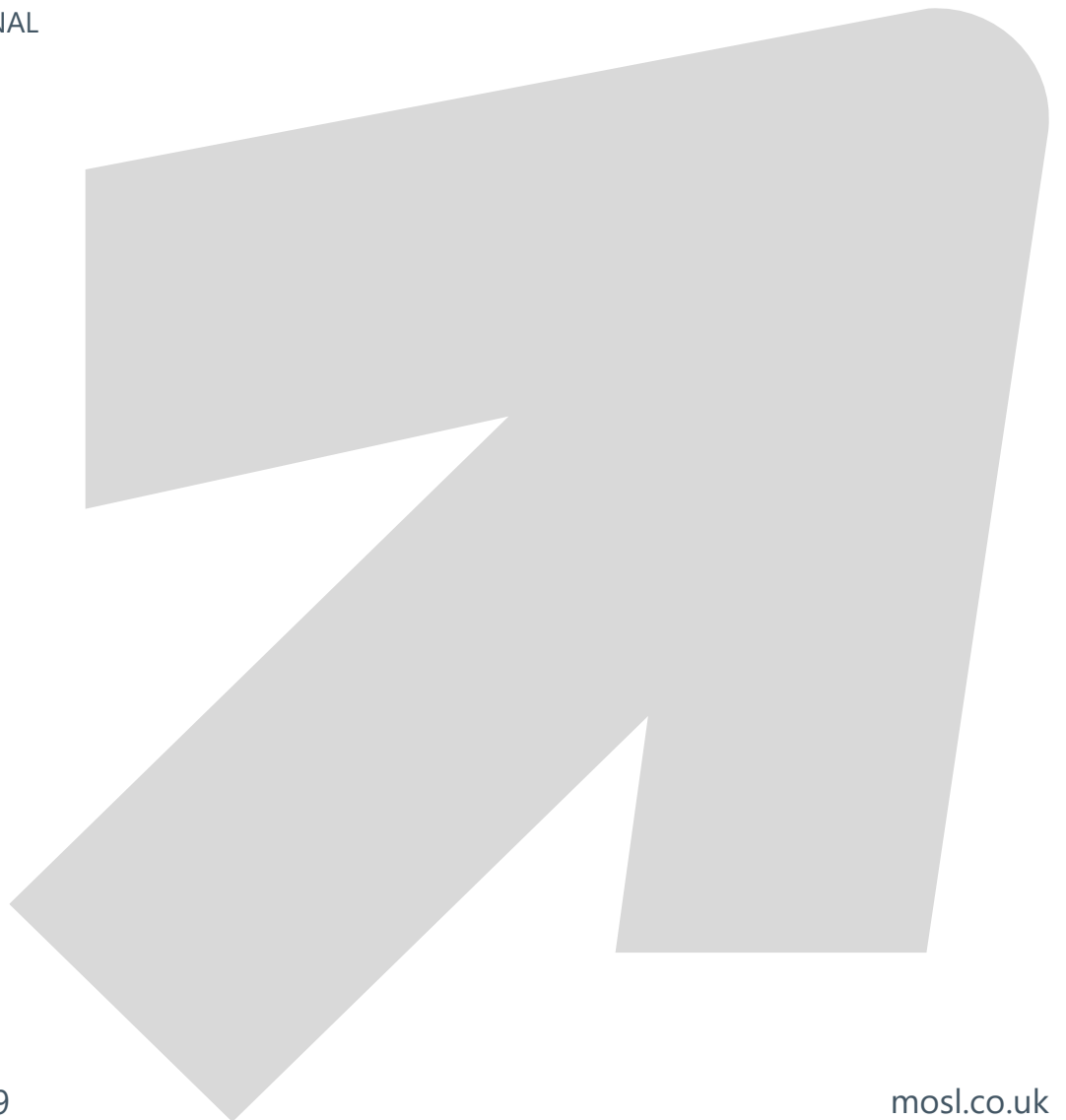


Performance Advisory Group (PAG) 33

Location: MS Teams

Date and time: 13 March 2024, 1000 - 1200

Status of minutes: FINAL



Meeting Minutes

Market attendees

Name	(Initial)	Role/Organisation	Name	(Initial)	Role/Organisation
Adam Boyns	AB	CCW (O)	Kate Russell	KR	Yorkshire (W)
Claire Stanness	CS	Wave (R)	Mike Rathbone	MR	Severn Trent (W)
Clare Garland	CG	UU (W)	Rebecca Gale	RG	Waterscan (R)
David Morris	DM	Waterplus (R)	Shaun Kent	SK	Ofwat (O)
Emily Jerrome	EJ	Water2Business (R)	Shakima Fagan	SF	Everflow (R)
Gerard Lyden	GL	Thames (W)	Syndiso Bango-Dube	SBD	Waterscan (R)
Gillian Bladen	GB	South West (W)	Trevor Nelson	TN	Business Stream (R)
Jamie Davies	JD	Castle (R)	Wendy Monk	WM	Wave (R)
Jon Fuller	JF	Wessex (W)			

MOSL Attendees

Name	(Initial)	Role	Name	(Initial)	Role
Chris Dawson	CD	Chair	Nichola Sampford	NS	Observer
Abu Rashid	ARa	Observer	Luke Coyle	LC	Observer
Jac Gibson	JGi	Presenter	Nikita Bridle	NB	Observer
Janet Judge	JJ	Presenter	Abby Jackson	AJ	Observer
Evan Joanette	EJo	Programme Lead	Steve Formoy	SFo	Observer
Lisa-Ann Lott	LAL	Notes	Miles Robinson	MRo	Presenter
Sam Webb	SW	Observer	Adrian Smith	AS	Presenter
Adam Richardson	AR	Observer	Candice Baker	CB	Observer
Aneesa Rahman	AnR	Observer	Oli Robins	OR	Presenter
Huw Comerford	HC	Observer			

1.	Welcome & update
	<p>CD welcomed all members to the meeting, confirmed the agenda and the workshop format of the meeting including how the detailed design approval reaches sign off.</p> <p>CD confirmed all minutes and slide packs are published on the MOSL website.</p> <p>JD enquired after the minutes from the previous meeting. LAL confirmed will be published following the meeting along with today's slide pack.</p> <p>CD ran through the high-level programme plan.</p>
2.	Technology and systems
	<p>MRO noted a baseline plan had been created for phase two of the programme against what is achievable within time, costs and quality.</p> <p>MRO highlighted in considering the plan a need to understand the actions trading parties need to take and what support was required was identified.</p> <p>MRO provided an overview of the problem statement for systems already in place from a performance perspective noting complex manual systems, high margin for error, data made available through SharePoint.</p> <p>MRO noted intention to improve upon the calculations being simple and easier to mirror from a trading party perspective moving forward. An automated process to remove room for error, performance calculations clearly defined, performance failures explained clearly and different file formats to share data.</p> <p>CS enquired if all reports will be issued on the same day moving forward in line with the MPF holistic report time table.</p> <p>SW noted aim to shorten timeframe between publication of reports and data being available.</p> <p>TN noted if a requirement is for agility of reporting as opposed to simply an automated process as new metrics could be introduced or parameters changed.</p> <p>MRO noted the assumption of automated being agile or faster process however need to ensure agility in being able to change reports should a parameter change.</p> <p>MRO asked attendees, how would they hope to interact with the new performance framework, is there a different way they would want to access the data which has not been</p>

considered and what preparation work is required at their organisation ahead of the new framework being implemented?

CS enquired if real time reporting throughout the framework can be provided to enable trading parties to view their performance at a specific date/time to enable improvement work.

SW noted will be dependent on how the metrics work however unlikely to reach real time reporting in this iteration.

CD enquired if daily would be more realistic. SW noted if the metrics are simpler this may be possible. EJo noted need to consider.

MR noted internal systems for jeopardy management using existing MPS and OPS measures which would require new software development for the new MPF which would take time to create. MR further noted built-in reporting to track against SLAs and KPIs would also require updating.

MR noted would hope interaction via an API or the equivalent of an HVI interface however will depend on ability to be ready and may use LVI for an intermediate period.

MRO enquired if trading parties unable to update jeopardy systems in line with the new MPF what the risks for them are.

MR confirmed no ability to track against an SLA internally which would likely lead to large number of failures.

TN suggested jeopardy reporting could be built into the solution rather than trading parties each developing their own noting however integration is important to enable peer performance review and where performance is holistically against peers.

TN noted shadow reporting will be important to ensure system changes and realignment and therefore the longer the shadow period, the more interaction available the more systems will be able to be refined.

TN also noted need to understand the costs on an annual basis for revised systems.

EJo noted TN's suggestion and the point raised by MR for the need of MOSL to be clear about where and when changes to obligations will be made.

EJo enquired of the complexity of the action/s taken with the reporting and data provided.

	<p>GB noted myMOSL would be sufficient for LVI provided all data items are provided to enable meaningful analysis and jeopardy management.</p> <p>GB further noted analysis undertaken through Excel and PowerBI or a mixture of the two systems. GB confirmed significant amount of manual work will still be required to present information internally.</p> <p>GB noted would be useful to be able to analyse failures before they arrive on the 16th business day and to have this built in as opposed to utilising Jaspersoft would be helpful.</p> <p>MRO summarised in order to prepare there is a requirement to understand what format the data will be in to enable reports to be built.</p> <p>GB noted unable to create in advance and would need sight of the data.</p> <p>MRO enquired if need to stand up a large team and a long timeframe to prepare.</p> <p>GB confirmed light touch however would need to see the new framework to be able to confirm further.</p> <p>EJ confirmed will require changes to internal reporting and reviewing internal processes alongside business wide training on the new framework as team objectives linked to current framework and holistic reports thus need to see how the data is formatted.</p> <p>CS enquired if the volume of data will increase and thus systems would need to be updated to accommodate increased volumes in particular due to the roll out of smart metering.</p> <p>MRO noted difficult to answer at this stage however is being considered.</p> <p>CD enquired how trading parties should feedback on questions.</p> <p>MRO noted will likely send out a survey alongside more technical sessions enabling systems developers to attend.</p>
<p>3.</p>	<p>Final Review of Part B Tools (T01, T02, T06, T07, T08)</p>
	<p>T01 (MEA)</p> <p>OR provided a recap on the tool and summarised the key discussion points from previous meetings noting these focused on assurance and reassurance.</p>

OR highlighted MEA only applies to new entrants however it mitigates risks for current customers and trading parties within the market as it aims to prevent failures which could lead to SoLR

OR confirmed rationale of ensuring market processes and by consequence market performance is not negatively impacted by a party not being suitably ready to operate in the market.

OR highlighted examples from the risks and issues tracker where a party's degree of readiness to operate in the market could impact key processes e.g. SoLR, settlement, Bilateral Hub processes, metering process which are all dependent on a party having the systems and procedures in place to operate effectively.

TN enquired what the average agenda item of MEA on a PAC meeting would cover.

OR noted would not be a regular occurrence on PAC agenda however would expect it to cover parts of the process which need improvement, updates to the templates and forms and providing an updated-on entrants into the market. OR further noted would not expect burdensome impact on PAC.

TN noted will require members to have regular training as differs from remainder of market assurance.

OR noted it would be incumbent upon MOSL to ensure when bringing items to PAC they are meaningful and understandable for members on the committee.

EJo noted not requesting PAC to take on any additional responsibilities which MPC do not currently cover and would not be asking PAC to review any party's application to join the market.

OR noted if this were to happen it would be by exception and only anticipated for PAC to have light touch role.

SW noted PAC would not be involved in the process to admit a party to the market however they would be advised of new entrants or where a party has been rejected entry as the MPC is currently.

SW further noted PAC is the Performance Assurance Committee and this is assurance and market entry and thus informing PAC a party has entered the market.

GL noted did not recall discussing MEA at MPC previously despite it being included in ToR and thus difficult to understand MEA's inclusion in new framework. GL further noted MRA is a performance tool.

GL highlighted PAC's only role to update process if new entrants were deemed to suffer poor performance.

TN noted MA important part of application to enter the market alongside gaining licence from Ofwat however questioned if should be included in the revised MPF.

TN highlighted should PAC establish performance issues as a result of MEA process they can raise a code change to reinforce MEA regardless of whether it is included in the MPF.

OR noted feedback received will inform the next stage of codifying and formalising the tool.

OR highlighted reassurance is a process/service for parties to seek help rather than a tool to be operated however it can become a tool if used to follow up T02 Assurance Statements or as required by the PAC in line with T08 Rectification and Escalation.

OR noted previous feedback indicating PAC could have a role in assuring MOSL's performance in operating the MEA process which mirrors a similar obligation for MOSL to provide information on the implementation of MEA if requested by Panel.

OR further noted the feedback indicating the need for a review of the MEA forms to ensure up-to-date and standardised.

EJo noted the need to establish a firm view on whether MEA should be included .

JD enquired if there is a formal process of noting an activity needs to be take place however it does not fit within the MPF.

JD noted should not be included within MPF just for convenience given the principles of MPF reform.

JD further enquired if the Strategic Panel had delegated MEA to the MPC and whether they intend to continue to delegate this to the PAC.

CD confirmed the above noting PAC is a subgroup of the Strategic Panel.

SFo noted the debate on the potential inclusion of MEA and recommended as remaining tools reviewed others may need to be excluded from the MPF and thus could review again once all tools considered.

AR noted the proposals put forward in consultation three that PAC is part of the decision-making process and has a formal role in making recommendations on entry decisions was not considered to be efficient however existing responsibilities for the Panel and the MPC are included in code and PAC should retain those or similar.

CD summarised no one disagreed with the responsibilities as discussed however not agreed on whether MEA is a tool of the MPF.

WM recommended MOSL present the advantages and disadvantages of the options requiring a decision.

TN enquired if the role of the PAC is to determine entry based on evidence presented by MOSL when the PAC would be likely to say no.

AR noted the PAC is no longer proposed to make a decision on MEA. However, need to establish if current code provision enabling MOSL to approach Panel or PAC for support should remain and whether this should be codified.

GB noted content for inclusion of PAC to provide support to MOSL on MEA and reinsurance queries however MEA should sit outside the MPF.

CD noted due to level of discussion MOSL to review and revert for a recommendation at a future meeting.

T02 Assurance Statements

OR provided an overview of the tool noting this tool is conceptually a survey which the PAC will decide whether to instruct MOSL to issue.

OR noted previous responses will be completed for trading parties to confirm and these are intended to monitor and track changes within trading parties which may require market reinsurance to be undertaken.

OR highlighted key discussion points from previous workshops noting need to ensure tool is proportionate and simple for trading parties.

OR noted feedback indicated risk of market reinsurance being missed or applied retrospectively only applies to certain parties at certain times however potential impacts of missing reinsurance could extend market wide and without the surveys the extent of risk is unknown.

OR further noted the tool will provide MOSL and PAC more complete and holistic understanding of the state of assurance across the market. And the surveys will invite short and sharp responses.

OR ran through the possible scope of the statements and the focus of the questions to be included in the surveys noting desire to retain flexibility in the tool.

OR highlighted feedback received re question on transactions/SPID levels and whether this is commercially sensitive noting this is currently requested and thus there is a precedent and standards for managing the data.

OR noted further feedback highlighting only CMOS included in systems question and the need to broaden out to include the Bilaterals Hub.

OR confirmed review taken to ensure no duplication with Ofwat's Certificate of Adequacy and confirmed the certificate is a higher-level statement regarding financial and management resources whereas the Assurance Statements are low-level operational capabilities with specific reference to market terms.

TN enquired if a trading party changes their meter reader provider do they have to go through reassurance.

SW and CB confirmed no requirement for reassurance with a change of meter reader however a change of third-party systems provider may.

TN registered whilst understanding the value add to trading parties this is not the role of the market operator to mitigate risks on behalf of trading parties. Trading parties should carry the risk of a third-party supplier going out of business on their own risk registers

TN noted reassurance is a market obligation if required to undergo the process and there are other processes which are also market obligations which do not form part of the MPF therefore along with the complexity of the surveys do not believe this should be included.

SW noted TN's feedback and explained the tool is to mitigate and manage risk from outside the trading parties as significant numbers of retrospective reassurance have occurred due to changes made which were not highlighted to MOSL. This tool would enable MOSL to be proactive with planning and reassurance and to highlight to PAC when a wider market issue may effect performance.

TN noted if performance drops within a trading party MOSL would question why and the trading party can make MOSL aware and the assurance statements would still only provide a retrospective view thus MOSL still in same position and lastly reassurance is a market code obligation and trading parties would be failing their obligation if not going through it.

TN questioned why include this market obligation and not others.

SW enquired if the questions were worded to look forwards i.e. how you expect things to change in the next year would this be more suitable.

TN noted if questions were asking 'are you planning on changing third parties or your systems' this would be more positive, would not require all the details and could be a simple yes or no response then there may be value. However, does not need to be code defined within the MPF.

TN further noted only advantage to being code defined is having the next step should a trading party fail to respond.

SW noted first survey will be with more information, future surveys will enquire if anything has or will be changed requiring only a yes or no response.

TN noted this could be achieved via market audit and could be based upon experience of previous failures of compliance.

OR suggested a compromise of the tool being a simple yes no survey supplemented with audit.

GB noted preference for existing company details to be provided to ensure update can be provided should change of ownership occur and ensures receipt of correct survey.

T06 Additional Metric Monitoring

JJ provided an update following feedback received at PAG on 14 February noting any new metrics introduced under additional metric monitoring will reflect the key success criteria of the MPF and apply the principles of being transparent, proportionate, value for money and simple.

JJ highlighted mixed response on whether metrics should be public as standard or PAC to have the option to limit publication and may need to be implemented in shadow initially for industry viewing.

JJ noted to retain a focused MPF, PAC may only choose to make public where the additional metric map clearly to a code obligation.

JJ further noted feedback indicating PAC should have the ability to request an audit based on trends around market indicators and additional metric e.g. when trends indicate a potential compliance issue.

JJ highlighted the preference indicated for having all rectification and escalations options applicable for additional metrics with the caveat only when the additional metric can be linked to an underlying code obligation.

JJ noted the preference to include within the PAC's ToR a minimum accepted notice period where changes to metrics occur.

JJ further noted feedback indicating preference PAC should not be able to create additional metric on an individual confidential basis as discretionary tools could be utilised instead.

JJ highlighted level of detail to be included in code is to be proportionate and balance with need to capture enough points of details without restricting the PAC.

JJ enquired if a non-code document which lists all the active additional metrics and market indicators should be created and should this also set out any retired metrics.

GB noted would be useful to have such a document even as an appendix or link from another document.

TN enquired of the advantages and disadvantages in regard to retaining a list of retired metrics.

JJ noted predominately for transparency and tracking the rationale for removing metrics.

TN noted rationale for retaining a metric would be included in PAC papers and minutes and thus knowledge of decision would be retained.

EJo highlighted this is in relation to additional metrics and market indicators not KPIs.

T07 Trading Party Audits

JJ highlighted trading party feedback that the schedule should be published however may need to be republished throughout the year should priorities change and a specific statement of work may not always be required for audits triggered by MPF metrics or compliance concerns.

JJ noted following feedback need to design T07 flexibly enough to cover a range of audit types including those strategically planned and those triggered by MPF metrics, performance or compliance concerns.

JJ highlighted feedback indicated process needs to be flexible to cover different shades of failure to cooperate with an audit ranging from unexplainable lack of engagement and reducing to engage entirely.

TN suggested whether a further incentive of the tool is for a charge for the use of the market audit due to concerns around MPF market metrics or compliance errors thus the entire market does not pay for an underperforming trading party to be audited.

	<p>JJ noted TN's suggestion. MOSL to review and revert.</p> <p>CD noted T08, T01 and T02 to be brought back to next meeting.</p>
<p>4.</p>	<p>Metrics introduction</p>
	<p>JGi provided an overview of the process undertaken to create the metrics noting it is a similar process to that undertaken for Bilaterals processes.</p> <p>JGi highlighted overview of transfer read metrics noting it includes the behaviour seeking to influence.</p> <p>JGi noted similar process as used for tools and Part A governance had already been through the process as far as the CAG stage and Part B tools currently at PAG stage.</p> <p>JGi highlighted beginning with transfer read metrics asking what we are trying to influence and what are the benefits of influencing that.</p> <p>JGi noted for transfers as part of an open market the main thing a customer can do is choose who supplies their water or other services and thus transfers are an important part of that and ensuring accuracy between transfers is important and there is a need to drive good behaviour.</p> <p>JGi noted need to drive meter reads entering the market quickly, that they are actual reads over estimated reads and actual transfer data i.e. read is a close to transfer date as feasible to produce customer benefit of receiving a more accurate and timely bill from their outgoing provider.</p> <p>CD noted TN's query on whether there will be consultation prior to moving to the Code Change Committee. HC had confirmed there is engagement and consultation prior to the final proposal being submitted to CCC.</p> <p>JGi noted four metrics relating to transfer reads, read date, submission date, read method and overdue meter reads which collectively drive overall behaviour.</p> <p>JGi further noted currently two metrics which will be updated to four and these will be simpler metrics, MO four, five and nine relating to data submitted and MO six relating to how to encourage data to be submitted.</p> <p>JGi highlighted MO four relates to proximity within transfer dates, MO five time to submit data, MO nine to increase actual reads over estimated reads and MO six to encourage anything overdue to be submitted as quickly as possible.</p>

JGi noted charges and incentive payments related to the metrics will be included within the detailed design.

JD noted in regard to estimated versus actual reads need to consider if it should follow similar route to an outstanding bilateral against the meter and therefore cannot as a retailer take a read against that meter then that should be considered against the performance.

JGi noted the above and confirmed these discussions will be considered as part of the design process.

JGi provided an example noting current code obligations being reviewed in MOSL internal workshops alongside the SLAs.

JGi noted currently the responsibility of incoming retailer to submit a read and complete this within SLA and noted need to consider if this remains appropriate.

JGi highlighted the service levels and operational aspects will be brought to PAG for review including for example how would good performance versus poor performance be calculated.

JGi noted earlier feedback on tools such as trading parties wanting peer comparison and the ability to view high level information on other trading party's performance.

JGi confirmed MO, four, five, six and nine will be presented at PAG during April and encouraged attendees to advise SME colleagues to attend.

GL requested materials are circulated in advance of PAG meetings to enable attendees to review prior.

JGi noted will provide where feasible however can provide confusion without commentary.

TN noted two questions to be considered, who will the metric apply to and whether the expectations against the metric are higher where a smart meter is installed.

JGi noted how to tackle smart meters in a different way to dumb meters is within consideration.

TN noted smart meter rollout included within PR24 which will begin at same time as new MPF and thus need to consider in tandem.

EJo enquired if similar process flow diagrams as used for Bilaterals will be used for metric design.

	<p>JGi noted may not use same format as different process to build a metric than a hub process however will endeavour to present details in clear and concise manner.</p> <p>GL noted four measure for one issue and enquired if possible to amalgamate them.</p> <p>GL further noted the workshopping taking place within MOSL and enquired if trading parties will be included prior to PAG and CAG to provide industry expertise.</p> <p>JGi noted GL’s feedback and confirmed solutions will be brought to PAG in early stages to ensure SME input as soon as feasible.</p> <p>GL noted at the BR-MeX workshop with Ofwat disappointment raised the KPIs for BR-MeX may not be sufficient.</p>
<p>5.</p>	<p>Upcoming PAG workshop(s) & AOB</p>
	<p>CD noted governance code documents to be published this week.</p> <p>NS noted Strategic Panel met on 1 March to consider PAC composition etc and it was agreed an independent chair would be appointed in line with CCC and the Panel itself and agreed to increase trading party representation to six members, three of each type however to prevent block voting a restriction has been added to where trading parties carry sole majority the Chair will have the casting vote.</p> <p>NS confirmed as mitigation for the voting restriction reports will be present to the Strategic Panel on voting patterns to establish if block voting is occurring.</p> <p>NS further noted PAC will be formed earlier than April 2025 to ensure independents are trained/upskilled in advance.</p> <p>OR noted following CAG feedback a slight alteration to the backstop for the market performance review report from 10 years to five will be added to the code drafting.</p> <p>CD confirmed T01, T02, and T08 will be brought back to the next meeting which will be held on 3 April.</p>