

market focus

MOSL
MARKET OPERATOR SERVICES LTD

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

MOSL publishes Annual Market Performance Report

MOSL has published its [Annual Market Performance Report \(AMPR\)](#), outlining our market improvement activities throughout 2020/21, including the impact of COVID-19, and our work with the [Market Performance Committee \(MPC\)](#) and trading parties to identify and resolve the root causes of key market frictions.

The report also reflects on our delivery against the [Market Performance Framework \(MPF\) roadmap](#) and our wider improvement work, captured in last year's [Market Performance Operating Plan \(MPOP\)](#) and now integrated into our [three-year business plan](#).

It also includes, for the first time, MOSL's bi-annual trading party [peer comparison league tables](#), showing performance against the standards under the MPF. Some of the report's key themes are below, with more detail in the full online report.

1. COVID-19 response

The pandemic meant task volumes dropped in some areas, but performance was largely maintained. We need to remain vigilant to potential performance challenges as lockdown unwinds, task volumes increase and more meter readings are taken through 2021/22.

2. Cost savings

The cost of delivering the Market Performance Framework (MPF) was lower in 2020/21 compared to 2019/20 due, in part, to our move to online meetings and our

planned move away from using contractor interim resources.

3. Collaborative working

We worked with trading parties, Ofwat, CCW and the MPC to ensure we use the flexibility in the MPF and associated reporting activities to focus on market risks.

4. Importance of meter reading

Providing accurate meter readings remains key. National lockdowns made reading meters harder and we maintained focus on this key issue.

5. Data quality and insight

We developed additional monitoring to understand vacant sites, the quality of estimated readings and the overall variation in consumption and charging between settlement runs. This analysis demonstrated the value in examining market performance and behaviours in a wider context.

6. Additional Performance Indicators

We developed Additional Performance



Indicators (APIs) focused on data quality and other aspects of vacancy to complement the monitoring of defined Market and Operational Performance Standards and considered other candidate areas as APIs for the 2021/22 MPOP.

7. Customer focus

The last year reemphasised the importance of putting customers at the heart of our decision making – with our data insight work focusing on developing a deeper understanding of customers.

Please email all feedback or questions to comms@mosl.co.uk.

MOSL launches its new website

MOSL's [website redesign](#) is the first of three phases in our [Channel Management improvement programme](#).

In this first phase, we have included:

- ◆ A new site navigation, based upon our [Market Services Framework](#)
- ◆ A new search functionality
- ◆ An improved events calendar
- ◆ A new contact form for trading party queries
- ◆ An improved website design.

Work is underway on the requirements gathering for phase two, which will focus on

implementing a central query management system and the digitisation of forms. We will be sharing the project timeline for phase two once we have completed the scope and requirements gathering in Q1 of 2021/22.

We have sought feedback through a dedicated trading party beta group which supported MOSL with the testing of the website staging site and provided insight on issues and future requirements. We will continue developing the website and roll out

a series of improvements captured in phase one which required further development before launch.

In order for us to continue to improve the website and ensure it is a valuable tool and source of information, we welcome any feedback and suggestions you or your organisation have for potential improvements. Please email all feedback to comms@mosl.co.uk.

Defining the Panel's purpose

Industry expertise is a cornerstone of decision-making, and our [Market Governance programme](#) is focused on supporting the principle of market self-governance, ensuring good governance supports improvement and enables the market to develop for customers' benefit. It's a key component in delivering our market improvement strategic priority.

In 2020, the [Panel](#) established a Governance Steering Group to manage the delivery of the Market Governance Review. The Steering Group commissioned independent consultant Satori Board Review to review Panel effectiveness.

Satori's work covered Panel stakeholders, purpose, strategy, structure, operations, meetings, decision making and development. As part of the review, Satori surveyed wholesalers and retailers and conducted detailed interviews with Panel members and key stakeholders. Satori presented their [Final Report](#) to the Panel in January 2021.

Satori noted Panel members' commitment and aspiration for progress. However, they also observed differences of opinion, both within the Panel and across the industry, on the role and purpose of the Panel. These differences appear to drive different assessments of Panel performance.

Satori's independent report includes several recommendations which were accepted by the Panel at its February meeting. The recommendations have been split into two workstreams - a strategic roadmap and a service roadmap - to support the implementation of tactical 'quick wins' and longer-term strategic changes.

The first step of the Strategic Roadmap will be to confirm the purpose and role of the Panel. This will be achieved through further consultation with the Panel, trading parties and senior stakeholders such as Ofwat and Defra.

In March and April this year MOSL held discussions and facilitated workshops with the Panel and with Defra, Ofwat and CCW to set out a straw-model discussion document for consultation on the future of the Panel and its purpose.

A clear purpose will inform the objectives and the principles underlying the Panel's decision making. These will be used to develop strategies and specific action plans which will inform MOSL's business planning.

The straw-model is a starting point for discussion on the future direction of travel for market governance and considers feedback gathered from trading parties in autumn 2020.

The areas considered relate to fundamental questions, such as:

- ◆ Why have a Panel?
- ◆ What is the role of a Panel with respect to strategy?
- ◆ What responsibilities, tools or powers should a Panel have?
- ◆ What does this mean for a Panel's relationship with other stakeholders?

Answering these questions will drive decisions on future Panel and Panel Committee structure, composition and, in due course, its objectives and priority focus areas.

During the first quarter of 2021, we will undertake discussions with trading parties. This will include:

- ◆ A facilitated discussion at the [Strategic User Forum](#) on 10 May
- ◆ An update at the CEO Forum on 12 May
- ◆ A consultation based on the straw-model discussion document issued to the market
- ◆ Updates at upcoming [Market Performance Committee](#) (MPC) and [Disputes Committee](#) meetings
- ◆ A discussion at the [Retailer Wholesaler Group \(RWG\)](#)
- ◆ Consideration of any related change proposals by the [Panel's Governance Sub-Group](#).

We envisage the Panel will make recommendations to Ofwat on any associated code changes at the end of June, enabling Ofwat to make determinations on these code changes for implementation by the end of August 2021.

For further information on the Panel Effectiveness Review, visit the [dedicated page](#) on MOSL's new website.

Market audit

Since February, we have worked with PwC to assess whether trading parties are meeting their data compliance regulations, using responses to a recent Request for Information (RFI), and a number of deep dives held with a handful of respondents. This will inform future guidance to reduce overall risk and will be followed up with a more detailed

self-certification process and targeted trading party audits during 2021/22.

As market operator, we have also been working to mature our internal control framework over key risk areas. PwC is reviewing MOSL's compliance to ensure we are meeting our obligations and carrying out specific tests annually on the calculation of settlement within CMOS, to provide assurance over this critical market process.

We recognise that clear and timely communication on the market audit is essential, and that in previous years we have not delivered to members' expectations or provided enough clarity on the scope or deliverables of it.

To improve this, we have developed a market audit communications plan to improve how we share the outputs of the market audit and provide a 12-month lookahead. In May, we will publish a more detailed report on the market audit to improve understanding of its scope and objectives.

We have also been reviewing how the market audit is delivered, in line with a commitment we made in our [2020/21 Business Plan](#).

We are building our internal capability to deliver trading party audit work in-house, rather than through a third party, and are actively hiring for two new roles as part of a dedicated assurance team. This will secure longer-term cost savings, as outlined in our [2021-24 Business Plan](#), and ensures that expertise stays within MOSL.

We will be providing more information through the detailed market audit report at the end of May.



MOSL publishes responses to its Annual Trading Party Survey

On 8 April, MOSL published trading party responses to its Annual Trading Party Survey. This survey is part of our ongoing commitment to Service Excellence and allows members to give feedback on the delivery of MOSL's services.



As part of our [2020/21 Business Plan](#) we committed to review, update and publish MOSL's services definitions to provide greater clarity on what our services are and their associated Service Level Agreements (SLAs) and, where appropriate, Key Performance Indicators (KPIs).

These have been developed based on the existing set of services and revised to better reflect our role in the market and the services we provide to our members.

The response rate to the survey was 42 per cent response rate, an increase of five per cent from last year.

Overall, respondents rated

MOSL's performance an average score of 3.8 (on a 1-4 scale from 'very dissatisfied' to 'very satisfied') based on combined responses from wholesalers, associated and unassociated retailers and New Appointments and Variations (NAVs). A detailed summary, including the full anonymised responses, is available on MOSL's website [here](#).

We will use the responses to this survey to baseline our performance and look to include the high-level results in our Annual Report and Financial Statements, due to be published at the beginning of June.

We will also be issuing a mid-year 'light touch' survey in September to continue to assess, measure and improve the delivery of our services.

If you have any questions please contact comms@mosl.co.uk.

MOSL CEO Forum and delivery against our business plan commitments

At the beginning of May, MOSL will publish its Q4 quarterly report providing a completion status against our [2020/21 Business Plan commitments](#). MOSL introduced the new quarterly reporting in Q2 2020, which seeks to provide trading parties with regular updates on the progress we have made against a number of key business plan commitments.

Each of our previous quarterly reports can be found below:

- ◆ [Quarter one](#)
- ◆ [Quarter two](#)
- ◆ [Quarter three](#)

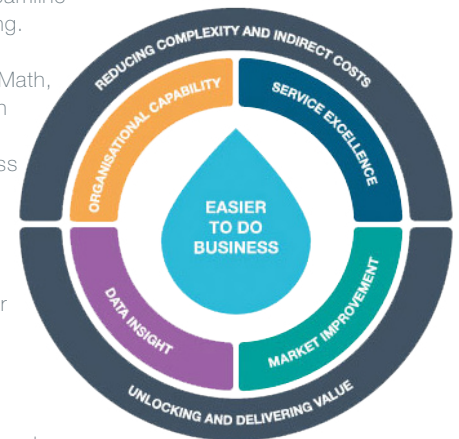
As we start the delivery of a new set of commitments, some building on longer-term improvement programmes made in 2020/21, we will look at ways we can improve and streamline our performance reporting.

MOSL's CEO, Sarah McMath, will provide an update on how we have performed this year and the progress we have made on our key improvement programmes, with support from trading parties, at an end of year CEO Forum on 12 May.

This will include the key highlights from our final quarterly report, responses to our Trading Party Survey and

the key milestones for the next six months as part of our [first three-year business plan](#).

Member CEOs are invited to RSVP to the CEO Forum invitation sent at the end of March 2021.



Has one-size-fits-all ever actually fit?

In her recent 'Thought Leadership' blog, MOSL CEO, Sarah McMath, asked if one-size-fits-all has ever actually fit?



Sarah argues in a market as diverse as ours, with more than 1.2 million eligible customers and participants of varying size and complexity, one-size-fits-all "is too simplistic and drives value out of the market".

There are three particular areas where we need to be more tailored, value-oriented and move away from the 'one-size-fits-all'; assumption: customers, trading parties and the market codes.

Following on from her [blog](#), Sarah McMath was interviewed by Karma Loveday of the The Water Report. In the interview Sarah continues to challenge the 'one-size-fits-all' model and asks 'what good looks like' for the maturing water retail market.

She also discusses:

- ◆ The independent report MOSL has commissioned to identify appropriate market health indicators

- ◆ The complexity of the non-household metering landscape
- ◆ MOSL's work to develop more granular understanding of customer consumption through our newly established Data Insight team
- ◆ Using COVID-19 as a catalyst for market and governance improvements.

The full interview, shared with The Water Report's permission, can be found [here](#).



Market Operator Services Limited (MOSL)

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Making changes: your change proposal update

Ofwat decisions

[CPM033 – ‘Improved process for managing Data Subject Rights Requests’](#)

This change proposal seeks to facilitate compliance with the obligations and timeframes set out in the GDPR and Data Protection Act 2018 in relation to Data Subject Rights Requests by improving the process for the handling and recording of such requests.

This change was approved by Ofwat on 9 March and will be implemented 14 May 2021.

[CPW113 - ‘Housekeeping Changes to Correct Typographical Errors and Enhance Standardisation’](#)

This change corrects of a small number of typographical errors in Part 2 (Business Terms) and Part 3 (Operational Terms) of the [Wholesale Retail Code \(WRC\) Schedule 1](#).

This change was approved by Ofwat on 22 March and will be implemented 14 May 2021.

[CPW114/CPM037 - ‘Housekeeping Changes to Correct Typographical Errors and Enhance Standardisation’](#)

This change corrects of a small number of typographical errors in code subsidiary documents; CSD 0002 and CSD 0501, alongside Part 4 of the WRC Schedule 1 and the [Market Arrangements Code \(MAC\)](#).

This change was approved by

Ofwat on 16 March and will be implemented 14 May 2021.

[CPW115 - ‘Amending and updating the definition of Insolvency Event to remove the ‘negative net assets’ criterion’](#)

This change sought to amend the definition of an “Insolvency Event” in the WRC in order to ensure consistency with developing trends in insolvency law and practice and to mitigate against a relevant trading party with negative net assets being automatically classed as a ‘Defaulting Party’.

This change was rejected by Ofwat on 30 March.

Panel Recommendations

The Panel voted on the following

change at their 30 March meeting:

[CPW116/CPM038 - ‘Clarification and removal of redundant clauses in the Unified Disputes Process’](#)

This change seeks to update Section 11.2.1 and Section 17 of WRC Schedule 1 Part 2 Business Terms, (Process B2) of WRC Schedule 1 Part 3 Operational Terms and Schedule 9, Section 17, 18 of the MAC in order to align with the changes made by change proposal CPW092 which was implemented on 13 November 2020.

The Panel voted to return this change to the Disputes Committee for further assessment.

There were no code implementations this month.

Data Protection update

At the end of January, MOSL issued a survey to all trading parties on compliance with data protection and privacy.

The [Market Arrangements Code \(MAC\)](#) requires all trading parties to adhere to data protection law (the UK-GDPR and Data Protection Act 2018) and specific obligations in Schedule 13 of the MAC.

The survey closed on 19 February and we received 49 responses, a response rate of 78 per cent, demonstrating a high level of engagement from trading parties.

Through the responses, we’ve identified a number of trends including gaps in documentation and processes (such as privacy notices and handling of subject rights requests), and a lack of understanding of the MAC obligations around breach reporting and coordination.

PwC, the market auditor, is conducting four deep dives with selected trading parties to gather

more detailed information about these gaps and to develop training materials to help trading parties address them. This will include online training sessions and webinars, aimed particularly at supporting smaller retailers while providing a clear, concise overview of the MAC obligations for all trading parties.

As part of MOSL’s role as market operator, we will also work with PwC to develop a mandatory self-certification audit, encompassing audit questions and the provision of relevant documents. This will ensure all trading parties are compliant with this important area of the market codes.

If you have any questions about this ongoing work, please email dataprotection@mosl.co.uk.

Adoption of first Bilateral process pushed to September to create ‘safety gap’

The first [bilateral process](#) will now be adopted by all trading parties in early September rather than the start of August, following a recommendation by the MOSL team.

The programme continues making excellent progress. While it is still feasible to hit the original target, MOSL has proposed pushing the start date back to reduce pressure on multiple workstreams.

Since January, the team has been responding to the programme’s ‘amber’ RAG status by tightening the programme and increasing resource. While this response has had an effect, it has not closed the gap sufficiently. The team also recognises the pressure the current timeline is putting on trading parties, the Panel and Ofwat, all of whom would have a matter of weeks to implement once the final ‘green light’ is given on the codes.

Commenting on the move, Programme Director John Gilbert, said: “Despite our best efforts, we are at least two sprints (four weeks) behind where we wanted to be and have compressed the timelines as much as possible. There is no longer any headroom to accommodate changes or delays

on any of the various workstreams. Recently, we recommended to Ofwat, the Programme Board, Steering Group and trading parties that we push back the adoption of the first process to early September. We believe this is the sensible, pragmatic thing to do. We are in very good shape progress-wise and will be delivering significantly more functionality than envisaged originally.”

The proposal reflects MOSL’s strong desire to not jeopardise the excellent progress made by sacrificing quality for expediency. The recommendation has been agreed by the Programme Board, Steering Group, Ofwat and Panel and was presented to all contract managers at the April Planning Update.

The programme is due to achieve a major milestone in the next week or so, with the first bilateral process (meter verification/C1) going into the final ‘live’ system environment for trading parties to begin testing.

April CMOS transaction total:
3,031,274

23% = trading parties
77% = MOSL

Diary dates

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



4 May

[Panel Governance Subgroup meeting](#)

12 May

End of Year CEO Forum

6 May

Quarterly report publication

17 May

Water's Worth Saving campaign week

10 May

[Strategic User Forum](#)

18-19 May

Utility Week Live

11 May

[Metering Committee meeting](#)

25 May

[Panel Meeting 55](#)

MOSL on the 'move'

Institute of Water event

MOSL CEO, Sarah McMath, spoke at the Institute of Water's session "[The Water Retail Market – four years on](#)" on 28 April.

Sarah spoke about the improvement programmes underway to unlock value and choice for customers across the market, as well as the importance of moving away from a one-size-fits-all approach.

She was joined on a Q&A panel by Georgina Mills, Ofwat's Director of the Business Retail Market, and Emma Clancy, CCW's CEO. Attendees asked questions on some of the challenges the market has – and still faces – and understanding why customers have – or haven't – switched suppliers.

More information about the event can be found [here](#).

Senior Water Demand Reduction Group

On 6 May, MOSL has been invited to join the Senior Water Demand Reduction Group, being led by Defra and chaired by Managing Director of [Waterwise](#), Nicci Russell.

Sarah McMath will be joining representatives from Ofwat, CCW, Water UK and the Environment Agency to discuss water efficiency in both

the domestic and non-household markets, the impact of COVID-19 and Environment Bill targets. The [Retailer Wholesaler Group \(RWG\)](#) will also present on its Headline Action Plan published in February 2020.

Sarah will join speakers to provide a brief update on water efficiency efforts and data quality improvement activities in the non-household market.

New Connections RFI response summary

In December, MOSL issued a Request for Information (RFI) to help inform improvements to known issues within the policies and with the processes of supply point registration contained in [code subsidiary document CSD 0101 – Registration: New Supply Points](#).

We have now published a summary of responses from 16 wholesalers, two New Appointments and Variations (NAVs), which provided 99 per cent coverage of the wholesaler market and five retailers providing 53 per cent of the market based on aggregate share of supply.

We will be using the information gathered to investigate potential solutions to the New Connections process. In parallel, we will work with Ofwat and the Retailer Wholesaler Group (RWG) to investigate the eligibility of Temporary Building Supplies. For more information, please read our [news article](#).

News in brief

Waterwise Water Saving Week

MOSL is delighted to be supporting Waterwise's [Water Saving Week](#), running from 17 to 21 May, focusing on water use outside the home.

Each day encourages conversations with different people including your water company or retailer, colleagues and customers. MOSL will be promoting Waterwise's #watersavingweek campaign and hosting an expert speaker to help colleagues understand the importance of saving water.

Strategic User Forum

The next [Strategic User Forum](#) will be held on 10 May. The session, which will be facilitated by Satori Board Review, will focus on the strawman document put together by the Panel through its work on defining its purpose and act as an opportunity for engagement with wider stakeholders.

The Headline report from the meeting will be published on the new MOSL website.

Data and Analytics Focus Group

On 29 April, representatives from MOSL attended the British Water Data and Analytics Focus Group meeting. Luke Austin, Data Strategy and Planning Lead and Liz D'Arcy, Head of Data Insight and Analytics at MOSL attended to understand how we can work more closely with British Water members as we deliver our Data Insight improvement programme.

Liz D'Arcy will also be presenting at the next focus group meeting on 29 July and sharing more insight into the work we have undertaken on customer and consumption data across non-household sectors.

Retailer Wholesaler Group Request for Information

Next week, the Retailer Wholesaler Group (RWG) Governance sub-group will be issuing a Request for Information (RFI) on its structure and governance to ensure that it continues to deliver benefits for the market and customers.



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