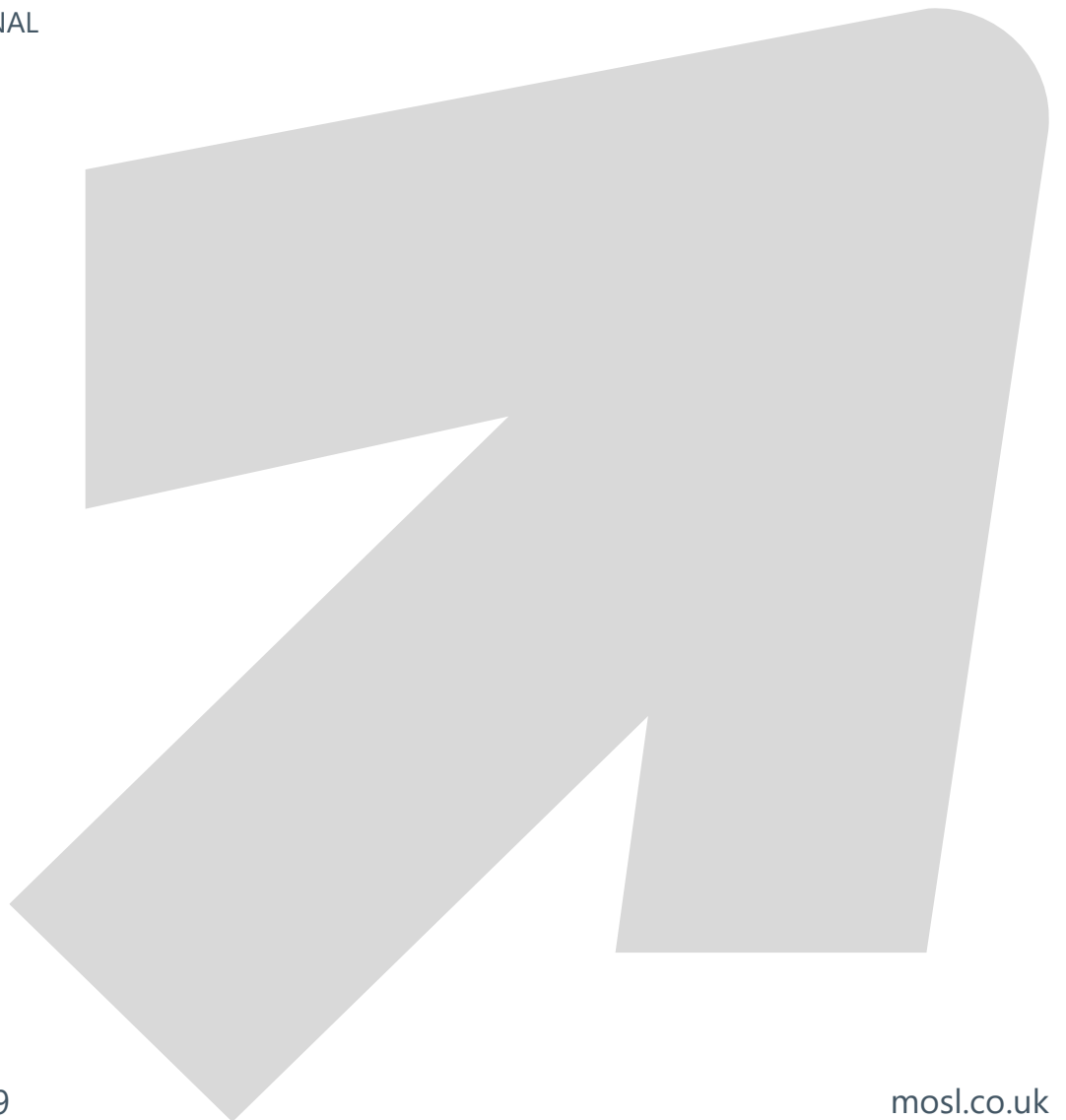


Performance Advisory Group (PAG) 34

Location: MS Teams

Date and time: 3 April 2024, 1000 - 1130

Status of minutes: FINAL



Meeting Minutes

Market attendees

Name	(Initial)	Role/Organisation	Name	(Initial)	Role/Organisation
Adam Boyns	AB	CCW (O)	Peter Strain	PS	Castle (R)
Clare Garland	CG	UU (W)	Paul Baker	PB	Business Stream (R)
David Morris	DM	Waterplus (R)	Paul Walmsley	PW	Yorkshire (W)
David Seymour	DS	Thames (W)	Rebecca Gale	RG	Waterscan (R)
Emily Jerrome	EJ	Water2Business (R)	Shaun Kent	SK	Ofwat (O)
Geoffrey Jones	GJ	Pennon (R)	Shakima Fagan	SF	Everflow (R)
Gillian Bladen	GB	South West (W)	Sian Forward	SFo	Northumbrian (W)
Jamie Davies	JD	Castle (R)	Syndiso Bango-Dube	SBD	Waterscan (R)
Mike Rathbone	MR	Severn Trent (W)	Tom Kwei	TK	CCW (O)
			Wendy Monk	WM	Wave (R)

MOSL Attendees

Name	(Initial)	Role	Name	(Initial)	Role
Chris Dawson	CD	Chair	Luke Coyle	LC	Observer
Abu Rashid	ARa	Presenter	Simon Bennett	SB	Observer
Evan Joanette	EJo	Programme Lead	Steve Formoy	StF	Observer
Lisa-Ann Lott	LAL	Notes	Candice Baker	CB	Observer
Sam Webb	SW	Observer	Oli Robins	OR	Presenter
Adam Richardson	AR	Observer	Flo Monea	FM	Observer

1.	<p>Welcome & update</p>
	<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 ran through the high-level programme plan.</p>
2.	<p>Final Review of Part B Tools (T08, T01, T02)</p>
	<p><i>T08 Rectification & Escalation</i></p> <p>ARa provided an overview of the tool noting it will follow the process recently revised by Market Performance Committee (MPC).</p> <p>ARa highlighted where the process indicates MPC these responsibilities will belong to the Performance Assurance Committee (PAC) under the new framework.</p> <p>ARa noted the initial step in the process will be for MOSL to issue a letter of concern and parties will be required by code to respond to those letters.</p> <p>ARa highlighted the provision for the Strategic Panel (Panel) to issue a public letter of concern in worst case scenarios and for any Wholesale Retail Code (WRC) breaches to be escalated to Ofwat detailing evidence of potential customer harm.</p> <p>ARa ran through the previous workshop questions and feedback where any received noting none received in regard to interactions between T08 and other tools.</p> <p>ARa noted principles outlined with examples as to triggers or criteria for interventions by MOSL or the PAC.</p> <p>ARa confirmed the code will require a substantive response from the recipient of any letter of concern.</p> <p>ARa highlighted where consistent poor performance exists this would be escalated as a potential WRC breach to Ofwat in alignment of their enforcement guidelines and this would be in circumstances where the standard tools and escalation process within the MPF are having no sustained effect.</p> <p>ARa noted PAG feedback indicated general agreement the process for defining criteria for intervention should have guiding principles and these should be kept flexible to prevent constraining the PAC.</p>

ARa highlighted the expectation from PAG members that intervention should focus on individual customer outcomes to ensure the performance of all trading parties i.e. all customers are important not simply customers at large trading parties or customers with large accounts.

ARa enquired if PAG thought the PAC principles should be codified or should they be laid out in the Terms of Reference (ToR) noting if included in ToR would not require code change should they need to be updated.

ARa further enquired if PAG had specific suggestions relating to any improvements to the T08 and what factors MOSL should consider before escalating an issue to the PAC and finally is there value in establishing a formal and bespoke challenge process for rectification and escalation.

CD noted the proposal for PAC principles to be set out in the ToR instead of being codified.

EJo enquired if despite not including in code would the principles be reviewed by MOSL legal team and checked with the Code Advisory group (CAG). ARa confirmed this would be the process.

AB noted supportive of principles being included in the ToR. **AB recommended within the items to be included in a response to a letter of concern that the party should be explicit on the customer impact and how the poor performance is being mitigated to prevent customer impact.**

DS enquired how consistency can be ensured if escalation is subjective.

ARa noted reasons and rationale for escalation will be clearly documents and should challenge occur on objectivity or consistency a clear audit trail will be available for PAC to review.

OR noted could be included as another example principle to not place undue weighting on particular factors and apply the principles equally across all trading parties in each performance scenario.

AR noted not possible to create mechanical calculation of 'if this is true and this is true then this automatically happens' due to wide range of indicators, performance and compliance factors, customer types and organisation types. However, need exists for robust principles and practices the committee of experts can utilise when making decisions and this produces consistency.

PW enquired what principles would be in place for a scenario where the offending party is represented on the PAC and/or a party that has suffered detriment is represented on the

PAC, would there be something covering a conflict of interest especially as the consequences of escalation of Ofwat could be serious.

CD noted party would be excluded from the discussions and this is included within the PAC ToR.

WM noted the need for a robust framework with a degree of discretion for consideration of particular circumstances as detailed by AR.

OR noted from PAG feedback in ensure flexibility and discretion the principles should be included in ToR and not in code.

WM noted supportive of the approach as PAC members will learn as they move forward and this provides a degree of flexibility.

There being no further feedback on T08 Chair moved to the next item.

T01 Market Entry Assurance (MEA)

OR provided an overview of T01 noting it represents the steps and checkpoints a company goes through to become a trading party in the market.

OR noted seeking PAG preference in how the process is branded within the new MPF as previous feedback indicated may not fit as a tool.

OR further noted previous feedback indicated appreciation for the value of MEA to the market however limited role and responsibility for the PAC and should be a process for MOSL to administer and operate as opposed to a tool for the PAC to apply and flex in the new framework.

OR highlighted in retaining MEA as it operates currently with MOSL and not defining it as a tool would require the code to be updated to show the current light touch role of MPC to transfer to PAC and for an additional responsibility on PAC to provide advice, recommendations and support to the market operator on request and perform any other functions delegated by the Panel from time to time.

CD noted PAG feedback received had been incorporated into the approach and actioned.

PS enquired where the current obligation in CSD 0002 for the MPC to ensure MOSL's operation of MEA will be held.

OR confirmed MEA will be reviewed by PAC in future and thus the obligation will remain and be the responsibility of the new committee.

There being no further feedback on T01 Chair moved to the next item.

T02 Assurance Statements

OR provided an overview of previous discussions at PAG confirming the link between assurance and the MPF.

OR highlighted the principle the MPF should be able to assure the market that changes in trading party systems and resources and associated risks are being managed with the key rationale being unchecked change may impact a party's performance which could impact other parties and ultimately impact customers.

OR noted current code obligation for parties to seek reassurance support from MOSL when they are aware of such changes to systems, processes and resources.

OR further noted feedback from PAG that such assurance considered to be beneficial however should remain simple, light touch and cost-effective.

OR highlighted feedback from PAG that it could be disproportionate to define and require assurance statements as a standard tool for the MPF however a benefit to defining it would be to prescribe the next steps where a party does not return a statement.

OR noted therefore recommendation of T07 Trading Party Audit tool be utilised instead of formalising T02 Assurance statements as a tool.

OR provided an overview of an update to Assurance Statements to be carried out under T07 Trading Party Audit tool as opposed to being defined as its own tool.

OR highlighted the method by which this revision would work noting the content of assurance statements would form an audit and each year PAC would be requested to endorse that information on key areas of change MOSL determines should be requested as part of an audit with that decision confirmed in the Statement of Approach and schedule of audits.

OR ran through the impacts of the suggested solutions noting the market codes would not define assurance statements as a specific MPF tool but would set out the PAC may request information on changes including systems and resources.

OR highlighted obligations around reassurance would remain unchanged and the high-level approach for each year would be detailed in the Statement of Approach.

OR provided an overview of the benefits of the recommended solution noting MOSL could utilise the information it receives to better support and prepare parties for changes.

	<p>OR noted should the assurance statements be included within the Audit tool this would enable PAC to have better oversight of the full spectrum of MPF information to be requested of parties each year.</p> <p>OR provided a summary of the revised proposal and enquired of attendees if this is a preferred approach or should T02 remain as a separate tool.</p> <p>CD highlighted this is an example of why PAG is important as recommendations and suggestions being put forward have been incorporated into the new MPF.</p> <p>PB noted very supportive of revised approach noting feedback taken on board and provides a more streamlined approach.</p> <p>JD agreed approach and noted feedback taken onboard and appreciative of changes made.</p> <p>JD noted difficult to conceptualise how MOSL could use information it receives to better support and prepare parties for change e.g. if a third-party meter reader changes how could MOSL support with this.</p> <p>OR noted not describing the degree of assistance which could be provided in each case and is more likely to relate to being aware of changes which may affect other parties.</p> <p>AB echoed other members feedback and noted the incorporation of feedback provided into the revised solution. AB noted this enables the PAC to request different types of information based upon observation and can be used as a reactive tool.</p> <p>CD noted revised proposal provides PAC the ability to have oversight of the whole picture and not overwhelm trading parties with requests for information.</p> <p>WM enquired if it could be supplemented with an annual communication from MOSL to remind parties of the need to notify MOSL or look for material changes throughout the year.</p> <p>OR thanked PAG for their feedback and work on the tools.</p> <p>There being no further feedback on T02 Chair moved to the next item.</p>
<p>3.</p>	<p>Upcoming PAG workshop(s) & AOB</p>
	<p>CD confirmed next meeting on 17 April will contain MPF Metrics M01 (and M19) followed by 1 May meeting including M04 and M06.</p>

	<p>EJo enquired if separate Mailchimp comms should be issued in regard to upcoming PAG meetings. CD to review with Adrian Smith.</p>
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	<p>There being no further AOB Chair closed the meeting</p>
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