

MPF Steering Group (09)

Location: MS Teams

Date and time: 24 October 2023, 0900 - 1100

Status of Key Points: FINAL

Key Points & Actions

Members

Name	(Initial)	Role/Organisation
Sarah McMath	SM	Chair
Christina Blackwell	CB	CCW representative
Shaun Kent	SK	Ofwat representative
Neil Pendle	NP	Retailer representative
Mike Rathbone	MR	Wholesaler representative
Paul Smith	PS	Strategic Panel representative

MOSL

Name	(Initial)	Role/Organisation
Steve Formoy	SF	Finance Director
Evan Joanette	EJ	Programme Lead
Adam Richardson	AR	Market Design Director
Miles Robinson	MR	Implementation Manager
Adrian Smith	AS	Comms lead
Lisa-Ann Lott	LAL	Notes

Apologies

Name	(Initial)	Role/Organisation
Chris Dawson	CD	PAG Chair
John Gilbert	JG	Programme Director

Welcome

The Steering Group welcomed the new retailer representative, Neil Pendle.

Consultation 3 – early update

EJ shared an early update on the consultation 3 feedback received.

The Steering Group noted that general feedback themes were yet to be established, however, some trading parties indicated they'd expected a bolder framework than what was proposed in the consultation. A further summary report would be provided to the Steering Group.

EJ highlighted feedback received on compensatory payment with respondents indicating concerns around its working practicality.

The Steering Group noted the mix of preferences related to big bang vs a phased approach, and the ultimate decision would depend on the detailed design and how much time trading parties needed to prepare for new financial incentives. Steering Group noted that the programme team will work through the consultation feedback and review the respondents preferred approach.

AR noted that MOSL had not yet established service levels, performance levels or charges and this may have influenced the volume of "neutral" responses received. AR noted that service levels, performance levels and charges will be reviewed in due course with trading parties through the PAG and the workshops.

The Steering Group noted that the programme has not yet fully formed the principles by which charges will be set but the tools document sets out that this should come in the next phase of work. A likely key principle will be setting out the difference in function of performance charges compared to compensatory payments.

Full Business Case

JG confirmed the timeline for the Full Business Case noting it will be presented to the Strategic Panel on 9 November for approval, shown to MOSL Board on 10 November, and published for trading parties on 11 November if approved.

The Steering Group recommended presenting to the Strategic Panel how the proposed framework worked in the best interests of customers and including customer perspectives alongside trading party perspectives.

JG noted the new MPF was anticipated to have similar costs for similar offerings in the current framework, but with additional costs for entirely new activities such as data scorecard and data auditing.

The Steering Group queried what the potential impacts on commitments from trading parties will be given the governance changes such as replacing MPC with PAC. MOSL noted there are likely to be fewer PAC meetings and thus the annual meeting costs for independent members should be less.

The Steering Group advised the need for clarity on costs, noting if they increase from the status quo, MOSL should be clear, so trading parties understand where costs are allocated and the reasons for any increase. Steering Group noted the budget should be a best estimate at this stage with appropriate contingency which outlines so that stakeholders understand what's built into the budget and why.

MOSL to review and revise figures accordingly for inclusion in the full business case.

Programme Risk Register

JG noted the risk of a retailer member not being present at Steering group was closed following Neil Pendle's appointment.

Programme Plan

EJ ran through the proposed implementation plan noting the potential phased approach could include the implementation of the governance proposals including setting up of the PAC alongside tools which are not linked to metrics or interventions.

The Steering Group queried and MOSL confirmed both internal and external resources are presently being considered.

The Steering Group noted implementation windows are helpful and allows trading parties to prepare in advance and engage with the systems but may need to include different timings.

The Steering Group advised the plans need to signal the future of MPF, including incremental improvements and the evolutionary learning process of the proposed new framework. The Steering Group proposed the programme team needs to call out how the Full Business Case is being approved and how the funding will be approved separately as part of the business plan. The business plan needs to be clear on likely costs.

The Steering Group noted overlaps in the MPF plan with Ofwat's BR-MeX and deadlines associated with PR24 and understood it was still a working draft. The Steering Group noted that CPW144 interim improvements are being run in parallel with the plan and will be in

place by end of 2023 and that the implementation windows enable flexibility in the plan and may allow for early implementation of some phases.

Financial budget & business plan

SF updated members on the costs for the current financial year and 2024/25.

SF highlighted the intention to provide an updated top end range in the MOSL business plan in February 2024 for member voting with the figures trued up in June.

The Steering Group noted the intention to indicate how trading parties want the costs loaded in consultation 4 - whether to load on an operational enduring cost or an exceptional cost and to be discussed with PAG.

Next steps/upcoming decisions

EJ highlighted depending on decision date from Ofwat on CPW144, implementation planned for December 2023/January 2024.

ACTION ITEMS

Item	Person	Date	Comments
Full Business Case figures	Programme Team		Review and revise figures accordingly for inclusion in the full business case.
Financial Budget	Programme Team		Provide an updated top end range in the MOSL business plan in February 2024 for member voting, with the figures trued up in June.