User Forum

Online

Hosted by
Markus Lloyd & Simon Bennett
15 Jan 2025

MOSL

Agenda

MOSL

Item	Description	Who	Time
1	Introduction and Welcome: MOSL	Markus Lloyd and Simon Bennett	3 – 3.05 pm
2	RWG update	Mike Rathbone and Fallon Wilkinson	3.05 – 3.15 pm
3	MOSL Business Plan	Steve Formoy	3.15 – 3.35 pm
4	Testing the Water: CCW Research November 2024	Lucy Byrnes	3.35 – 3.50 pm
5	Code Change update	Olivia Bletsoe	3.50 – 4.10 pm
6	Potential change discussion: Estimated reads for vacant internal meters	Jordanna Lo: Business Stream/Metering Committee	4.10 – 4.30 pm
7	Debate: PR24 Final Determinations and implications for the market/retailers	Phill Mills, Chair UKWRC	4.30 – 4.55 pm
8	AOB	All	4.55 – 5 pm

15th January 2025

RWG Update

RWG

Reflections on RWG in-person meeting

- Sub-group Updates
- Eligibility Update
- Market Improvement Fund Overview
- Smart Meter Roll Out Update
- Good Practice Guide Alignment
- Strategic Panel Roadmap and RWG
- Potential future activity
- Next In-Person – June 2025
- Event slides for information

In-person meeting

Wholesaler Chair vacancy

- Term of office – 1st March 2025 to 1st July 2026
- To find out more about the role please contact Sam Mawby at rwg@mosl.co.uk
- Applications can be made via the RWG webpage.
- Nomination window closes 6pm 24th January.

How can you get involved?

- Join a sub-group
- Suggest an idea for a sub-group
- To find out more please email rwg@mosl.co.uk


RWG

MOSL's Business Plan 2025-28

User Forum update

Steve Formoy and Jessica Bryant
MOSL

15 January 2025

MOSL

- Click to edit Master text styles
  - Second level
    - Third level
      - Fourth level
        - Fifth level

Improvement programmes – scope, benefits and alignment with Panel priorities

Core services – key changes and transition of some programmes to BAU

Overall budget – affordability and key trade offs

Setting out:

Year one- priorities and milestones

Year two – direction of travel

te

- Fourth level
  - Fifth level

Delivering on our strategy

- Aligned to our 2024-27 Strategy
- Aligned to the Panel's Roadmap to a Flourishing market and MOSL's actions

Driving value

- Launch of new performance framework and audits
- National Metering Strategy and data sharing
- CMOS enhancements

Enhancing core services

- Bilaterals hub and data assurance transition to BAU
- Renewed support for industry groups
- Improved support for Panel on policy reviews

Affordable and efficient charges

- Total charges expected to fall in absolute terms
- In line with the forecast in last year's plan (excluding BR-MeX change)

Key market improvement programmes

MOSL

- Shadow period running
- New KPIs launched
- Support for new Performance Assurance Committee

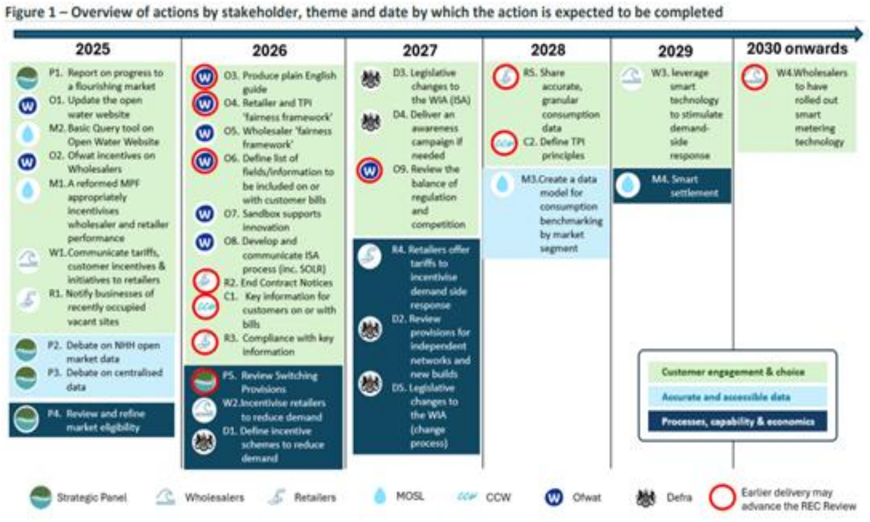
- National Metering Strategy actions
- Supporting Panel with data sharing mechanism
- Improvements to meter reading process

- Supporting MPF and Data sharing programmes
- Enhanced cyber security and usability of central systems

- Quarterly Data Quality Audits (BR-MeX)
- Enhanced reporting as we transition to BAU service

Supporting delivery of the Panel Roadmap

MOSL action (and target completion date)	Progress expected in 2025/26
Basic Query Tool on Open Water website **(2025)**	MOSL sponsored MIF project – on track to complete build and launch in Q1 2025
A reformed MPF appropriately incentivised wholesaler and retailer performance **(2025)**	Reformed MPF launching in 2025 Supported by PAC and new tools (already live)
Create a data model for consumption benchmarking by market segment **(2028)**	Complete the high-level segmentation work that started last year. More granular segmentation to be applied, allowing for improved industry benchmarking
Smart settlement **(2029)**	Settlement strategy for Settlement v2.0 agreed following stakeholder engagement – and aligned to RWG work on tariffs and wider market system roadmap



Enhancing support for Panel

Plan includes new team member to expand capacity for Market Policy review and stakeholder engagement

This will enable some increased support to the Panel on horizon scanning, policy review and proposals.

Data sharing mechanism

Department for Environment Food & Rural Affairs

Set out expectations on smart metering rollouts

Set out recommendations in National Metering Strategy

Defra request MOSL to: "Establish a data sharing mechanism for the market to share market data in a transparent, consistent, and accessible manner."

National Metering Strategy sets out recommendation: "Wholesalers should adopt a standard approach to storing and sharing consumption data. Options are currently being assessed to determine a recommended approach"

Supporting the Panel developing the business case for a data sharing mechanism

OPTION - Strategic Data Programme

The current data assurance programme is focused on identifying and fixing legacy data issues. Proposal to establish new programme, based on working group member feedback, to tackle wider root causes of data issues, identified through the programme, under three key areas:

Market processes – are the market processes supporting good quality data entering the market and central systems?

Market systems – are the systems and data fields structured in a way to capture consistent and accurate data?

Market codes – do the market codes allow for data to be used for wider benefit i.e. industry segmentation and demand management?

Insights

Additionally: are trading parties and wider stakeholders able to get the insight they need for wider market and environmental benefits?

Our budget

Our cost budget will remain broadly flat, and charges will fall year on year

£13,645k our proposed total spend budget for 2025/26.

£13,400k will be funded through Market Operator (MO) charges – a reduction of £130k (1%) on 2024/25 levels.

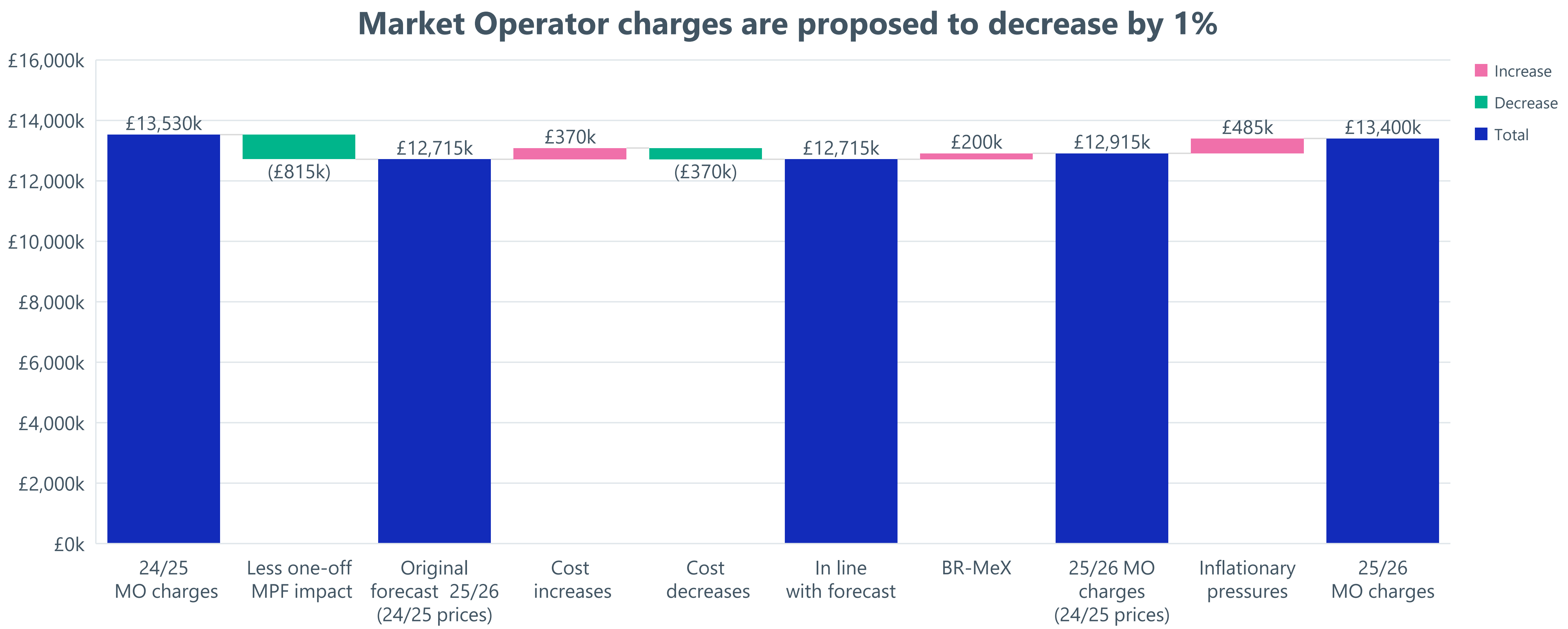
£245k will be funded from reserves, due to the revised phasing of the Market Performance Framework (MPF) Reform programme.

Overall, total charges for retailers will fall by **1% year-on-year** and charges for wholesalers will fall by **7%.**

There will be **no wholesaler-only Data Assurance charges** as these applied for 2023/24 and 2024/25 only.

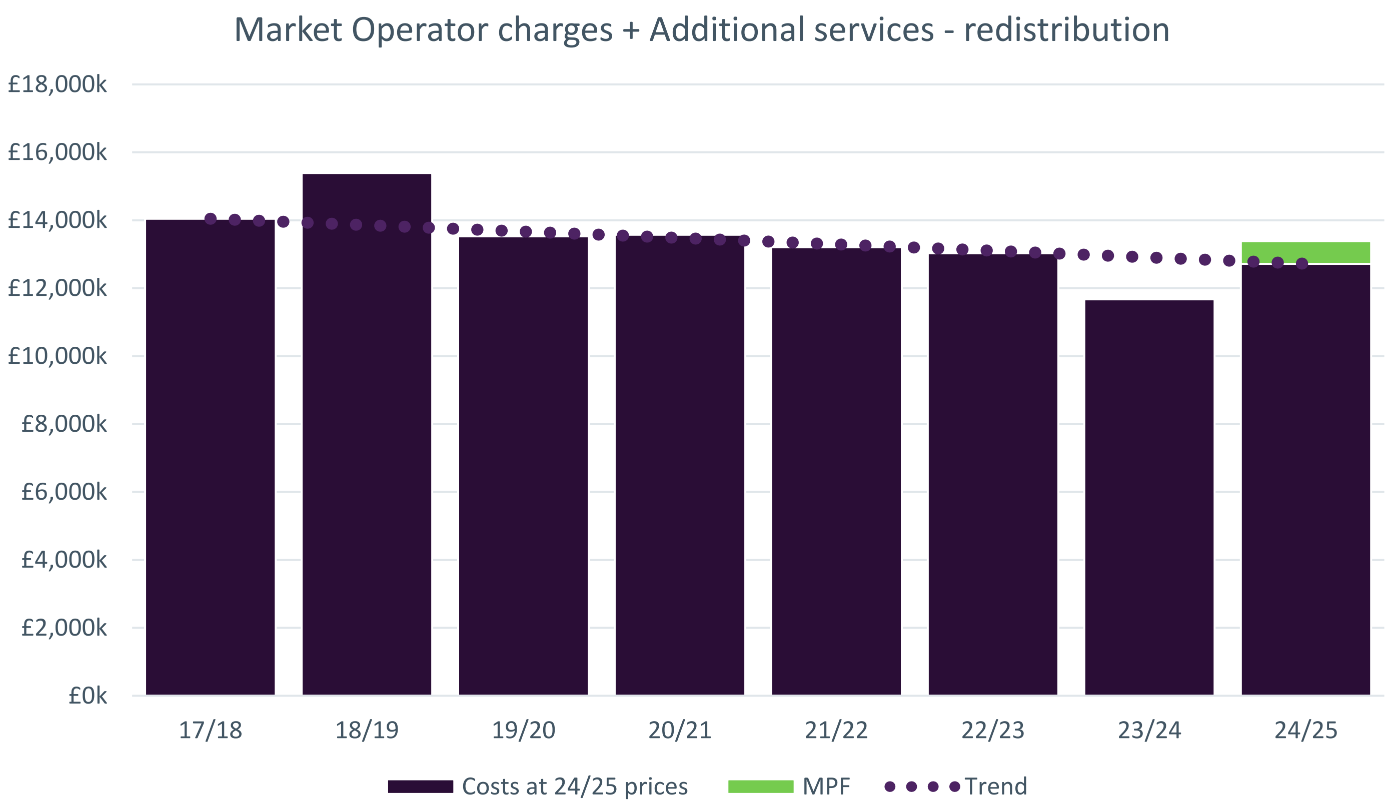
The cost of a **market data sharing mechanism (such as a data hub)** will not be funded through Market Operator charges

MO charges: year-on –year movement



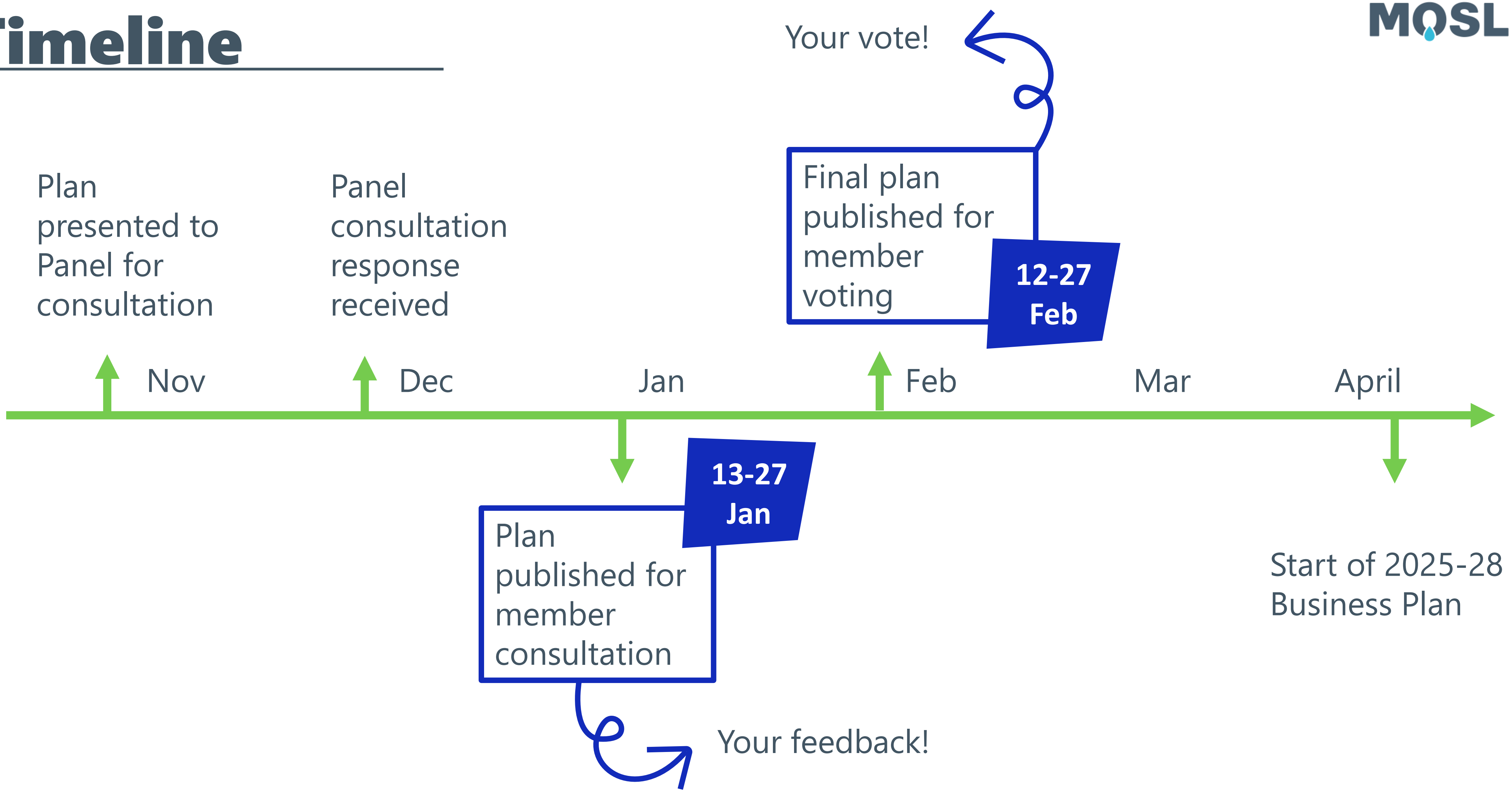
OPTION – Business Plan consultation will include option for a new Strategic Data improvement programme. This would increase charges by further £300k, **2%**.

Driving efficiency



- Strong track record of efficiency to keep costs affordable
- 2024/25 costs are forecast to be 11% below market opening, excluding the one-off impact of the MPF Reform programme
- Examples – removing reliance on more expensive contractors, insourcing legal and market audit services, renegotiation of CMOS contract and rehosting in the cloud.

Timeline


Your vote!
Plan presented to Panel for consultation
Panel consultation response received
Final plan published for member voting
12-27 Feb
Nov
Dec
Jan
Feb
Mar
April
13-27 Jan
Plan published for member consultation
Your feedback!
Start of 2025-28 Business Plan

MOSL

Consultation questions

Question 1

Are you supportive of the level of MO charges proposed for 2025/26?

Question 2

The business plan sets our four key improvement programmes. Do you consider that these improvement programmes are the right area of focus?

Question 3

Is there anything we have missed, or you would like to see removed from our plan?

Question 4

Are you supportive of the inclusion of the Strategic Data Programme (£300k additional in MO charges)?

Scan for Online Consultaion

MOSL

Any questions?

The voice for water consumers
Llais defnyddwyr dŵr

Testing the Waters 2024

Lucy Byrnes

ccw.org.uk

Background

- Testing the Waters research has been carried out every 2 years since before the opening of the Water Retail Market.

- Provides us with a wealth of comparative insight for tracking business customers' views on their water and sewerage providers, as well as their retailer.

- For each of the tracking surveys around 2,000 business England and Wales are interviewed.

- Commercial businesses, charities and public sector organisations in England and Wales. In Wales, additional interviews were completed to allow for robust data comparisons

- Overall satisfaction with water and sewerage services has largely remained the same since 2022
- Retail services satisfaction has continued to decline since the opening of the market in England
- Just over half of businesses (57%) in England are aware of the water retail market
- There is a significant difference in switching and renegotiating behaviour between business sizes
- Over a third (35%) of businesses in England and Wales express an interest in learning how to make water savings for their business
- Larger businesses are more likely to be taking some action to save water than smaller businesses

The voice for water consumers
Llais defnyddwyr dŵr

Testing the Waters 2024

Next steps

Levels of satisfaction

We want to see satisfaction with retail services increase in England in order to reduce the gap with Wales. We will be working with retailers throughout the year to help address the main issues that are leading to customer dissatisfaction, including estimated billing. All retailers have the offer of taking part in a complaints assessment with CCW where we offer help and advice on complaints processes.

Awareness of the water retail market

In order for businesses to have the confidence to switch or renegotiate with their retailer and be active in the market, we are keen to see an increase in customer awareness and understanding of the water retail market in England. We will be working with key market stakeholders to help increase business customer knowledge and ensure there are appropriate protections in place for when they do switch retailer.

Water saving activity

Businesses want to know how they can save water and money. Through greater collaboration between wholesalers and retailers in the offering of water efficiency advice, and the roll-out of smart metering, we expect to see greater awareness of water use and how savings can be made across businesses of all sizes. It is important we all play our role to save water as we face increasing challenges from water scarcity. We will be encouraging that collaboration through our 'One Customer' forums.

Code Changes

Olivia Bletsoe
MOSL

15 Jan 2025

Change Proposals/Reports to table at CCC in next 3 months* (Part 1 of 3)

MOSL

Title	Summary	Stage
16 January 2025		
Bilateral Hub (Additional enhancements pt. 4) CPW139i	Simplify CSD0601 and split it across three documents detailing the data transactions, data items and state transitions	Recommend
Data/Report Release to Public Bodies CPM061	Align codes with legislation and clarify when the Market Operator can provide data to public bodies	Acceptance
11 February 2025		
BR-MeX CPM052 & CPW140	Survey of businesses and retailers to inform the Wholesaler price control	Recommend

*As of 08/01/2025

Dates for changes with PIP references are estimated.

Change Proposals/Reports to table at CCC in next 3 months* (Part 2 of 3)

MOSL

Title	Summary	Stage
11 March 2025		
Interim Supply: Cost Recovery Mechanism CPW153	Retrospective recovery of additional onboarding costs following Interim Supply Allocation	Recommend
Interim Supply: Initial Cost Support CPW154	Temporary alleviation of cashflow pressures on Interim Retailers, e.g. by deferring credit or wholesale charges	Recommend
Data Quality Assurance Flags CPW155	Provide a series of indicators and flags within CMOS for trading party use to track assurance work	Recommend
Bilateral Hub CPM051 & CPW139	Introduces technical solutions for enhanced meter read notifications, GSS payment notifications, new escalation processes, and updated code documents, including CSD 0302, OSD 0708, OSD 0711, and the Trade Effluent Customer Application Form	Recommend

*As of 08/01/2025

Dates for changes with PIP references are estimated.

Change Proposals/Reports to table at CCC in next 3 months* (Part 3 of 3)

Title	Summary	Stage
11 March 2025		
Estimated Transfer Reads CPW159	Seeks to clarify the circumstances in which an estimated transfer read can be used in place of an actual transfer read.	Acceptance
Cyclic Read Skip Code PIP224	MOSL is reviewing feedback to its Request for Information to consider if RWG recommended skip codes need to be revised and whether to propose a change to incorporate skip code data into market systems	Acceptance
Bilaterals first BAU release PIP231	This change proposal relates to the first BAU release proposed for Winter 2025. Some additional enhancements will have been developed and tested but require code updates to support	Acceptance

*As of 08/01/2025

Dates for changes with PIP references are estimated.

Trading Party requests in next 3 months*

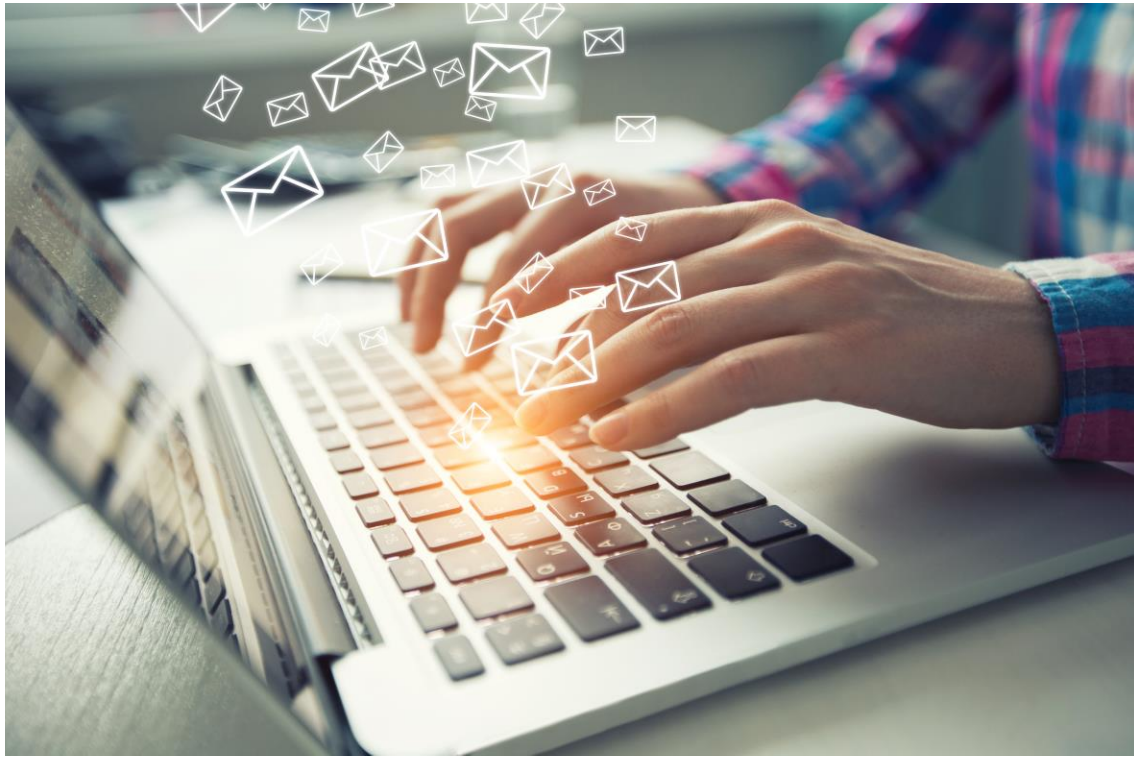
MOSL

Title	Engagement type	Date
Data Quality Assurance Flags (CPW155)	Consultation	13 Jan – 3 Feb
MOSL Business Plan	Consultation	15 Jan – 29 Jan
Post-RF Customer Refunds CPW152	Consultation	24 Jan – 14 Feb 25**
MPF Consultation 5 on standards and charge values CPM058 & CPW149	Consultation	28 Jan- 28 Feb 25
Customer and Third-Party Access to Consumption Data CPM60 & CPW 156	Consultation	7 Apr – 25 Apr**

*As of 08/01/2025, ** Dates TBC

Awaiting Ofwat Decision*

Title	CCC Recommendation	Decision Due	Implementation
Credit support and wholesaler credit ratings CPW132	Unanimous rejection	01/02/24	TBC
Wholesaler smart meter reads CWP142	Majority recommendation	11/10/24	8 Dec 25



*As of 08/01/2025

Implementing*

Title	Central System Impact	Code Release Date

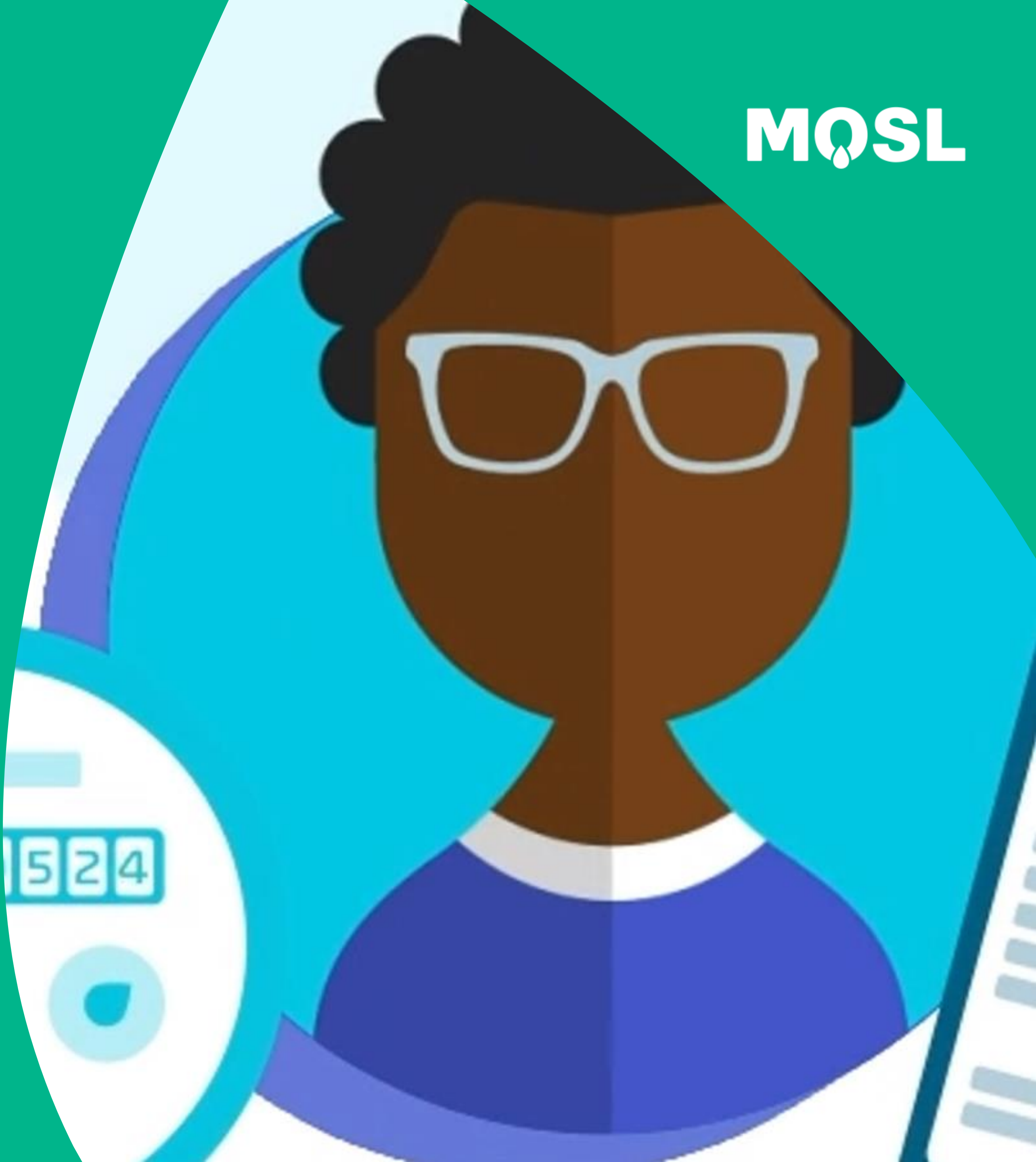
*As of 08/01/2025

Implemented in Last Month*

Title	Central System Impact	Date of Release
Transfer Read Notification for Outgoing Retailers CPW148	Y	6 Dec 24
MAC and MOSL Articles Duplication CPM059	N	
Bilateral Hub (Additional enhancements pt. 3) CPW139h	Y	13 Dec 24

*As of 06/01/2025

Questions



Estimated Reads for Vacant Internal Meters

Jordanna Lo
Business Stream

15 Jan 2025

User Forum Debate – The Problem

MOSL

- **29% of vacant meters in the market are identified as internal** and with the current economic climate, it is believed this percentage may increase.
- **Retailers are unable to obtain visual reads due to access** and with the proposed MPF, retailers will subsequently be penalised for not obtaining a meter read that is out of their control.
- Moreover, when meters become LUM, Retailers may pay out higher settlement charges based on CMOS generated estimates (G reads). There is no operational process in the codes that support Retailers and Wholesalers to provide this visibility in the market and support downstream processes.
- **Total Meters in CMOS:** 1.28m
- **Total Vacant meters in CMOS:** 160.09k
- **Total Vacant and inside location:** 47k

Proposal for Change – discussion

- Enable retailers to submit an **Estimated Static read** into CMOS to provide visibility.
- This will support settlement charges, new MPF and Wholesalers downstream processes (do not need to change to assessed).
- Read will be validated against the SPID data, the Occupancy Status would need to be '**Vacant**', and the meter must be active with Meter Location Code as '**inside building**'.
- It must have **zero consumption** during the time of vacancy.
- The Codes would have to be updated and state that when the site is made occupied, the Retailer will have a **specific time limit to provide an actual read**. This is to ensure the new customer is not charged for any leak consumption while the property was vacant, help identify leaks and keep settlement accurate as possible in fair distribution of consumption across the time of vacancy in the market.
- This could also potentially be used for Non-market meters.
- This will have an impact on MPF proposals.
- This proposal has also been discussed as part of the Strategic Metering Programme QSP17.

PR24 final determinations – non-household key themes

User Forum – 15 January 2025

Average bill rises

MOSL

Average household bill rises

Water and wastewater companies	2024-25 (£)	2029-30 (£)	Change, 2029-30 vs 2024-25 (£)	Change, 2029-30 vs 2024-25 (%)
Anglian Water	491	631	+140	+29%
Dŵr Cymru	455	645	+191	+42%
Hafren Dyfrdwy	392	557	+165	+42%
Northumbrian Water	422	510	+87	+21%
Severn Trent Water	398	583	185	+47%
South West Water	497	610	+113	+23%
Southern Water[5]	420	642	+221	+53%
Thames Water[5]	436	588	+152	+35%
United Utilities	442	585	+142	+32%
Wessex Water	508	614	+106	+21%
Yorkshire Water	430	607	+177	+41%
Water and wastewater companies - average	440	597	+157	+36%

Water-only companies	2024-25 (£)	2029-30 (£)	Change, 2029-30 vs 2024-25 (£)	Change, 2029-30 vs 2024-25 (%)
Affinity Water	192	241	+49	+26%
Portsmouth Water	111	152	+41	+37%
South East Water	230	287	+55	+24%
South Staffs Water	161	195	+34	+21%
SES Water	221	215	-6	-3%
Water-only companies -average	192	234	+43	+22%

- Average household bills to increase on average by £157 (36%) over five years
- Biggest increase in year 1
- Average 42% increase in wholesale charges for businesses before inflation 2025-30 (compares to 41% in the wholesale charge element of household bills)
- Deadline for wholesalers to publish 2025/26 tariffs was 13 January

Smart metering

MOSL

- Companies requested £1.8bn to deliver 10.3 million smart meters
- Final determination allowance is **£1.7bn for 10.4 million smart meters**
- **c800k smart meters for businesses** 2025-30 (16.8k new installations, 796k upgrades). Metering Committee looking to collate rollout profiles by area
- Flat unit cost for HH/NHH/medium/large meters is retained despite challenges
- Rollouts will be driven by a Price Control Deliverable (PCD) with rewards/penalties for on-time/late/non delivery of meters (but no distinction between HH/NHH meters)

Non household meter upgrades by company (doesn't include 0.6% of NHH new installs or smart meters already installed)

PCD outputs (cumulative)	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Anglian Water	3,773	16,650	29,752	42,470	55,265	64,609
Northumbrian Water	0	5,000	14,000	25,331	37,163	49,495
Severn Trent Water	6,000	12,707	19,414	26,121	32,828	39,535
South West Water	2,782	8,474	14,166	19,859	25,551	31,243
Southern Water	0	6,375	16,444	21,760	35,303	50,766
Thames Water	0	22,657	45,315	67,972	90,629	113,286
United Utilities	0	33,956	67,907	101,855	135,803	169,751
Wessex Water	0	3,169	6,338	9,507	12,676	15,844
Yorkshire Water	2,877	15,427	46,708	77,989	109,270	116,385
Affinity Water	0	2,650	5,900	9,950	14,850	19,750
Bristol Water	0	0	0	0	1,934	3,868
Portsmouth Water	0	136	1,042	2,612	4,773	7,326
South East Water	0	4,025	8,049	12,074	16,098	20,123
South Staffs Water	0	2,328	7,568	12,807	18,046	23,285
SES Water	0	1,720	3,440	5,160	6,880	8,600
Totals (cumulative)	**15,432**	**135,274**	**286,043**	**435,467**	**597,069**	**733,866**

Photo: Thames Water

Reducing business demand

MOSL

- Performance commitments aim to **reduce non-household consumption by 0.5% on average by 2029-30** (1.3% reduction if growth excluded), from a 2019-20 baseline – variation across regions
- Ofwat acknowledges not aligned with 9% business demand reduction target by 2038 but says it is aligned with overarching targets
- Ofwat has retained mechanism to cater for +/-3% unexpected changes in demand (e.g. growth)
- Standard ODI rates range from +/- £95k to +/-£179k per megalitre/day above or below the PCL
- Collaboration is needed to access 'enhanced' ODI outperformance rates – this will be verified via a form filled out by each retailer / third party involved

Business demand reduction performance commitment levels (PCL) by company

	Performance Commitment Levels						
Company	**PCL Units**	**Baseline**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
AFW	% Reduction from 2019-20 baseline	7.7%	9.8%	11.0%	11.0%	11.0%	11.0%
ANH	% Reduction from 2019-20 baseline	-4.8%	-5.2%	-5.4%	-5.2%	-4.9%	-4.7%
BRL	% Reduction from 2019-20 baseline	4.2%	2.9%	1.5%	1.8%	2.4%	2.9%
WSH	% Reduction from 2019-20 baseline	4.4%	5.2%	5.2%	5.3%	5.3%	5.3%
HDD	% Reduction from 2019-20 baseline	6.1%	3.7%	1.2%	1.8%	2.4%	3.0%
NES	% Reduction from 2019-20 baseline						
PRT	% Reduction from 2019-20 baseline	5.9%	8.6%	13.1%	15.1%	17.5%	18.7%
SVE	% Reduction from 2019-20 baseline	-0.2%	-2.5%	-3.9%	-3.8%	-3.6%	-3.5%
SEW	% Reduction from 2019-20 baseline	1.0%	-0.7%	3.0%	2.8%	2.9%	3.1%
SSC	% Reduction from 2019-20 baseline						
SWB	% Reduction from 2019-20 baseline	-3.0%	-1.5%	-1.1%	-0.1%	0.7%	1.5%
SRN	% Reduction from 2019-20 baseline	7.6%	7.6%	7.9%	8.4%	8.9%	9.3%
SES	% Reduction from 2019-20 baseline	6.0%	6.8%	9.4%	12.8%	14.7%	15.5%
TMS	% Reduction from 2019-20 baseline	5.8%	5.8%	6.0%	6.5%	7.1%	7.8%
NWT	% Reduction from 2019-20 baseline	-0.5%	-0.3%	1.2%	2.7%	4.2%	5.7%
WSX	% Reduction from 2019-20 baseline	2.9%	2.7%	3.2%	4.2%	5.8%	7.2%
YKY	% Reduction from 2019-20 baseline	-2.3%	-3.1%	-2.4%	-2.0%	-1.4%	-0.9%

BR-MeX (business customer and retailer measure of experience)

MOSL

1. The **B-MeX survey** will be commissioned and run by MOSL monthly from April 2025
2. The twice-yearly **R-MeX survey** of Retailers will continue and feed in
3. Three **MPF metrics** will be given equal weighting (M15/M18 metrics relating to completion of wholesaler bi-lateral requests, and M12 relating to the quality of address and premises data held by each Wholesaler.)

Weighting:

Scoring:

- Incentive **maintained at ±0.2% of RoRE** (return on regulatory equity) - household C-MeX incentive reduced to 0.4% RoRE, down from 0.5% in DD's
- The BR-MeX performance commitment level (PCL) will be set at the median BR-MeX score each year. Incentive/penalties will depend on the distance from the median and either the top or bottom BR MeX score.

BR-MeX – potential maximum penalties/rewards

MOSL

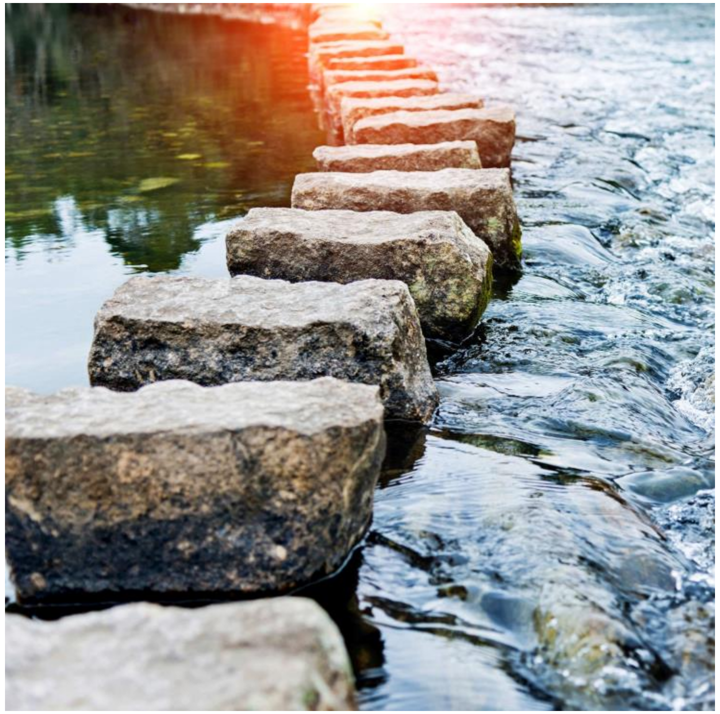
Company	BR-MeX maximum annual rewards (£m)	BR-MeX maximum annual penalties (£m)	C-MeX maximum annual rewards £m)	C-MeX maximum annual penalties (£m)	BR-MeX total across PR24 (£m)
Anglian Water	10.88	-10.88	21.76	-21.76	54.4
Northumbrian Water	5.75	-5.75	11.5	-11.5	28.75
Severn Trent Water	13.48	-13.48	26.96	-26.96	67.4
South West Water	4.41	-4.41	8.82	-8.82	22.05
Southern Water	7.58	-7.58	15.16	-15.16	37.9
Thames Water	18.32	-18.32	36.64	-36.64	91.6
United Utilities	14.15	-14.15	28.3	-28.3	70.75
Wessex Water	4.24	-4.24	8.48	-8.48	21.2
Yorkshire Water	8.83	-8.83	17.66	-17.66	44.15
Affinity Water	1.77	-1.77	3.54	-3.54	8.85
Bristol Water	0.61	-0.61	1.22	-1.22	3.05
Portsmouth Water	0.25	-0.25	0.5	-0.5	1.5
South East Water	1.96	-1.96	3.92	-3.92	9.8
South Staffs Water	0.55	-0.55	1.1	-1.1	2.75
SES Water	0.31	-0.31	0.62	-0.62	1.55

Worth noting the incentives are broadly similar as a proportion of wholesalers respective revenue from those customer groups

What's next?

MOSL

- Final determinations published on 19 December 2024
- Wholesalers have until 18 February 2025 to decide whether to appeal to the Competition and Markets Authority (CMA) to reconsider
- The price review decisions will take effect from 1 April 2025 (even if appeals are ongoing)



Discussion:

MOSL

- Opportunities & risks
- Price increases: what else can we do to help NHH customers manage the impacts?
- Have we got the right groups / scope in place currently to take issues forward?
    - BR-MeX working group
    - RWG water efficiency sub group
    - Metering Committee

AOB & CLOSE