

market focus

Welcome to our November edition of *Market Focus*, providing a monthly update on MOSL activities and the water retail market.

CEO Forum

On 5 November, MOSL held its annual CEO Forum with invited member CEOs and key stakeholders. Due to the pandemic and national lockdown restrictions, this year's forum was held online with a shorter agenda.

The focus of this year's event, which fell on the first day of the new national lockdown, was to outline MOSL's priority improvement programmes – data cleanse, Strategic Metering Review and the Bilateral Transactions Programme – and provide an overview of our three-year business planning process.

Rachel Fletcher, CEO of Ofwat, also presented Ofwat's vision for a market which "provides better quality service, better value for money and new propositions that increasingly meet the changing and diverse needs of customers

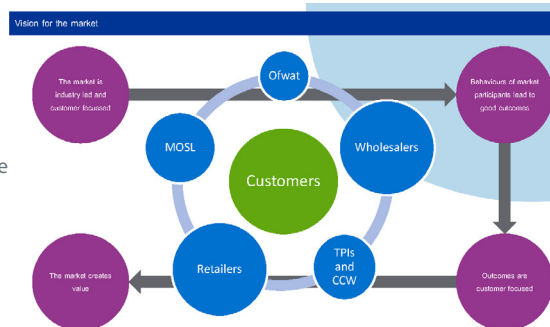
and wider society" which aligns to MOSL's purpose to "unlock value and choice for customers."

During the two hour session, introduced by our new Chair, Anne Heal, we introduced new Board members, including recently appointed Independent Non-Executive Director, Hunada Nouss and heard from the new Chair of the Panel, Trisha McAuley.

MOSL CIO, John Davies, and Finance Director, Steve Formoy, also led presentations before opening up the call to a Q&A with Sarah McMath and Rachel Fletcher.

The recording of the call, along with the speeches and [slide pack](#) can be found on the News & Views page of the [MOSL website](#). We will be publishing the written responses to questions raised during the Q&A session early next week.

We would like to thank all our members who joined the call and



took part in the Q&A. We look forward to engaging with you as we continue to develop our three-year business plan and seek trading party feedback through the consultation in January.

MOSL's remit within the Water Industry's Environmental Agenda

In recent months, we have been focusing on improving the quality of customer segmentation and consumption data in the non-household market. This was driven out of a call to action from Ofwat and the Environment Agency in the form of an [open letter to the market](#), requesting improvements in water efficiency uptake in the business retail market. It stated "overall offers and take up of water efficiency services have been small, which means the business sector is not currently playing its part in meeting national needs for delivering water on a long term, sustainable basis."

MOSL has been developing its data insight to identify where there is value in the market. This includes unlocking insight by allowing market data to be enhanced through connection to existing data, for example, Water Resource Management Plans and Per Capita Consumption targets, through use of the water body reference, open data from the Environment Agency or

enrichment via commercially available datasets.

Using geo-spatial analysis, we can also enable a greater understanding of what, why, when and where water is consumed, by whom, and provide the foundation for tailored customer engagement.

As market operator, we hold access to a range of central data which can support evidence-based decisions to be made for the realisation of benefits to

customers and the environment in which they live. We also recognise that the non-household market and its customers, have the potential to make a significant contribution to achieving the urgent and ambitious environmental goals around drought resilience, environmental stewardship and decarbonisation targets set out by the water industry.

At the beginning of October, we presented 'MOSL's remit with the Water Industry's Environmental Agenda' to Ofwat and Defra at the bi-annual Strategic Retail Management Group.

In sharing with trading parties, we

are seeking feedback on the scope of the remit and the benefits it can provide to market participants and their customers. Some of the [high-level findings and observations were presented to trading parties at last week's CEO Forum](#) (see recording, time stamp 26.26) and can be viewed in the association [slide pack](#).

We will continue to look at ways in which we can support water efficiency in the non-household market through data insight and welcome views from trading parties as we share our findings. If you would like to share your views on MOSL's remit within the water industry's environmental agenda, please email comms@mosl.co.uk.



Meet the new Independent Non-Executive Director of the MOSL Board

We are pleased to announce the appointment of Hunada Nouss as the new Independent Non-Executive Director of the MOSL Board, following Anne Heal's recent appointment to Chair. Hunada is an accomplished business leader, whose career spans private sector businesses, notably Diageo Plc. and Burger King Corporation, the public sector, including leading roles in Whitehall in the Department for Work and Pensions and the former Department for Communities and Local Government, as well as not-for-profit organisations. Having officially taken up her new role on 1 November 2020, we spoke with Hunada about what drew her to the position and her early views on the non-household market.

What drew you to apply for the independent non-executive director position?

MOSL and the NHH water market are at a pivotal moment in their development. No longer a start-up, MOSL has begun to establish its reputation as a credible partner with the vision and capability to help deliver the promise of the market. I am always excited by working with organisations ambitious for change and I am really looking forward to supporting MOSL in this critical phase of stepping-up.

industry – what do you think the public perceptions are of the industry currently? And what do you see as the main challenges of a regulated industry such as water?

The water industry is clearly somewhat behind other utilities in its drive for modernisation and efficiency.

But, with the task of modernisation somewhat overdue, the good news is that MOSL is well placed to chart a course through to stronger

efficiency and value to the customer. It can do this through better technology, streamlined processes, simplification of the codes and stronger relationships.

The more I learn about the water market, the more I recognise that this will not be easy. The pace of change is hampered by legacy assets and inefficiency in the operation of the market; and the experience of other

utilities in implementing smart meters, for example, tells us that achieving change can

be complex and costly. But I certainly feel that the market is on a mission to make the right things happen.

The industry also needs to acknowledge its responsibility to society and to the environment, and I am particularly interested in understanding how we can support the ambition and innovation required to further protect the scarce resource we rely on, and support the industry's targets to reach net zero emissions.

You've joined the MOSL Board in the formative stages of developing our first three year business plan – what do you think are the key priorities in the market over the next year?

In itself, the commitment to a three-year business plan is indicative of the increasing maturity of the market. With operational complexity, legacy issues, and an ambition for significant improvement in market efficiency and effectiveness, MOSL and the market need to plan beyond the confines of annual timelines, to prioritise investment and activity that will optimise impact in the medium to long-term.

I like the way the plan sets out a series of possible tasks in terms of 'must do', 'should do' and 'could do'. I find this a helpful framing to differentiate and prioritise. We can't do everything all at once, but we can plan ahead, and take steps in the right direction. And in that vein, the key priorities for the next year must be those that deliver the groundwork and

will enable future change. For example, re-hosting CMOS in the cloud is a first step that will bring flexibility and enable an agility to better respond to market needs.

Similarly, data analysis and insights are the essential starting points for understanding root causes and the profile of current issues from which to enable targeted solutions. And already in progress, delivering the Bilaterals Transaction Programme is also a priority for the next year so that it can begin to release the much anticipated benefits for MOSL, trading parties and customers in 2022/23.

What are you most looking forward to as you begin your tenure?

It is very early days for me in this role. I have attended the CEO Forum at the beginning of the month, and my first Board meeting on 11 November.

It is clear that I have a lot to learn, and I am looking forward to meeting more widely, though perhaps still virtually, with staff and trading parties to build understanding and insight into the challenges and opportunities of the market.

You can read the full [press release](#) on our News & Views page or to find out more about the MOSL Board, please visit the [Board page](#) within the Governance section of the MOSL website.



You've held a number of positions in both the private and public sector outside of the water

CMOS transactions (all interactions by trading parties e.g. switches, meter readings etc)

October total:
2,470,491

23% = trading parties
77% = MOSL

First look at the bilateral transactions portal

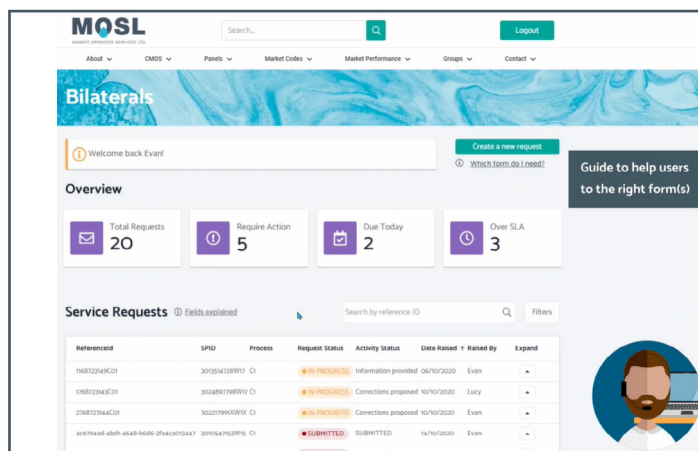
On 21 October MOSL provided a first look at the bilateral transactions portal, which trading parties will use to initiate requests and enter data into the hub.

Contract Managers were walked through two 'real world' scenarios, showing how a retailer would raise a request to verify a meter with a wholesaler (the pilot C1 process) and how companies will work together to resolve customer queries. The team highlighted areas where the current process is being improved to help the speed, reliability and quality of service provided to business customers, as well as improvements in interactions between wholesalers and retailers. The demonstration also showed how data entry errors will be reduced by completing data fields using central market (CMOS) data, rejecting incorrect data formats and using on-screen support prompts. [A recording of the meeting, including the demo.](#)

[and Q&A with trading parties](#), is available on the MOSL website.

For the Bilateral Transactions Programme to achieve its objective to streamline communication between retailers and wholesalers, it is essential all trading parties use the bilaterals hub and adopt processes in a coordinated way.

At the Panel meeting on 27 October, changes to Ofwat's authority timetable were approved, confirming processes will be mandated in phases, with the first process due to be adopted at the end of July 2021, and more processes being adopted as the months progress (please see [programme plan](#) for full details).



Ofwat's existing code change request [CPW070: 'Bilaterals interfaces solution'](#) remains in effect until the end of the Bilateral Transactions Programme. The mandating of trading parties' adoption of processes will be subject to

separate Panel approval(s) for each process.

For more information, please visit www.mosl.co.uk/bilaterals or email bilaterals@mosl.co.uk.

MOSL publishes second Quarterly Report and performance against KPIs

On 22 October, we published our [second Quarterly Report](#) as part of our commitment to greater transparency. In order to adopt a more holistic approach to our performance reporting, this quarter we published the Q2 report in parallel with performance against our newly defined Key Performance Indicators (KPIs). The KPIs were first introduced in July as part of our [Annual report and Financial Statements](#).

Quarterly Report

Having taken onboard feedback from stakeholders from the [Q1 report](#) in July, we have made some improvement to the layout and content of this quarter's report.

The document now includes a completion status against each of the key themes and a dedicated risk and issues section for each of the commitments. We have also included a clear articulation of deliverables for this quarter, as well as the upcoming quarter. If you would like to provide feedback on the Q2 report, please contact comms@mosl.co.uk.

Key Services and KPIs

This year we introduced MOSL's [Market Services Framework](#) as part of our 2020/21 Business Plan commitment to "review and update MOSL's services and how performance against these will be measured and reported during 2020/21".

In updating the new suite of services, we have defined a number of metrics, which shows the size and complexity of each service, and a number of Key Performance Indicators (KPIs) to help track our performance over time.

In July we reported against 21

KPIs and 60 metrics across the four main service categories. In order to achieve a clear balance of transparency and clarity, we have simplified the number of metrics and KPIs we reported on this quarter to 21 KPIs and 30 metrics. The full set of metrics and KPIs will be reported on annually as part of our Annual Report.

Improved transparency

To ensure the information we provide is clear and accessible, this quarter we have moved to a new digital format for our performance reporting.

We are always looking for ways to improve the way in which we make information available and value your feedback. If you have any comments or feedback, please contact comms@mosl.co.uk.

A dedicated Key Services webpage is being developed this quarter for greater transparency. We will report on Q3 performance in January 2021.



Market Operator Services Limited (MOSL)

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Requests for Information update

October and November have been busy months for trading party input, with several Requests for Information (RFI's) being published on various market improvement workstreams. Find out more on the status of each RFI below.

Strategic Metering Review

This RFI closed on Friday 6 November. In total we received 29 responses. MOSL is currently in the process of collating and analysing responses, which will help inform our understanding of the current remit of metering data. Following his presentation at this month's CEO Forum, John Davies, will also be presenting on the Strategic Metering Review at the upcoming Major Energy Users Council (MEUC) water session on 9 December, to gain direct feedback on the scope of the review from business customers.

Data Cleanse Activity

This RFI closed on Friday 6 November. In total we received 24 responses. MOSL is currently in the

process of collating and analysing responses and will seek to publish the responses, alongside the data cleanse plan on Monday 30 November.

R-MeX survey

Following feedback from trading parties, the deadline for this survey has been extended to today, Friday 13 November. MOSL will be sharing the responses with the respective wholesaler(s) in coming weeks.

Enhanced Change Service

This RFI closes today, Friday 13 November. The responses received will be collated and analysed and will be used to inform improvements to the current

change process as part of the wider market governance work.

Market Governance Review

This RFI opened this week, on Monday 9 November and closes on Friday 20 November. In parallel to the RFI to trading parties, the Satori Board Review has issued a separate survey directly to Panel members as part of the Panel Effectiveness Review.

New Connections

Due to the increased demand on trading parties throughout the second national lockdown period, this RFI has now been moved to Monday 7 December, and will close on Friday 18 December.



We would like to thank trading parties who took the time to share their views on these areas, at a particularly busy time for the market. We look forward to sharing more information and moving forward with our market improvement work which has been greatly informed by your responses.

MOSL publishes its mid-year peer comparison league tables

On Monday 16 November, MOSL will be publishing its mid-year peer comparison league tables.

This showcases the performance of trading parties from April-September 2020, in relation to their performance against Market Performance Standards (MPS).

However, we recognise that the national lockdown in March 2020 and subsequent business closures led to a major reduction in meter read submissions during this period as trading parties were unable to access or read meters, which has had a material impact on the league tables.

Whilst performance charges were suspended during this period, MOSL continued to monitor the performance of trading parties.

The number of tasks completed by trading parties has halved in comparison with last year, unsurprisingly as meter readings and their associated tasks constitute the majority of tasks

submitted into the Central Market Operating System (CMOS).

While we are upholding our commitment to publish these tables, we are aware that, although the data is accurate, it is not reflective of the market's business as usual activities.

In publishing these tables, however, we are encouraged by the data which shows strong communication and collaboration between trading parties has continued and enabled the market to continue to operate effectively during this unprecedented period.

The league tables will be published on our website on Monday. They have been updated to show retailer's performance by wholesaler area. If you have any questions, please email the

[Market Performance mailbox.](#)

Please note, last week, MOSL and Ofwat published a [joint letter confirming that the suspension of performance charges would be extended.](#)

Further details on the suspension

of Market Performance Framework (MPF) charges will be published later this month. Trading parties are still subject to the MPF standards and MOSL will continue to monitor, challenge and publish trading party performance against these standards.



Market Performance Operating Plan (MPOP) update

As we approach the six-month milestone since the publication of the [MPOP 2020/21](#) and the beginning of dedicated workstream activities, MOSL has undertaken work to review whether any COVID-19 risks have emerged which would require adjustments to MPOP activity.

Following discussion with the Market Performance Committee (MPC), we have recommended that no adjustments are required at this stage and current activities are appropriate to mitigate known COVID-19 risks. We will continue to monitor the emergence of new risks and communicate these to the MPC and the market as appropriate. Below is an update on the MPOP workstream activities:

A. High quality customer, premises and asset data

The Request for Information (RFI) for our data cleanse plan closed on Friday 6 November and we are currently analysing the results from the responses received. We are continuing to develop a separate RFI covering new connections, which is due

to be published on Monday 7 December. A change proposal for assuring the eligibility of long-term vacant premises, and their possible deregistration, was submitted to the Panel on Tuesday 27 October. We will be consulting on this change proposal in November.

In addition, we are working with a group of subject matter experts from several trading parties to develop a process for resolving disagreements about the occupancy status of premises.

B. Timely and robust consumption data

The latest thinking on the Strategic Metering Review was presented at the CEO Forum on Thursday 5 November and was well received by attendees. An

RFI was issued to trading parties in October to gain further insight on the current metering remit. The RFI close on Friday 6 November and we are currently analysing the data.

C. COVID-19 re-mediation activity

We are reviewing the impact of estimation and Yearly Volume Estimates (YVE) on settlement to understand the impact of COVID-19 on trading party behaviour.



This is expected to be completed by the end of November. We will also be publishing a document outlining our strategy for reducing the vacancy to its 'true' level.

Mentoring Programme

As part of our [2020/21 Business Plan](#), we made the commitment to building capability within MOSL – investing in our people and becoming a 'learning organisation'.

We believe that mentoring and sharing knowledge across the market and wider sector is key to a being successful learning organisation.

Learning organisations are developed to support an organisation, as well as its members, continually learning from their experiences, from one another, as well as from the environment. In this increasingly unpredictable climate, and as the non-household market continues to adapt to new ways of working imposed by COVID-19, now more than ever, we believe it is essential to support the learning of our colleagues and take insight from the market.

One of the ways we are seeking to do this is through our involvement with mentoring programmes.

We are delighted to announce that last month, MOSL's CEO, Sarah McMath, and Portfolio Manager (and Retailer Wholesaler Group water efficiency sub-group member), Liz D'Arcy, were both accepted as mentors in the prestigious [30% Club cross-company mentoring programme](#) facilitated by British Water.

The mentoring programme, which seeks to "increase gender diversity at board and senior management levels" matches female mentees, at all levels of the career pyramid, to a more senior male or female mentor from another organisation.

The pairs are supported in a nine-month development programme which includes digital learning and events. The programme, now in its eighth year, officially launched on 5 November.

In parallel, MOSL's Head of People, Angela Day, has also been accepted as a mentor as part of the Institute of Water Mentoring Programme which has 154 registered mentees and almost a hundred mentors in a variety of roles from across the water sector.

The aim of the programme is to "unlock potential, support career goals and develop talent in the water industry".

In becoming a mentor, Angela said "As the market operator for the non-household water market we have a commitment to provide insight and challenge to advance the market for the benefit of customers. MOSL is all



Angela Day, Head of People

about its people, and how we can best deliver our role through the diverse thoughts, backgrounds, experiences of our colleagues.

We look forward to connecting to the wider sector, learning from others and sharing our practices through these excellent mentoring programmes."

Making changes: your change proposal update

Implemented Changes

[CPW087: 'Ability for Wholesalers to add meter reads'](#)

This change proposal allows wholesalers to submit (non-settlement affecting) meter reads into CMOS to facilitate retailers in gathering readings, improving the market dataset, and reducing long unread meters. CPW087 was approved by Ofwat on 7 July 2020.

Implemented: 6 November 2020

[CPW077: 'Establishing Trade Effluent Charging Strength Methodology'](#)

This change proposal introduces a new data item in CMOS. Sewerage wholesalers would complete this data item (D6036) with the charging strength methodology for a Discharge Point. This will help retailers provide timely responses to customer queries regarding billing strength, without having to raise a bilateral form. CPW077 was approved by Ofwat on 30 April 2020.

Implemented: 6 November 2020

[CPM019: 'GDPR Data Security Standards'](#)

This change proposal amends the GDPR suggested data security standards/schemes in the Market Arrangements Code, Schedule 13. CPM019 was approved by Ofwat on 1 October 2020.

Implemented: 6 November 2020

[CPW102/CPM030: 'Gender Neutrality in the Market Codes'](#)

This change removes references to gender in the market codes to be replaced with gender neutral equivalents. CPW102/CPM030 was approved by Ofwat on 8 October 2020.

Implemented: 6 November 2020

[CPW092/CPM029: 'Unified Disputes Process and Committee'](#)

This change seeks to consolidate the processes for Trading, Non-Trading, Market Arrangements Code (MAC) and Market Operator (MO) Disputes into one dispute resolution process. It also seeks to expand the remit of the Trading Disputes Committee (TDC) to encompass this consolidated dispute resolution process. CPW092/CPM029 was approved by Ofwat on 26 October 2020.

Implemented: 13 November 2020

Panel Recommendations

[CPW104: 'Housekeeping changes to facilitate April 20 Performance Regime'](#)

The Panel recommended this change to Ofwat, which seeks to enable housekeeping changes to four Code Subsidiary Documents (namely, CSD 0302, CSD 0202, CSD 0102 and CSD 0002) to deliver the intent of [CPW078/CPM020: 'Priority Performance Regime Changes for April 2020'](#) and to address consequential effects on invoicing timeframes, time parameters and the window for the Meter Read Submission process.

[CPM034: 'Retailer Panel Member Changes'](#)

The Panel recommended this change to Ofwat, which sought to allow any retailer to occupy an unfilled Associated or Unassociated Retailer Panel Member seat and adjust the Panel quorum accordingly. This will ensure full retailer engagement with the Panel and reduce the risk of inquorate Panel meetings.

[CPM035: 'Panel Election Streamlining'](#)

The Panel recommended this change to Ofwat, which sought to make improvements to the nomination and election of Panel Members. It seeks to

remove unnecessary Panel Nomination meetings, facilitate the use of technology to reduce time and cost of these meetings, and remove the potential for a minority to overrule the wish of the majority.

Upcoming Consultations

[CPW106: 'Deregistration of long-term vacant SPIDs'](#)

This change proposal seeks to reduce the number of long-term vacant premises in the market by defining the criteria under which Supply Points for long term vacant premises should be deregistered, and implementing a process for their deregistration and potential temporary or permanent disconnection.

[CPW108: 'Agreement to Unplanned Settlement Runs'](#)

This change proposal seeks to clarify that the agreement of wholesalers and retailers before an Unplanned Settlement Run (USR) should not be unreasonably delayed or withheld.

If approved, this change would clarify that withholding such agreement could constitute grounds for a dispute. Following the Panel's consideration of this change on 27 October 2020, it will be put out for industry consultation.

News in brief

November User Forum

This month's User Forum, due to take place on Thursday 19 November has now been moved to January 2021. Invitations will be sent out in due course.

If you would like to receive an invitation, please ensure you are signed up to receive information on the User Forum through our [mailing list](#).



November Strategic User Forum

This month's Strategic User Forum takes place on Friday 20 November with nominated trading party representatives. This session includes developing a future vision for the market and identifying priority areas to focus on. Whilst the full outputs from this session will not be published publicly, high level outputs will be discussed in the January User Forum.

Diary dates

Here are some key events coming up over the next month.



18 Nov	Trading Disputes Meeting	25 Nov	MPC Meeting 44
23 Nov	Panel Meeting 48a	25 Nov	Self Supply Users Forum
24 Nov	Panel Meeting 49	03 Dec	OAG Meeting

MOSL on the 'move'



Self Supply Users Forum

On 25 November, Sarah McMath and John Davies, will be speaking at the [Waterscan Self Supply Users Forum](#).

They will be presenting an update on our three-year business plan and Strategic Metering Review to self-supply retailers. As part of the delegate pack we will also be providing an update on our channel management work and seeking input on our website redesign.

If you would like to volunteer to be part of our website design beta group, to provide input on user requirements and testing, please email comms@mosl.co.uk.



2020 Social Contract Summit

This month, MOSL will be attending the 2020 Social Contract Summit, hosted by Indepen and The Water Report.

This year's summit takes place online across three webinars - focusing on 'public purpose in a pandemic'.

The summit will see experts from across industry, including Rachel Fletcher, CEO of Ofwat, and Emma Clancy, CEO of CCW, discuss the next steps for the social contract, reflecting on the challenges emerging from COVID-19.

This year MOSL representatives, Katherine Moore, Chris Chiorean and Oliver Robins will be attending the webinar discussions to understand more about the role MOSL and the non-household market can play in wider water sector goals. [Download the full event preview here.](#)



Future of Utilities Summit

In early December, Steve Arthur, MOSL's Director of Market Performance, will be pre-recording a session as part of the [Future of Utilities Summit](#).

He will join speakers from Ofwat and Ofgem in the session 'Beyond 2025: envisioning a roadmap for industry frameworks'. Visit the [Future of Utilities website](#) to get a free ticket and submit a question for any of the event speakers listed.

Identifying value in the market

As we communicated in [July's edition of Market Focus](#), earlier this year, we commissioned Isle Utilities, a leading technology and innovation consultancy, to work with our team to identify value in the market.

The aim of this work is threefold:

- ◆ To explore the concept and feasibility of generating and redistributing extra value in the retail market and water sector in general, with a focus on water efficiency.
- ◆ To examine how gaps in customer data can be filled and the impact that better data could bring to strengthening the market.
- ◆ To align with MOSL's business planning process and to provide focus for the ongoing data quality improvement activities.

The non-household (NHH) market represents approximately a third of total water consumption in England. And that consumption

is incredibly skewed towards the largest customers, with 20 per cent of customers using over 90 per cent of this third and 1 per cent of customers using 43 per cent of the third.

The hypothesis, therefore, is if you can influence the water usage patterns of the top consuming customers, and potentially all customers in water scarce areas, you can affect a material change in demand that both contributes to the water efficiency challenges and potentially unlocks real value that could be redistributed across the market.

The first phase of this work has sought to better understand the market's customer base and its consumption and to begin

to overlay this onto a range of geographically tagged datasets to understand specific supply demand challenges and to identify a suitable region to test/validate the hypothesis above.

In parallel, Isle has engaged with multiple wholesalers and retailers to explore the current initiatives supporting water efficiency, the challenges to implementing water efficiency with high consuming customers and the future opportunities to improve water efficiency within this customer group. A range of factors were considered in selecting a pilot region, including:

- ◆ Water resources
- ◆ Investment plans and cost

projections

- ◆ Customer make-up
- ◆ Anticipated impact of reducing NHH consumption in the region

Southern Water was identified as the most suitable pilot region and the team is now working with Southern Water to select a specific Water Resource Zone (WRZ) to test and validate the hypothesis. A workshop is scheduled later this month to explore specific interventions that could be leveraged in that WRZ and the associated value that could be unlocked by reducing demand.

We will provide a further update in next month's Market Focus.

We welcome your comments and suggestions on the content of the monthly Market Focus update. Please email the [MOSL Communications Inbox](#) with any feedback.