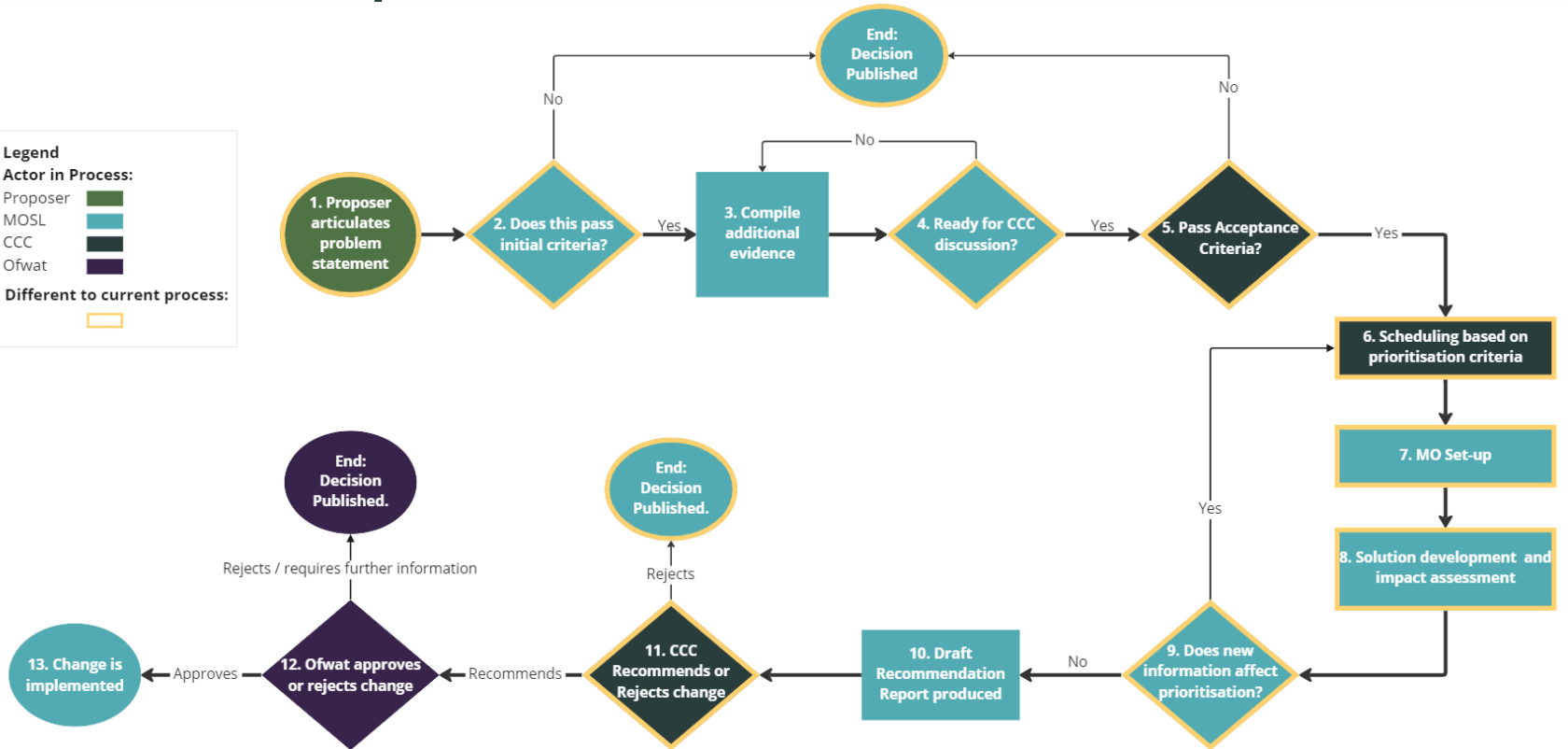
What the whole process looks like

Legend

Actor in Process:

- Proposer
- MOSL
- CCC
- Ofwat

Different to current process:



Thank you!

- Any questions?
- Consultation closes at 6pm on **30 January 2023 (Monday)**.

Settlement Parity Dashboard (Markus Lloyd)

Settlement Parity Non-household water market

Avg R1 Volume
131.79M

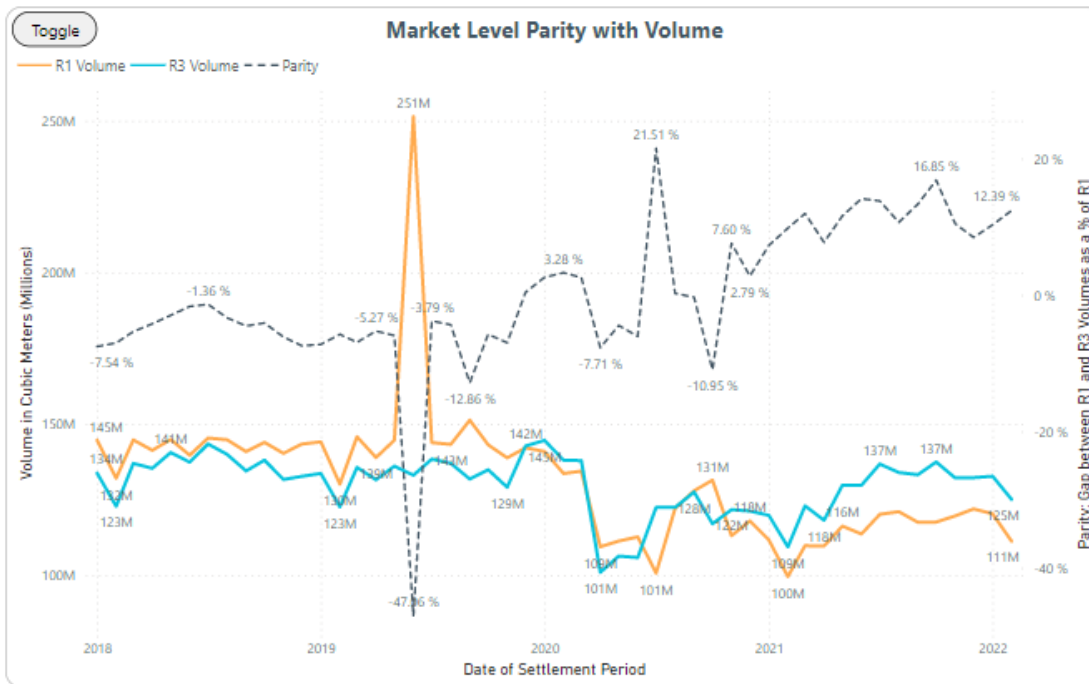
Avg R3 Volume
129.87M

Avg Parity
0.06 %

Parity Hide Meter Reads About



Data as of 01/02/2022



Period

Select all

- 2018
- 2019
- 2020
- 2021
- 2022

Wholesaler

All

Retailer

All

Meter Read Age

All

Meter Size

All

Consumption Banding

All

Live

Document title here

Toggle

R1 Volume R3 Volume Parity

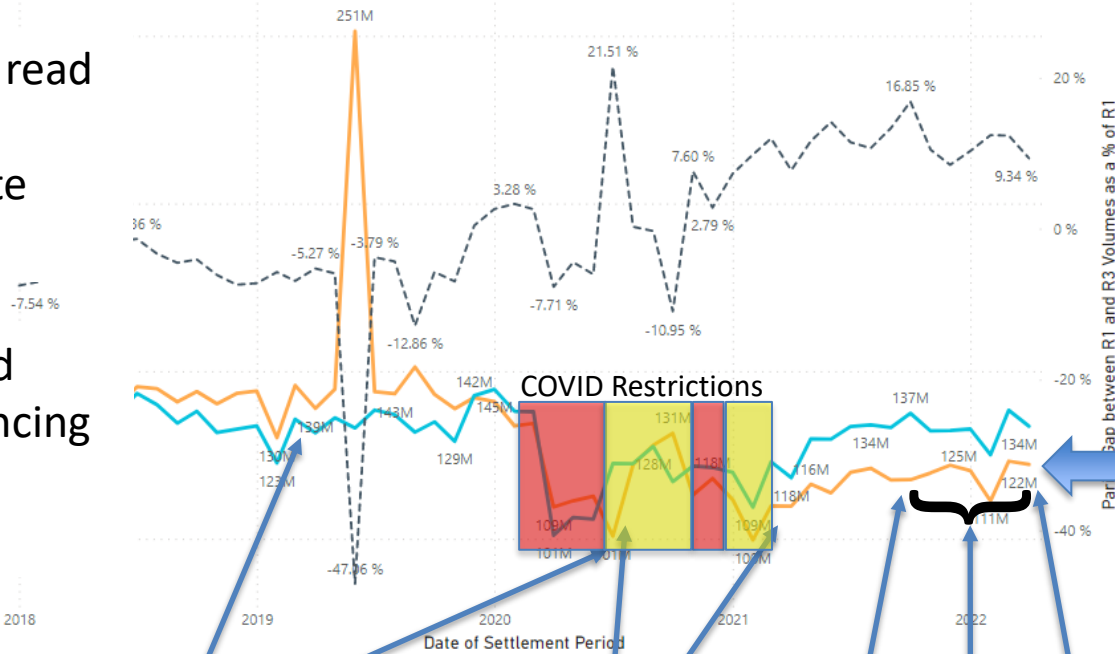
Market Level Parity with Volume



First read minus previous read
Divided by days between
Equals estimated daily rate

Previous reads from Covid
lockdowns may be influencing
current R1 estimates

YVEs may impact
accuracy of
estimates



Although
previous read
might be here

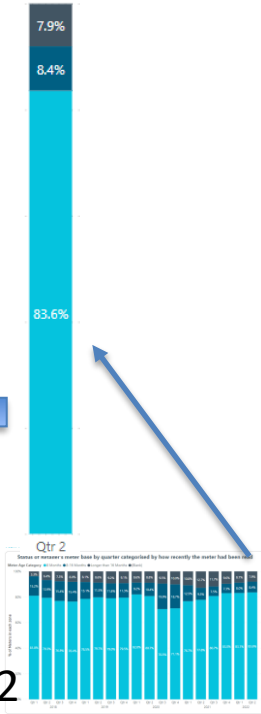
Previous read
Could be here
(12 months earlier)

Sep 21

Apr 22

83% chance of the first
read being in these
months

Parity Gap between R1 and R3 Volumes as a % of R1

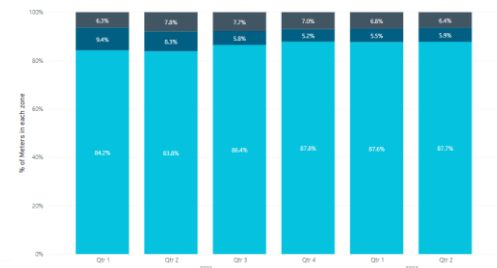
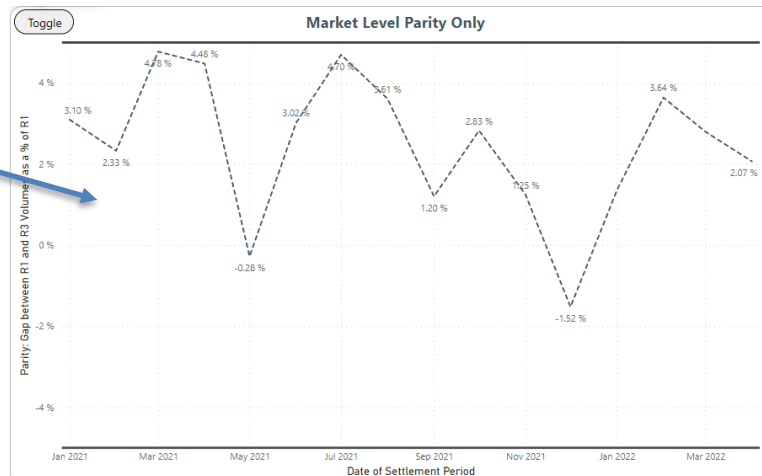
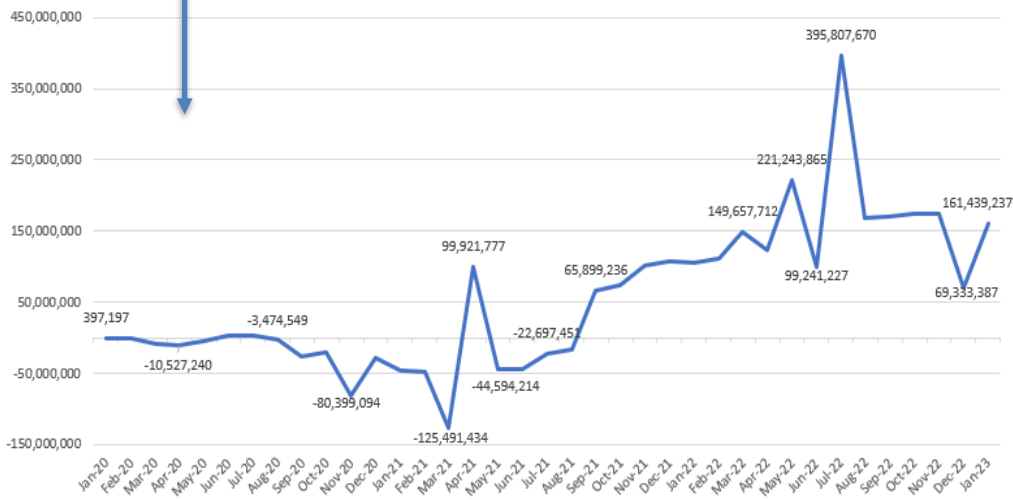


YVE Change Impact – assisting with parity

Parity consistently within plus or minus 5%

Constant updates to YVE

Month on month cumulative YVE changes



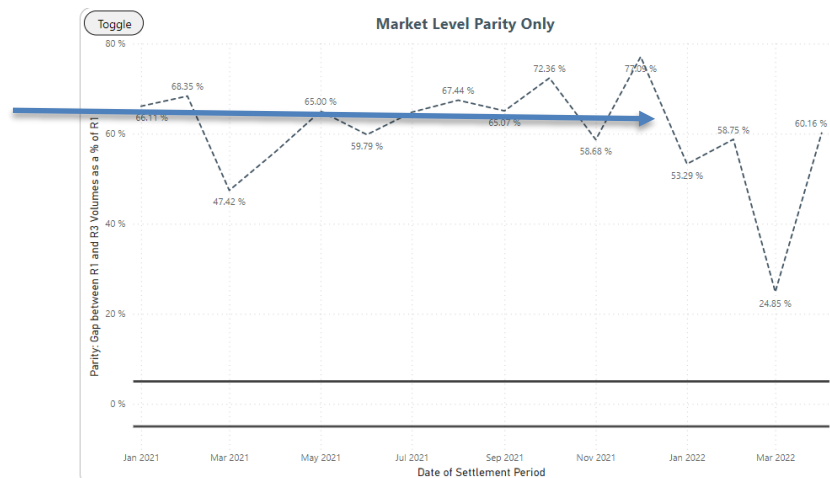
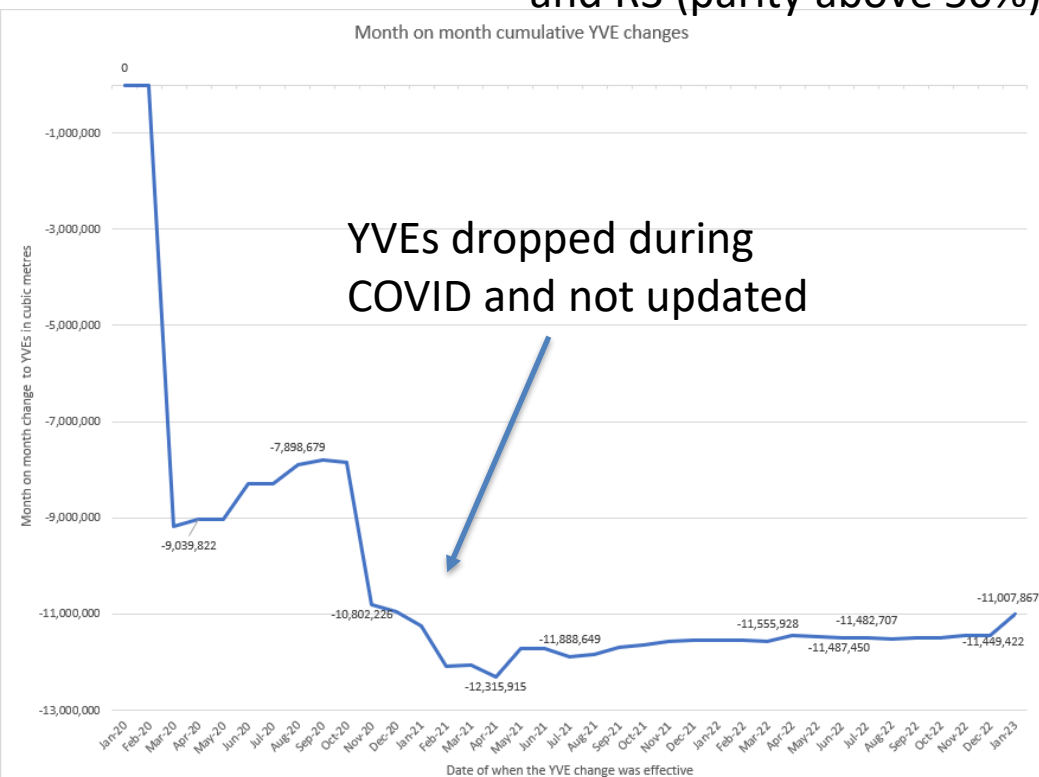
~85% of meters used for R1 calc had been read in the preceding 8 months

YVE Change Impact – impacting parity

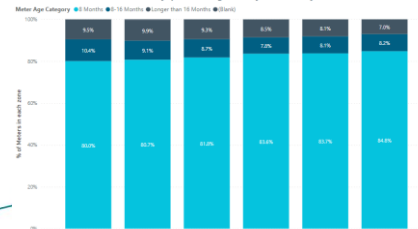
Significant gap between R1 and R3 (parity above 50%)

Month on month cumulative YVE changes

YVEs dropped during COVID and not updated



Status of Retailer's meter base by quarter categorised by how recently the meter had been read



~82% of meters used for R1 calc had been read in the preceding 8 months

Next Steps

- ◆ Presentation to MPC
- ◆ Presentation to Strategic Panel
- ◆ Alignment with RWG sub group
- ◆ Explore linkages and impact

17 January 2023

RWG Drought Group

Matthew Rix

Yorkshire Water

RWG



Drought Update

TUBS restrictions have ended

- Southeast Water
- Southern Water
- Thames
- Yorkshire Water

Recent wet weather means reservoir levels have improved but...

- This does vary by region
- Climate change and population growth still mean there is a risk of future droughts
- Water efficiency, as well as leakage reduction, is key to mitigate the risk

of more TUBs and NEUBs

TUBs restrictions remain in place

- South West Water (as at time of writing 10/01/23)

Recap on the RWG Drought Group

Purpose of the group

- Provide clarity and consistency to retailers on how drought restrictions apply to non-household customers
- Provide a forum for wholesalers, retailers and MOSL to work in collaboration to resolve non-household market issues as they might arise as we progress through the drought
- Conduct and document a post implementation lessons learnt from a market perspective to feed into a wider industry code of practice review

Governance

- MOSL are supporting
- A link has been established with the National Drought Group which is being chaired by the Environment Agency

Work completed and planned



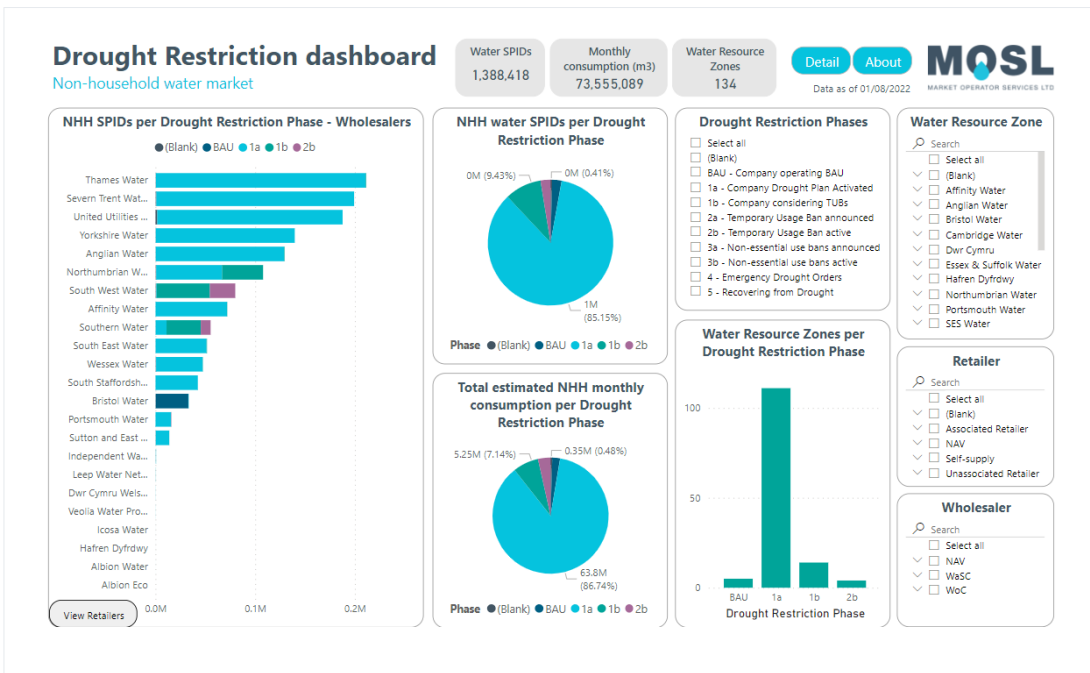
Completed

- A sub group has been established to work the detail - members include MOSL, UKWRC, South East Water, Southern Water, South West Water, Thames Water, and Yorkshire Water
- A Temporary Use Ban and Non-Essential Use Ban NHH guidance document has been drafted to feed into UKWIR's review
- TUBs Policy differences, which are minor, by Wholesaler shared with RWG main group

Planned

- UKWIR are establishing the governance to oversee the review of the Drought Code of Practice, Matthew Rix invited to join the steering group
- EA lessons learnt session planned in January
- Facilitate post implementation lessons learnt review in the NHH market to feed into UKWIR / EA review
- Review and feedback on revisions to Drought Code of Practice
- Raise awareness of revised Drought Code of Practice once published by UKWIR

MOSL drought restriction map and dashboard



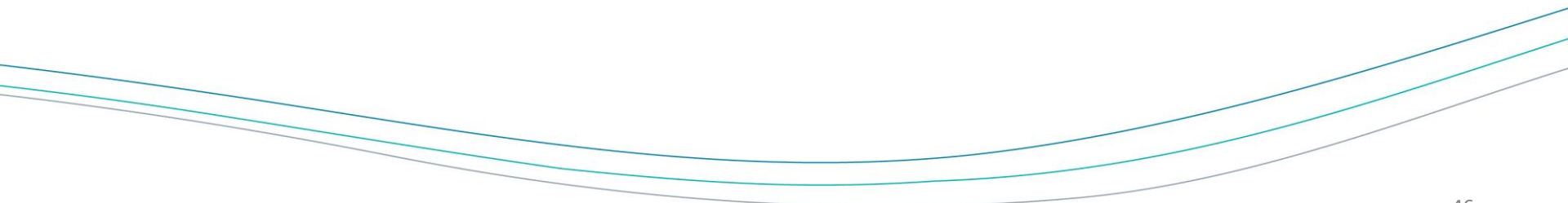
Groups and governance

Group	Who chairs	Meeting frequency	Purpose
National Drought Group	Environment Agency	Monthly	National co-ordination of drought
Industry Drought Code of Practice Review	UKWIR	TBC by UKWIR	To align companies application of Code of Practice, engage with Trade Bodies, review Code of Practice
RWG Drought Group	Matthew Rix	Monthly	Align NHH element of application of Code of Practice, provide updates and guidance to retailers



RWG

Break



Change Update

Abu Rashid

Consultation

Reference	Title	Timeline	Summary
PIP103	Change Process Improvements	19 Dec – 30 Jan	<ul style="list-style-type: none"> • Seeks to improve the Change Process within the Market Codes. • Being progressed and developed by the Code Change Committee.
CPM050	Data Cleanse Funding	11 – 25 Jan	<ul style="list-style-type: none"> • Creation of a charging framework is being proposed for the data cleanse programme in MOSL's 2023/24 business plan. • CPM050 will set out the scope of the data cleanse work that will be chargeable under this framework. • Will also include details of how and when payments will be taken from Wholesalers along with how redistribution (if any) will take place.

The screenshot shows the top navigation bar of the MOSL website. The menu items are 'About', 'Services', 'Market Codes', and 'Market Insight'. The 'Market Codes' item is highlighted with a red box. Below it, a dropdown menu is visible with the following items: 'Codes', 'Change', and 'Consultations'. The 'Consultations' item is also highlighted with a red box. A red arrow points from the 'Market Codes' dropdown to the 'Consultations' item. The main content area below the navigation shows a breadcrumb trail 'Home > Market Codes >', a large heading 'Code Change', and a paragraph of text: 'The table below lists open consultations on changes to the mark Responses should be submitted by 6pm on the response deadline codechange@mosl.co.uk.' The email address is underlined and blue.

Change Proposals & Reports Tabled at CCC in January

Reference	Title	Purpose	Summary
CPW137	Interim Supply: Customer Data Provisions	Change Plan	Seeks to progress a solution for the transfer of customer data in an interim supply event
CPW108	Agreement to Unplanned Settlement Runs	Post Implementation Review	Reviewed the effectiveness of CPW108, which enabled parties to more easily request USRs
CPW119 & CPM042	Dormant Trading Party Provisions	Post Implementation Review	Reviewed the effectiveness of CPW119, which placed requirements on Dormant Trading Parties
CPW067	Bulk Submission via MS Excel	Withdrawal	Withdrawal of a change which sought to allow bulk upload of service requests using MS Excel

Change Proposals & Reports to Table at CCC in February

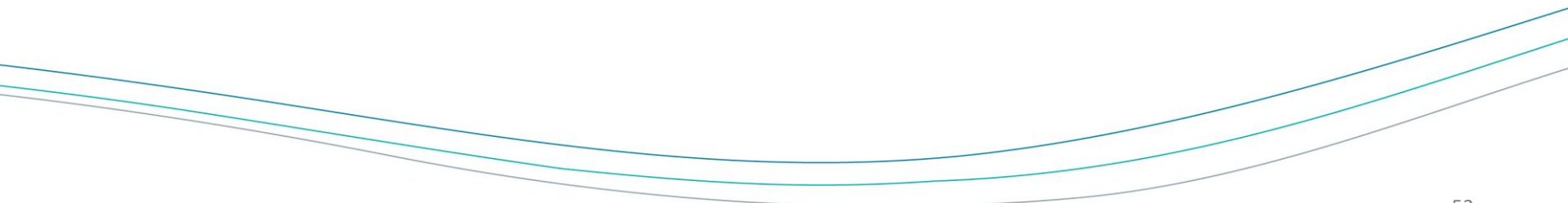
Reference	Title	Purpose	Summary
CPW136	Drawing Credit Following Retailer Exit	Recommendation	Seeks to address the issue of a Wholesaler's ability to, in the event of a Retailer failure, draw down on credit support where amounts remain un-invoiced
PIP119	Bilaterals Housekeeping	Recommendation	Seeks to correct minor errors in 5 OSDs and 6 CSDs

Awaiting Ofwat Decision

Reference	Title	Recommendation	Summary
CPM046 & CPW133	Approved Codes of Practice	APPROVE – 2 Sep 2022	Seeks to introduce a new type of Code document – Approved Codes of Practice – which will outline minimum standards of policies or practices in the market.

Implementations

No code implementations since November 2022



Awaiting Implementation

Reference	Title	Implementation	Summary
CPM049	MAC Housekeeping	3 March 2023	Identified several typographical errors and inconsistencies in the MAC
CPW120	Final Meter Reads where no Visual Read Available	12 May 2023 (R14.0)	Allows Wholesalers to use Estimated Final Reads in a given set of circumstances
CPW128	Updating Volume Validation Tolerance		Changes volume validation checks in CSD 0203
CPW130	Transfer Read Estimate Reason Codes		<ul style="list-style-type: none"> Revises valid set for D3028 – Estimated Read Reason Code Introduces 14 codes which is already recommended for use by the RWG

Pre-Dispute Query on QMS (Charles Unvala)

The screenshot displays the ITSM software interface for creating a new ticket. The top navigation bar shows the breadcrumb 'Tickets > Disputes > New'. The left sidebar contains a 'Tickets by Team' section with 'Disputes' selected, showing 1 ticket. The main content area is titled 'New Ticket' and includes an 'End-User details' section. The 'Ticket details' section has a dropdown menu for 'Ticket Type' set to 'Support Ticket'. Below this is a 'New Incident' section, followed by a 'Summary' text area and a 'Details' rich text editor. A user profile dropdown is open, showing 'Charles Unvala' and 'Markus Lloyd (You)'. The bottom of the interface shows a rich text editor toolbar with various icons for text formatting and insertion.

Pre-Dispute Query

- Disputes Committee (DC) and Disputing Parties asked for support to resolve issues before Disputes were raised
- DC Secretariat produced a [Quick Start Guide](#) setting out what to do before raising a Dispute
- Pre-Dispute Query added to My MOSL – [QMS Generic Queries User Guide](#)



Legacy Long unread meters – what stops you working together to find and read?



User Forum Debate – Martin Hall MOSL

Legacy LUMs – what is stopping you finding and reading them???

- Market Performance Framework reform looking at incentives
 - SMR Strategic Project Roles and Responsibilities looking at who should own them and read them?
 - National Metering Strategy being discussed at Strategic Panel will set targets
 - Project Looking Glass recommends clearing within 12 months
 - 26.5k LLUMs
-

AOB

HF Egan – Instagram



Charlotte Green - MOSL General Meeting 23 February 2023

- MOSL will be convening a general meeting on 23 February 2023.
- At the meeting two resolutions will be recommended to MOSL's members:
 - Approval of MOSL's 2023-24 annual budget of expenditure (the budget will be detailed in MOSL's 2023-26 Business Plan which will be circulated to members); and
 - Approval of funding for MOSL's proposed Central Data Cleanse Service.
- Details of the meeting will be provided to members.
- Voting is scheduled to open on 7 February 2023.
- We encourage *eligible* members to vote in advance of the meeting, via an electronic voting platform. *Eligible* members will be provided with details on how to vote.