

# market focus

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

## MOSL launches its strategy, vision and purpose 2021-24

Following the MOSL webinar on 22 July, '[Creating a path for progress](#)', MOSL launches its purpose, vision and strategy 2021-24, outlining its strategic priorities for the next three years.

During the webinar, MOSL provided an update on progress against its [2020/21 Business Plan](#) commitments with invited member Chief Executives and key stakeholders and introduced the process MOSL has undertaken to define its purpose and vision.

The strategy development, which ran through May and June, has been driven by a commitment made to trading party members at the end of 2019, to provide greater transparency over our future plans and cost trajectory and to move towards a three-year business plan. MOSL's new strategy is a build on the work already completed as part of our current plan and will inform our three-year business planning for 2021-24 and the strategic outcomes we aim to achieve.

Our new vision and purpose statements put customers at the heart of our decision-making to ensure that we are working to deliver in the best interests of the market as a whole and set up to deliver the 'best customer outcomes'. This recognises the promises made

at market opening to allow the 1.2 million eligible customers to benefit from greater choice, money savings and increased water efficiency. Three years after the market opened, we believe more needs to be done to ensure customers are able to benefit from greater value and choice.

Our vision also outlines the need for us to work with the market and its participants to use our 'collective expertise' to drive enduring improvements to service and performance over the next three years. As the market operator, we recognise that we have a key role to play at the heart of the market, but our strategy cannot be delivered in isolation.

MOSL's CEO, Sarah McMath, said of the strategy: "I am really proud of the work we have done to develop this strategy, but this is just the start. We now need



to really get behind it and work closely with our members and key stakeholders to start delivering against these priorities. Whilst this is MOSL's strategy, it must resonate with all those we work with – both internally and externally."

MOSL's strategic priorities for 2021-24 are:

**Service Excellence** – Simple and effective services that are easy to access

**Data Insight** – Evidence based decisions, driving value for customers

**Market Improvement** – A successful market that is continually improving

**Organisational Capability** – A high performing team set up to deliver change.

You can find out more about the strategic priorities and how the outcomes are mapped across the strategy's three-year lifespan, in our [Strategic Architecture document](#) 'Defining the direction of MOSL'.

As part of our commitment to greater openness and transparency, we will continue to provide regular updates on performance against our business plan commitments and Key Performance Indicators. Following the development of our business plan for 2021-24, which we will be issuing for consultation with members at the end of the year, we will incorporate updates against this plan and our future strategy.

If you have any questions on MOSL's strategy or the [quarterly report](#), please email the [Communications team](#).

**MOSL's purpose is:**  
"Advancing simple and effective water markets to unlock value and choice for customers"

**MOSL's vision:**  
"Using our collective expertise and independent insight to deliver the best customer outcomes."



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## MOSL appoints new Board Panel and Chair roles

As [Jim Keohane](#), current Chair of the MOSL Board and industry Panel, steps down from his position at the end of his three-year term in August, we are delighted to welcome Anne Heal and Trisha McAuley OBE, as the new Chairs of the MOSL Board and Panel.

Anne Heal, who joined the MOSL Board in [January 2020](#) as an Independent Non-Executive Director, will take over the role of MOSL Chair. Following the recommendation from the Panel Nominations Committee, led by independent Panel member, Elsa Wye, the Panel approved the appointment of Trisha McAuley OBE as its new Chair. Both will take up their positions formally on 1 September 2020.

The two appointments mark a new step in governance for the market following the approval of code change [CPM026: 'Panel Chair and alternate'](#) to allow for the Chair roles to be split.

In welcoming the new Chairs, Sarah McMath said: "I am

delighted to welcome both Anne and Trisha at this critical time in the market's evolution. We have learnt a lot from the last three years and it is vital that we use this learning to continue to evolve the market for the benefit of customers. Both Anne and Trisha have strong backgrounds in strategic change and consumer advocacy which will be an asset to both MOSL and the market as we put customer outcomes front and centre of our strategy.

I would also like to take the opportunity, on behalf of MOSL, to sincerely thank Jim for his hard work and contribution over the last three years. Jim has led MOSL through a number of changes in the

months following the opening of the market, as we moved out of London and established ourselves as a strong, new team in Southampton. Jim has served with great confidence, always driving for the market's success. I wish him all the best for the future."

You can find more information about the appointments in the press release available on our [News & Views page](#). We will also be speaking with Trisha as part of next month's Market Focus and Sarah will be Chairing a live session with both new Chairs to find out more about their respective roles and their thoughts on the future of the market. More information to come in next month's edition.

### Meet our new Chairs



Anne Heal  
Board Chair



Trisha McAuley  
OBE  
Panel Chair



### MOSL Board update

This month, Andy Hughes, elected Associated Retailer Director of the MOSL Board and CEO of Water Plus, will also be stepping down from the Board at the end of his two-year term.

of the six special resolutions in July, we have seen a number of significant changes implemented in recent weeks to improve the governance of the [MOSL Board](#).

In leaving MOSL, I feel privileged to have been a part of this work and am confident that our new Chairs will lead the market forward. I would like to thank Andy for his hard work and dedication over the past two years.

I know that Josh Gill and Don Maher (Wholesaler Director) will both continue to provide tremendous support and expertise to the Board as we welcome a new Associated Retailer member."



In the next few weeks, we will be issuing a notice to Associated Retailers asking for nominations, with the view to appoint someone at the nominations meeting on 17 September.

Pending Ofwat's approval of [CPM028: 'Aligning MOSL Board Governance and the Articles of Association'](#), Josh Gill, Unassociated Retailer Director of the Board and Managing Director of Everflow, whose term also ends in September, will continue in the role for a third year.

Jim Keohane, exiting Chair, said of the changes: "Following approval

### Trading parties approve special resolutions

At MOSL's Annual General Meeting on Thursday 16 July, members approved MOSL's Annual Report and Financial Statements for the year ending 31 March, as well as the appointment of our auditors and six special resolutions.

The six special resolutions sought to modernise and update our governance under our Articles of Association. The special resolutions include:

- ◆ The removal of the five-year industry restriction for the Board Chair
- ◆ Amending the term of the elected directors from two to three years (including to extend the term of those currently in office)
- ◆ Amending the Board quorum and removing the option for alternate directors
- ◆ Amending the Nomination Committee composition
- ◆ The discretion to appoint a Senior Independent Director (SID)
- ◆ Measures to introduce modernised voting.



Detailed information on each of these special resolutions can be found in the [AGM notice](#).

Four of the resolutions require changes to the Market Arrangements Code (MAC). [CPM028: 'Aligning MOSL Board Governance with the Articles of Association'](#) has been recommended by the Panel to Ofwat for consideration and is still awaiting approval.

## Unwinding of COVID-19 support in the water retail market

Following its consultation on COVID-19 and the business retail market in July, Ofwat has now published its next steps decision document outlining how the market will unwind arrangements put in place to support the market during COVID-19.

Supported by the evidence received in its consultation, on 30 July, Ofwat approved code change [CPW101/CPM031: 'Unwinding temporary COVID-19 arrangements in the business retail market'](#). This change defines the approach to unwinding the measures currently in place to mitigate the impact of COVID-19 on the non-household market as businesses begin to reopen. Ofwat approved four elements of the change at the end of July for implementation on 1 August. These elements:

- Extend the ability for retailers to defer primary charges until the end of October 2020 but cap the maximum deferred amount for each retailer equal to 40 per cent of primary charges due from March-July 2020

- Require that all deferred amounts be repaid by the end of March 2021 (parties can agree their own repayment profile, but a backstop re-payment profile will be provided where no agreement can be reached)
- Require retailers, by the end of September 2020, to remove all supply points (SPIDs) that were marked as temporarily vacant during the period of 16 March-31 July, either by resetting them to a vacant status under the standard vacancy provisions or setting them to an occupied status for the period of August 2020 onwards
- Extend the suspension of Operational Performance Standards (OPS) and Market

Performance Standards (MPS) charges to the end of September 2020 and October 2020 respectively.

The final element of the change was approved by Ofwat on 4 August for implementation on 5 August. This element:

- Enables retailers to return to the standard credit support requirements commencing from the October P1 Settlement Report, but only for retailers who have re-classified those supply points temporarily flagged as vacant in the COVID-19 period (16 March-31 July 2020) as occupied, or validated that they are vacant under the standard vacancy provisions.

Following the approval of

the code change, MOSL has continued to work closely with Ofwat to update the published vacancy guidance to make the evidential requirements of the change clear, as well as making revisions to the guidance on the deferral mechanism. MOSL hosted a webinar on [Thursday 13 August at 10am](#), with another scheduled for [Tuesday 18 August at 2pm](#) to review the [updated reporting templates](#) and [guidance](#) and to answer any trading party questions.

To ensure you receive information on code changes and Ofwat decisions, please sign up to our [mailing list](#).

Ofwat's decision document is available on the [publications page](#) of the Ofwat website.

## Market Improvement: Market Performance Operating Plan (MPOP) progress to date

Since the publication of the [Market Performance Operating Plan \(MPOP\) 2020/21](#) in June, MOSL has progressed on two of the three MPOP workstreams, including developing the plan for cleansing core data items and the ongoing development of COVID-19 reporting and guidance.

### MPOP Workstream A: High quality customer, premises and asset data

#### Data Cleansing

MOSL has been developing a plan for cleansing the core data items impacting operational performance, starting with a shortlist of prioritised data items to be included. This shortlist has been developed based on the findings from the PwC Market Audit 2018/19, analysis from the [MPOP 2019/20](#), and informal conversations with several trading party representatives. To date, 27 data items have been identified relating to meter and customer data. In coming months, we will seek to gain broader views from trading parties regarding the prioritisation and timing of these data cleanse items to prioritise work and include the case for change and proposed solutions.

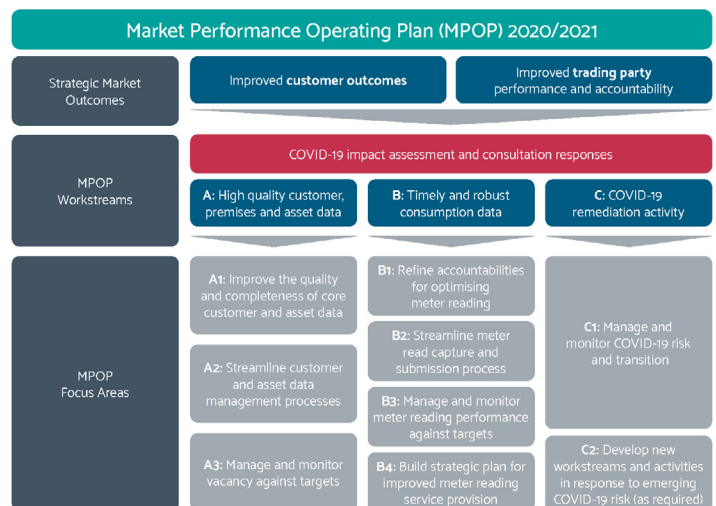
#### Eligibility

As part of MPOP Workstream A2.1: Streamline new connections, we have been reviewing whether Temporary Building Supply (TBS) and long-term vacant premises should be eligible for the market and have produced proposals which will be taken to the Retailer Wholesaler Group (RWG) next month, to determine timelines and next steps before being discussed with Ofwat.

### MPOP Workstream C: COVID-19 remediation activity

#### COVID-19 reporting and guidance

Over the past few weeks, MOSL has used detailed analysis of temporary vacancy and Yearly Volume Estimates (YVEs), alongside market audit information and wholesaler assurance, to develop reporting



tools for transitioning out of COVID-19. In parallel, we have been reviewing the guidance to cover principles for estimated reads, local lockdowns, and the approach to evidencing vacancy.

We published the first of a new suite of reports to trading parties on 7 August, in line with the P1 settlement report for September. This report shows the level of 'assured' vacant premises which had been turned vacant initially during COVID-19 arrangements.

This report will support the credit arrangements required for parties as per Ofwat's recent change proposal, in advance of the October P1 report which will be published in the first week of September.

MPOP Workstream B: Timely and robust consumption data, is currently in its early planning stages. More information will be provided as work progresses.

## New entrants: Sefton Council and J Sainsbury PLC

Following their application acceptance on Wednesday 22 July, we are pleased to welcome two new entrants to the market. J Sainsbury PLC and Sefton Council have both been granted self-supply Water Supply and Sewerage (WSSL) licences. This month we spoke to Jonathan Williams, Utilities Officer at Sefton Council to find out more about the entry process and their plans for the future.



### What encouraged you to go self-supply?

“As a public sector organisation we seek the best value for money. When the market opened in 2017, we conducted an options appraisal of what the marketplace offered and compared this against what we wanted. With our desire for a louder voice and influence in the water market, better value for money and options to further our Climate Emergency strategy, self-supply was explored as our favoured option. The less water we consume and less dependency on the drainage network, the more

drought and flood resilient we are. We are keen to play an active role and so all in all, self-supply is the right choice for us.”

### What are the biggest challenges you think you may face whilst operating in the market?

“Being so new to the market, that’s a tricky one to answer! Our initial experience from the self-supply community really demonstrated the benefits and opportunities for a local authority like Sefton. We’re a low-lying/coastal Borough that recognises the challenges climate change will bring and how urgent this has become. Simply having the time and resource to explore these options will be a challenge in itself! We’re confident with the initial engagement with the self-supply community that there will be lots of opportunities to learn from others.”

### You’re the third local authority

### to join the market through self-supply – what do you think makes the water retail market attractive to councils?

“Each local authority will have their own requirements. But in common we typically seek value for money as well as wanting to contribute to a more sustainable environment for our communities. As a non-household customer with a retailer it has been challenging to engage with the wholesaler. Water wholesalers share many of our own objectives and have an enormous part to play in tackling climate change such as drought and flood resilience, something which is important to the community we serve.”

Welcome to the market Sefton Council. Be sure to read next month’s edition, where we will be interviewing J Sainsbury PLC on their experience so far.

## Ofwat publish RISE report

This week Ofwat published its [Review of Incumbent Support for Effective Markets \(RISE\) report](#).

This follows a [letter to wholesalers](#) sent from CEO, Rachel Fletcher, last May to address the insufficient support shown by incumbent water companies with markets such as developer services and the business retail market. The letter asked companies to provide evidence to demonstrate where and how they are supporting these markets, at the same time challenging them to improve. The RISE report reviews the evidence provided and sets out Ofwat’s findings. Focused on the business retail market (pages 11-30), Ofwat calls on wholesalers to take a more active role in the market through Board level engagement and for a stronger focus on the interests of end customers.

Ofwat states that there are ‘marked differences’ between the levels of support being provided by incumbent companies (and within companies themselves) and more needed to be done to improve the interactions between wholesalers and retailers, ensure delivery of high quality wholesale services – and to understand how their services affect the end customer experience – as well as an industry-led approach to market governance. Ofwat also called out a number of actions being taken by MOSL to improve the market over the past year, for example, through the [Market Performance Operating Plan \(MPOP\)](#) focus areas and our commitment to improving data quality and the incentivisation of the Market Performance Framework.

MOSL will be publishing a response to the RISE report early next week, along with a response to the State of the Market Report due out today.

## Bilateral Transactions Programme update

The Bilateral Transactions Programme is continuing to make good progress on multiple fronts. Work has begun on the final stage of the business planning process – the Full Business Case (FBC) – which is due to be considered by the Board at the end of September.

The FBC will focus particularly on the funding and economic criteria, including consideration of trading parties’ integration costs.

With support from CGI, MOSL is currently undertaking the ‘foundation’ IT work to prepare for the first development ‘sprint’ of the pilot bilateral transactions process, which is due to begin shortly.

The first eight bilateral processes, which were prioritised with input from members of the Operational Advisory Group (OAG), will be delivered to an agreed minimum standard via a series of fifteen

intensive two-week sprints. Each sprint will include IT development and user testing and a review of the process(es) for future training purposes.

The Meter Verification process (C1) is being used as the pilot process and is scheduled to be developed over the first three sprints. At this point, MOSL will review the process and consider which bilateral processes will be developed in the forthcoming sprints, and to what level.

Following feedback from trading parties, we recently reviewed the priority order of the 70 bilateral

transactions. A [revised list](#) was published on the MOSL website on 24 July and remains open to further discussion and refinement as the programme progresses.

On 30 July, MOSL hosted a webinar in which the team gave an update on the programme plan, the pilot process, implementation and funding. A recording of the webinar and the slide deck are available on the [MOSL website](#).

For more information about the Bilateral Transactions Programme, please visit the [Bilaterals section](#) of the MOSL website.

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

July  
total:  
2,828,091

from the total, approx.

28% = trading parties

72% = system-automated transactions

## CCW publishes its Annual Complaints Report

On Thursday 23 July, CCW published its [annual Water Industry Complaints Report](#), which reported that complaints from business customers fell for the first time since market opening.

Whilst the report showed a positive fall in complaints across 2019-20, CCW is still handling four times as many complaints from business customers compared to before the market opened in 2017. CCW indicated that while many of the complaints can be attributed to a small number of the same poor performers, overall there are positive signs most water retailers are providing a good service, although further work is required.

On Monday 27 July, MOSL published its new purpose, vision and strategy for 2021-24, putting

customers at the heart of our strategy and decision-making. Our vision – “Using our collective expertise and independent insight to deliver the best customer outcomes”- is driven by the desire to work more collaboratively with our stakeholders to understand the issues in the market and how we can use this knowledge to drive better customer outcomes. With customer complaint data closely linked to trading parties’ performance and the standards we measure and report against, MOSL is keen to work closely with CCW to understand how we may share

our respective data to deliver better insight and get to the root cause of customer dissatisfaction in the non-household market.

Emma Clancy, the new CEO of CCW, said of the report: “We won’t stop our pursuit of poor performing water retailers until they’ve got to grips with issues like inaccurate billing which prevent customers from unlocking the benefits that choice promised to deliver. Closer collaboration between MOSL and CCW – particularly around data sharing – is going to be absolutely



key to us ensuring retailers deliver the consistently high standards of service customers have a right to expect.”

## Making changes: your change proposal update

### Implemented changes

[CPW101/CPM031: ‘Unwinding Temporary COVID19 Arrangements in the Business Retail Market’](#)

Details provided on [page 2](#).

### Rejected changes

[CPW100: ‘Revision to Credit Support Requirements under CPW095’](#)

Ofwat rejected CPW100 following the Panel’s recommendation on Tuesday 28 July. This change sought to remove the requirement for a retailer to maintain its credit support amount at March 2020 P1 Settlement levels if the retailer had chosen not to participate in [CPW096: ‘Payment Deferral \(Medium Term\)’](#).

In its decision document published on 4 August 2020, Ofwat explained that the market auditor highlighted a high likelihood of under and over-stated positions on temporary vacancy flags as we enter the ‘unwinding phase’. If credit support requirements were to be set based on current settlement reports, there is a risk that retailers might not be posting the appropriate amount of credit (for example, if there are delays in removing the temporary vacancy

flags from CMOS), regardless of whether or not they have opted in to defer wholesale charges.

Ofwat therefore approved [CPW101](#) as opposed to CPW100 because the reduction in credit support requirements was an unintended consequence associated with allowing retailers to use the temporary vacancy flag ([CPW091: ‘Temporary changes to vacancy’](#)).

### Panel recommendations

[CPW085: ‘Premises Vacant Transaction link to DPID’](#)

The Panel recommended this change to Ofwat, which seeks to introduce:

- ◆ The functionality to prohibit retailers from changing the occupancy status of a premises to ‘vacant’ where an active Discharge Point Identifier (DPID) exists
- ◆ A validation to prevent wholesalers from creating new discharge points where the occupancy status of a supply point is vacant
- ◆ A Service Level Agreement (SLA) on wholesalers for termination of a DPID within the G6 process (Termination of Trade Effluent Consent) of the [Operational Terms](#).

[CPW088: ‘Enabling Wholesalers and Retailers to Update Meter Location data and GIS X/Y’](#)

The Panel recommended that Ofwat reject the implementation of CPW088. The Panel recognised the intent was to improve data quality and facilitate accurate meter reads and that it would be a progressive move to share data ownership. However, there were concerns over data accountability and it was unclear if the anticipated benefits would justify the cost of the change.

[CPW089: ‘T101 Adding Billing Address Fields’](#)

The Panel recommended this change to Ofwat, which seeks to provide customer billing address information from wholesaler to retailer when creating new Supply Point IDs (SPIDs). This would help to improve the efficiency of customer onboarding and facilitate SPIDs in becoming tradable more quickly. This in turn would help to reduce the number of vacant SPIDs in the market.

### Ofwat decisions

[CPM026: ‘Panel Chair and Alternate’](#)

Ofwat approved this change on 29 July 2020. It expands the eligibility of the Panel Chair and their alternate and introduces the option to designate a Panel

Deputy Chair. This change removes the obligation for the Panel Chair to be the Chair of the Market Operator (MOSL). Responsibility for selecting the Panel Chair falls to the Panel. The appointment of the Chair of the Market Operator continues to be the responsibility of the MOSL Board.

Implementation date: Friday 28 August

[CPW074: ‘Introduction of a retailer SLA in relation to submission of trade effluent market forms to wholesalers’](#)

Ofwat approved CPW074 on 30 July 2020. This change adds a Service Level Agreement (SLA) for the processes that use market forms G/02 (Trade effluent discharge application) and G/03 (Temporary trade effluent discharge application). The addition of the SLA will improve overall customer experience by allowing wholesalers to carry out their market and regulatory obligations more effectively.

Implementation date: Friday 28 August

To view all changes currently in progress, please visit the [Changes](#) page of the MOSL website.

## Diary dates

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



13 Aug	<a href="#">Bilaterals OAG meeting</a>	18 Aug	<a href="#">Liquidity support webinar</a>
13 Aug	<a href="#">Liquidity support webinar</a>	25 Aug	<a href="#">Panel meeting 46</a>
17 Aug	<a href="#">Bilaterals TAG meeting</a>	26 Aug	<a href="#">MPC Meeting 41</a>
18 Aug	ORWG meeting	27 Aug	<a href="#">Bilaterals OAG meeting</a>

## Upcoming CMOS release

MOSL will be deploying the latest CMOS release into the production environment at the end of this month, with another in preparation for later this year.



(NCCs) that will improve the CMOS Portal.

[NCC013: 'SPID status to be displayed on the search market information screen'](#) will involve adding two additional fields to the search results screen which will clearly display each supply point identifier (SPID) status concatenated to the SPID field, making it easier for user navigation.

[NCC014: 'TE Tariff display'](#) will change the way the tariff code for a Trade Effluent is displayed to avoid user confusion. It will show the tariff code only if there is one discharge point ID (DPID) associated with the SPID otherwise it will display the message "Multiple DPIDs",

which will be intuitive for the user to move to the DPID screen to see the details of the tariffs for multiple DPIDs.

CMOS Release 9.0 will be deployed into the production environment on Friday 6 November, which will implement two code changes. [CPW087: 'Ability for Wholesalers to add meter reads'](#), which allows wholesalers to submit non settlement affecting meter readings under a new data item (referred to as a wholesaler "W" read) to facilitate retailers in gathering meter readings, improving the market dataset and reducing the amount of long unread meters in the market.

[CPW077: 'Establishing Trade Effluent charging strength methodology'](#) will add a new data item (D6036 – Charging Strength Methodology) where the wholesaler will use this field to inform the charging strength methodology for a discharge point. This will help retailers provide timely responses to customers' queries regarding the charging strength methodology used for billing purposes without having to raise a bilateral form.

If you would like to receive further information about CMOS releases, please sign up to the ['CMOS outages, updates and release notes' mailing list](#).

CMOS Release 8.5, which is currently in the User Acceptance Testing (UAT) stage, will be deployed into the production environment on Friday 28 August. Whilst there were no code changes planned for this release, it implements two non-code change requests

## News in brief

### MOSL Masterclasses

During COVID-19, MOSL has continued to invite trading parties and stakeholders to host masterclasses virtually. This month we were pleased to welcome Anglian Water, who hosted an informative session as part of the Bilateral Transactions Programme. Andrew Tucker from Thames Water also showcased the latest water efficiency findings from Thames' Smarter Home and Business visits. Thank you to both members for taking the time to host these sessions with the MOSL team. If you would like to host a masterclass at MOSL, please contact the [Communications team](#).

### User Forum

As per our regular User Forum scheduling, there will be no meeting in August. As discussed in the July User Forum, the format of the forum is currently under review. We will be communicating the outcomes of these discussions to recipients of 'MOSL News and updates' and 'User Forum' mailing list groups in September. If you would like to receive this information, please make sure to sign up to our [mailing list](#).

### National Drought Group sub-group

Following Sarah McMath's attendance at the July National Drought Group (NDG) meeting, MOSL is seeking to establish a new NDG sub-group to report on work being undertaken in the non-household market and facilitate a greater focus on water saving, demand management and resilience. We will be establishing this sub-group, led by Sarah McMath in the coming weeks, with the next NDG scheduled for late autumn.

### MOSL Senior Leadership blog

This month Adam Richardson, Market Design Director, has written an article as part of our Thought Leadership LinkedIn series. 'Empowering a Market - Effective and Efficient Self-Governance' outlines the governance changes MOSL has recently made, comparisons from the

energy sector and highlights the work by MOSL and the Panel to improve efficiency and the effectiveness of industry governance arrangements. The article will be shared on LinkedIn shortly.



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