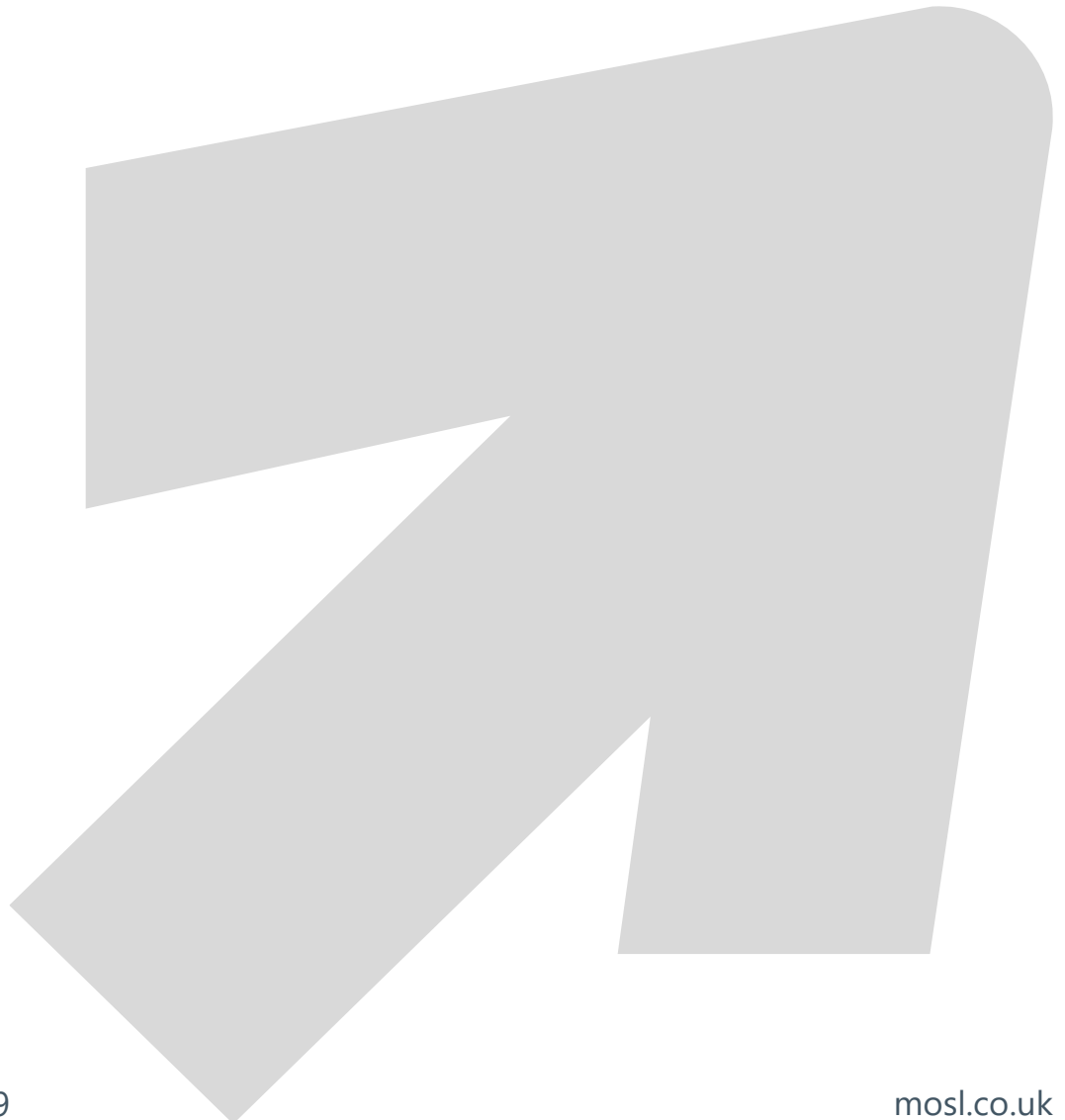


## MPF Steering Group (13)

**Location:** MS Teams

**Date and time:** 09 October 2024, 1000 - 1200

**Status:** FINAL



## Key Points & Actions

### Members

Name	(Initial)	Role/Organisation
Sarah McMath	SM	Chair
Adam Boyns	AB	CCW representative (Alternate)
Shaun Kent	SK	Ofwat representative
Neil Pendle	NP	Retailer representative
John Gilbert	JG	Programme Director (Joined briefly)
Mike Rathbone	MRa	Wholesaler representative

### MOSL

Name	(Initial)	Role/Organisation
Steve Formoy	SF	Finance Director
Adam Richardson	AR	Market Design Director
Miles Robinson	MR	Implementation Manager
Adrian Smith	AS	Bilateral Communications Lead
Evan Joannette	EJ	Programme Lead
Sauda Dickinson	SD	Notes

### Apologies

Name	(Initial)	Role/Organisation
Chris Dawson	CD	PAG Chair
Christina Blackwell	CB	CCW representative
Paul Smith	PS	MOSL Strategic Panel representative
Cliff Kamara	CK	MOSL Board representative

**Actions from previous meeting & headlines**

MR noted that the revised budget has been shared with trading parties.

MR noted technology roadmap was shared with the Steering Group, noting that it is still a working document.

**Programme Risk Register**

EJ presented the key risks and issues, highlighting the changes made from the last review.

EJ highlighted that the risk around the code change committee not approving code changes in line with the Programmes time scales, has now increased in risk score.

EJ highlighted that the risk (previously emerging risk) around trading parties not having enough time to build their own systems.

EJ highlighted that the risk around trading parties not having a view of code documents, has now increased in risk score due to some unanswered questions shortening the lead time for the Code Advisory Group to review documents, but that some of the risk might be mitigated with the change to the implementation programme.

MR noted that parties have requested a shadow period and an additional consultation which would both help mitigate some risks.

**Fromal Letter from trading party**

JG gave a verbal overview of the key points noted in a letter received by MOSL from a retail trading party, noting that the trading party wanted to formally express concerns regarding the recent proposals on the continuation of the existing Market Performance Framework and whilst they welcomed the shadow period, they raised concern regarding a conflict of requirements, confusion, non-compliance, resource strain, dilution of preparation, dual penalties, clarity for stakeholders and operational burden, that the solution from the trading party would be to concentrate on the new MPF without the existing MPF; ie. no dual run.

The Steering Group noted MOSL’s view is that the removal of all the financial and public peer comparison during shadow period could seriously undermine code compliance and have responded to the letter advising that they are not minded to support that and shared PWC’s independent findings that the natural incentives that exist alone are not sufficient and also shared feedback from Ofwat and CCW that they do not support a period of having no MPF.

The Steering Group agreed that the proposed solution from the trading party was not acceptable but noted that MOSL should address the concerns.

The Steering Group noted requests to open the Steering Group meetings to observers and agreed that that would not be an appropriate approach, as although there should be transparency and openness, there are other forums for those discussions.

### **Delivery plan**

MR presented the KPI delivery phases, noting that the phase one KPIs have all been reviewed by the Performance Advisory Group and are to go live in April 2025.

MR presented a progress overview of the MPF Reform, noting that each of the KPIs are reviewed by MOSL SME's before being taken to the Performance Advisory Group, and then to the Code Advisory Group.

### **Consultation 4 update**

MR presented an update on Consultation 4, highlighted that MOSL received responses from twenty-eight trading parties and responses to each individual comment.

MR noted the consultation ran from the 8<sup>th</sup> of July to the 2<sup>nd</sup> of August and highlighted the timeline of published feedback responses from MOSL.

The Steering Group queried the possibility of having sunset clauses for caps and advised that sunset clauses along with other options, such as riggers that require the caps to be formally reviewed, reassessed and effectively changed, are being considered. Noting that there are disadvantages and concerns from trading parties on sunset clauses.

The Steering Group advised that there should be clarity in communicating that the intention is not to have the cap permanently. Suggested that responsibility could be given to the Performance Advisory Committee to decide, and the dispute processes could be used in instances where high charges hit the cap, are charges would be suspended while the dispute is reviewed.

SM highlighted that MOSL was minded to disagree on regional performance and that there were views from retailers that there are geographical issues, which meant that it was harder to reach the same performance in some regions than others. Noting that MOSL's view is that this is a national market but agreed that it is important that Performance Advisory Committee members were informed of the regional differences when decisions are made against actions taken around performance.

The Steering Group agreed with MOSL's position on regional performance and the Performance Advisory Committee considering regional differences when looking at enforcement.

MR noted some of the lessons learned from Consultation 4 on how we could condense the responses, and that the final consultation is not expected to be of the same scale as Consultation 4.

### **Review of potential delivery options**

MR presented a view of the three revised delivery options:

**Option 1: April 2025 go live – continue at risk**

Would mean continuing as we are, but that that would mean not having time to factor in a shadow period or additional consultation

**Option 2a: Two phase plan including six-month shadow reporting.**

**Option 2b: Including a twelve-month shadow period**

**Option 3a: ‘Big bang’ to go live with both phases in April 2026, including six-month shadow reporting**

**Option 3b: Including a twelve-month shadow period**

MR advised that the November implementation for phase one is based on the Code Change Committee timetable. If we were to include an additional consultation, capture all the information we need and then take that to the Code Change Committee while considering Ofwat’s statutory consultation, November is the earliest for implementation

MR further noted the reason for phase two go-live in November is due to phase two metrics only being available in the plan at that point from a technical delivery point.

The Steering Group queried the code change process around BRMeX.

**Action: MOSL to discuss the code change detail around BRMeX with Ofwat offline.**

MR noted that option 2a replaces the current MPF sooner and advised that to be MOSL’s recommended option.

SM noted that the ask of the Steering Group was to decide whether they were supportive of the proposal.

**All Steering Group members present were supportive of MOSL’s preferred delivery plan for the programme, being option 2a.**

MOSL would take two weeks to explore the pathway through the Code Change Committee and revert to the Steering Group, in writing, confirming the option that the team is happy to proceed with.

**Finance update**

SF noted the provisional budget for 24/25 was £1,100k for MPF in line with the Business case which has since been revised to £955K. SF noted confidence that we will be able to deliver the revised plan with the revised budget.

**Summary and Next steps**

MR provided an overview of the next steps, noting these include confirming the delivery approach on the 21<sup>st</sup> of October to the Steering Group in writing, following which, MOSL will communicate the delivery approach to trading parties on the 30<sup>th</sup> of October, and review change plans with the Code Change Committee. MOSL will work towards Consultation 5.

**ACTION ITEMS**

Item	Person	Date	Comments
Code Change process	Programme team		MOSL to discuss the code change detail around BRMeX with Ofwat offline.