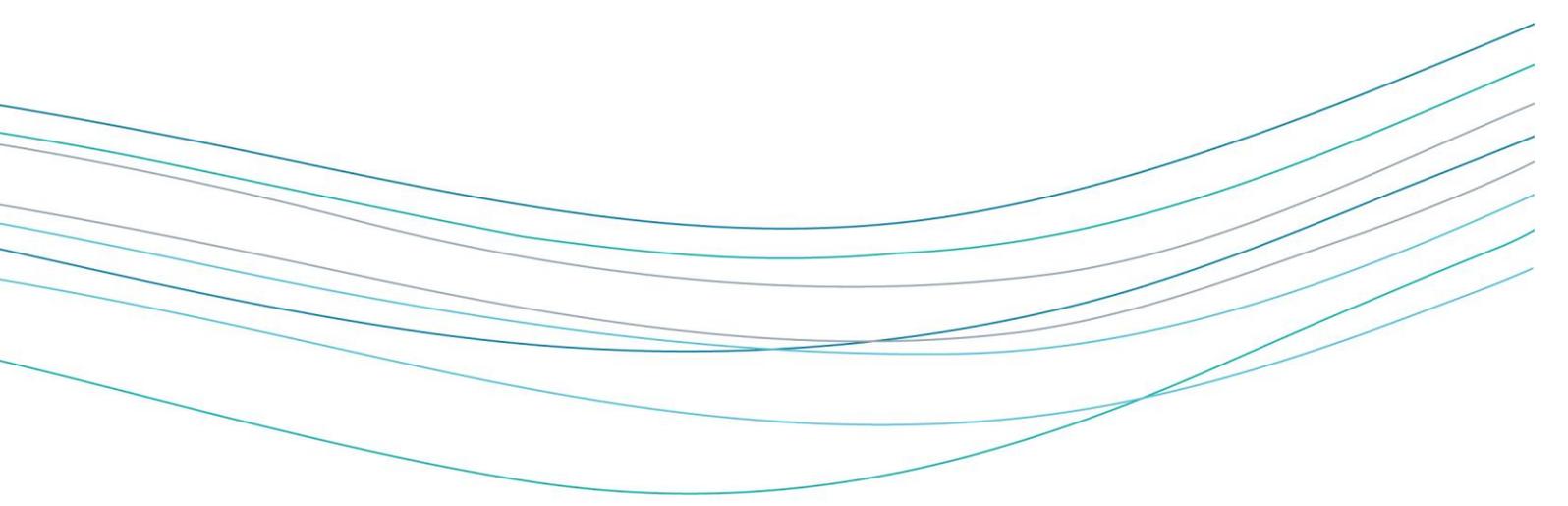


Bilateral Transactions Programme

February 2021 update to Ofwat

Copy issued to Trading Parties and Panel

8 February 2021



Bilateral Transactions Programme

Bi-monthly update to Friday 5 February 2021

◆ Programme continues to make strong progress

The bilateral transactions team continues to make strong progress. On 14 December the programme achieved a major milestone with the first successful test connection between a trading party's system and the bilateral hub's test environment. A number of other companies have since done the same.

Work continues to develop the pilot process (meter verification/C1) and the additional functionality that MOSL will deliver with the first process (e.g. deferrals and reporting), as well as on the bilateral hub itself.

In parallel, MOSL continues to update and issue the associated process documentation, working with members of the Code Advisory Group (CAG) to translate the process changes into draft code change documents for consideration and approval by the Panel and Ofwat. MOSL is in the process of recommending ways in which the process can be slimmed down to make it more efficient and effective within this agile programme.

The start of 2021 has brought delivery of Phase 2 of the process - including the first versions of the hub and pilot process - into focus and the actions that MOSL and Trading Parties need to take over the coming months to meet the revised Authority Timetable deadline, which requires the processing of C1s via the bilateral hub by the end of July 2021 (Phase 2). Ensuring all trading parties use the hub is essential, hence its use will be mandated in phases.

At its regular planning update to Contract Managers on 29 January, the MOSL team provided an updated **'roadmap' for Phase 2**, including implementation steps and how the switchover from existing processes to the bilateral hub will work, the training that will be provided and so on.

How Phase 3 will be delivered and the number of processes that it will include has not yet been confirmed and is due to be considered this month (February). MOSL is optimistic, however, that programme delivery remains 'front-end loaded' and that much of the work in phase 2 will be vital for, or benefit, subsequent phases.

◆ Delivery timeline is under pressure and 'at risk' – but MOSL is responding

The delivery schedule of the Bilateral Transactions Programme remains challenging, both in terms of MOSL's delivery and ensuring that all trading parties 'cross the line together' at the end of each phase.

The challenge in meeting the revised Authority Timetable for Phase 2 at the end of July 2021 has been increased further by MOSL's decision to agree to trading parties' requests to include key functionality earlier in the programme than originally planned.

MOSL is responding to the challenge in two principal ways: increasing resource in our technical delivery team and adopting a revised release strategy in which the C1 process will be delivered in phases between April and June.

The revised release strategy was explained to trading parties at a regular planning update meeting on 29 January, including details of when each deliverable will be made available within each system environment. The plans, and a recording of the meeting, have been issued to all trading parties.

Feedback from trading parties has been positive and the additional clarity was welcomed. A number of trading parties have expressed their concerns about being able to carry out system-to-system integration within the tight timescales in one-to-one meetings. Some companies are thought to be considering using the web-portal (low volume integration) solution, at least in the short-term (see below).

MOSL continues to recognise the importance of regular, effective communication and coordination. Extensive communication is continuing, both within the four working groups and to all trading parties. As we enter the final

months before the launch of Phase 2, we are also providing more detail about how our own development work is progressing in two-weekly development 'sprints'.

The challenging timescales have reinforced the importance of delivering the programme in an 'agile' way and focusing on rapid, iterative delivery and avoiding defaulting to a more traditional 'milestone-driven' mindset.

💡 **Mapping the pathway to delivery**

As we have stressed previously, the Bilateral Transactions Programme is not a MOSL project; it is an industry-wide endeavour that requires everyone to work together in a coordinated way in order to succeed.

MOSL recognises that preparing to connect to the bilateral hub is only part of the challenge for trading parties, who must also deal with associated systems and processes, e.g. workflow management, etc.

Once a process (e.g. C1) is available in the MOSL hub, it is imperative that all trading parties use the hub (either via the MOSL web portal or system integration) to initiate and manage any new C1/meter verification requests. (processes that are already underway can be completed via existing processes).

To make the journey as smooth as possible over the coming months, MOSL recently ran Contract Managers and members of the Pathfinder Group through the 'checkpoints' we propose to have that will help clarify what actions trading parties must have achieved by certain dates and some of the things they should also be considering. The process includes a degree of 'Market Assurance', i.e. trading parties confirming their readiness, albeit it will be significantly simpler than the assurance carried out prior to market entry.

In doing so, MOSL aims to manage expectations and provide a clear 'roadmap' while taking every opportunity to understand trading parties' preparedness and any concerns they may have about delivery, both at open meetings and in one-to-ones. In February we will be issuing a short questionnaire to Contract Managers to explore this more fully and identify any trading parties that require further support.

💡 **Training and the return of 'Mr Tedson'**

The MOSL team is planning continue to use personas to represent customers, retailers and wholesalers in training materials, following positive feedback on their use in the C1 demonstration in December.

Our approach has always been to make the online forms as intuitive as possible and offer on-screen help that is written in plain English. This will therefore minimise the need for onerous training while keeping training materials relevant and up to date.

Although some written documentation will be provided, MOSL aims to use video as much as possible to help provide a high-level guide to using the hub, as well as short, individual videos to explain each process. Once MOSL has feedback from trading parties the team may also provide further 'tips and tricks'-style videos based on users' experiences.

💡 **Funding gap confirmed closed; costs remain within budget**

In the previous update we confirmed that there was originally an in-year (FY2020/21) funding gap of c£420,000 due to our acceleration into the implementation phase moving ahead of budgeted funds. At the time we were optimistic that, through a combination of MOSL efficiencies, lower operational costs (e.g. due to homeworking during the Covid-19 pandemic) and other one-off savings, we would be able to close this gap.

We are pleased to confirm that we have closed the funding gap and that no additional funds will be required ahead of the 2021/22 planning and budgeting cycle.