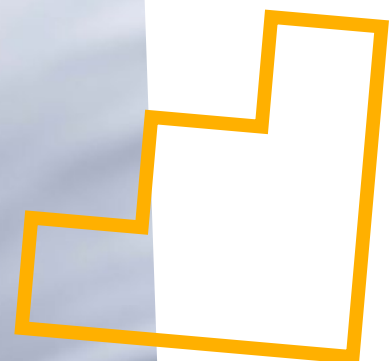


MOSL 2024-27 Business Plan



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Executive Summary

Our three-year rolling business plan sets out how we will deliver on our new strategic priorities. It includes enhancements to our core services and improvement programmes to bring value to the market. It also sets out our proposed budget and Market Operator (MO) charges for 2024/25 and how we ensure our plan is efficient and affordable. Our plan builds on the strong track record of delivery against our current strategy.



Core services – continue to enhance quality and reliability

Cyber enhancements – we will continue to develop enhancements in our capability to monitor and respond to cyber risks following the rehost of the Central Market Operating System (CMOS).

Market dashboards – we will continue to produce market data dashboards and maps, based on demand from trading parties and stakeholders, that make it easier to self-serve and access key data and customer and environmental insights.

Supporting Strategic Panel and committees – we will embed the new code change process and support the Strategic Panel to develop a roadmap to a flourishing market, ensuring our improvement programmes are complementary and closely aligned.

Supporting the Retailer Wholesaler Group (RWG) – we will provide support to the RWG on key workstreams including water efficiency, tariffs, and settlement. This will complement longer-term structural reforms which we will explore in years two and three of our plan.

Improvement programmes – year one priorities that drive value in line with new strategy



MPF Reform – we will design and implement work for the new model ahead of launching in spring 2025, which will include processes, systems and assurance.



Strategic Metering Review – we will publish the National Metering Strategy on behalf of the Strategic Panel and a standardised data sharing mechanism. This will help drive benefits to customers from granular consumption data.



Data assurance – we will complete the full market cleanse on eligible premises and design and implement an enduring data quality assurance mechanism. This will include minimum data standards and the Data Quality Scorecard for the MPF.

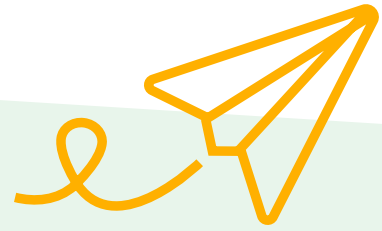


Modernisation of systems – we will further leverage cloud technologies, to reduce risk and save time and cost for future changes. We will undertake preparatory work to introduce Single Sign On (SSO) for CMOS and further cyber security enhancements.



Bilaterals hub – we will complete the transition of remaining processes into the Bilaterals hub six months ahead of the original timetable and enhance reporting in preparation for the reformed MPF.





A strong track record that gives confidence we will deliver

Reliable high quality core services – we will continue to enhance services such as My MOSL and the new code change process. Trading party satisfaction is at record high since the survey started – score of 4.1 (out of 5) in October 2023 survey.

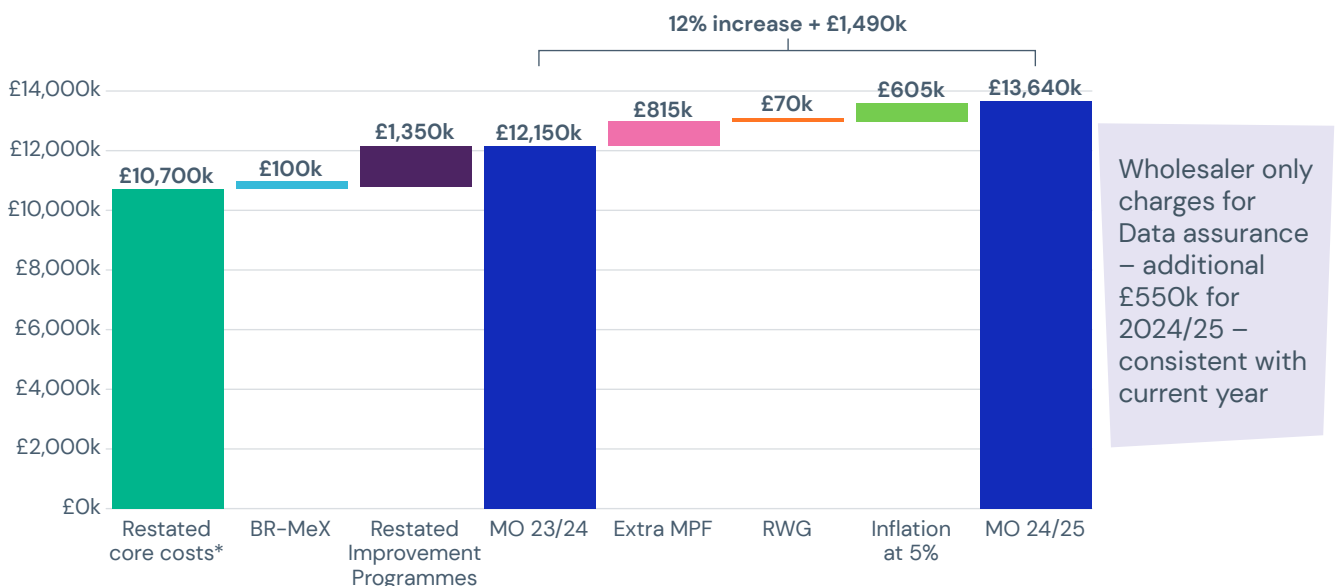
Bilaterals hub delivery success – our key programme in the current strategy is on track to complete six months early. Benefits expected are £3.8m per year (business case forecast £1.2m) with strong trading party feedback and demand for further improvement phases.

Meeting our promises – we report how we are performing transparently each quarter against the commitments in our plan. We are on track to deliver all commitments in 2023/24. This follows 95% and 100% delivery rate in the previous two years, which we have delivered within budget.

Influencing change – we used our insight and independence to influence the Retail Exit Code (REC) review and worked closely with the Panel to launch the Interim Metering Strategy which helped influence Water Resource Management plans (WRMP).

Our budget – efficient and affordable charges

Market Operator (MO) charges – all trading parties



- ◆ **Market Operator charges (for all trading parties) are 12% higher than 2023/24** – the key drivers are one-off additional costs on the Market Performance Framework Reform (7%) and inflationary pressures (5%).
- ◆ **Core services budget is flat in real terms year-on-year** – with the cost of service enhancements offset by efficiencies.

- ◆ **Improvement programme budget (excluding additional MPF costs) also flat in real terms** – as we have phased activities across the three years of our plan to limit the cost impact in any one year.
- ◆ **Wholesaler only funded data assurance costs remain flat at £550k** – this reflects the programme for 2024/25 which focuses on wholesaler-only data cleanse services.

* 'Restated' refers to reallocation of costs from improvement programmes to core services to better reflect their nature. See page 9 for details.

View from the Chair

I am pleased to present MOSL's 2024-27 Business Plan on behalf of the MOSL Board.

This year's plan is the first informed by our new [2024 -2027 strategy](#), which we published in October 2023. The strategy sets out our priorities for the next three years, including what we will seek to achieve and what we will seek to influence and inform from our central position as market operator. Our new strategic priorities are Market Confidence, Market Systems, Water Security and Market Evolution. On behalf of the MOSL Board, I would like to thank you for your engagement and feedback in the strategic process.

In 2027, at the end of our new strategy, the market will have been open for 10 years. This is a significant milestone. While a number of the challenges this market has faced since opening can be seen to be systemic – poor data quality, ineffective incentives, inefficient processes – we should be striving to resolve them before reaching that 10-year milestone. Each year, through our annual business plan, we look to ensure that we are tackling these challenges head on and making real progress.

The theme of this year's business plan is 'performing as market operator and transforming the market we operate'. This recognises the balance we must continue to hold between being an excellent service provider and delivering as a market operator, while looking more broadly at the fundamental changes that are needed in the market and how we ensure that these changes deliver in the interests of non-household customers.

The plan sets out how we will do this, working with our trading party members and key stakeholders. Some of these areas are directly within our control – the Market Performance Framework Reform being just one example. For others, we will need to work closely with industry to provide the data insight and information we hold to influence and inform in areas such as policy, processes, and potential legislation. We see this most obviously through our strategic priorities, Water Security and Market Evolution.

It is my hope that we have earned your trust in stepping into this role and the areas we have sought to engage and influence on, such as water efficiency, tariff complexity and smart metering.

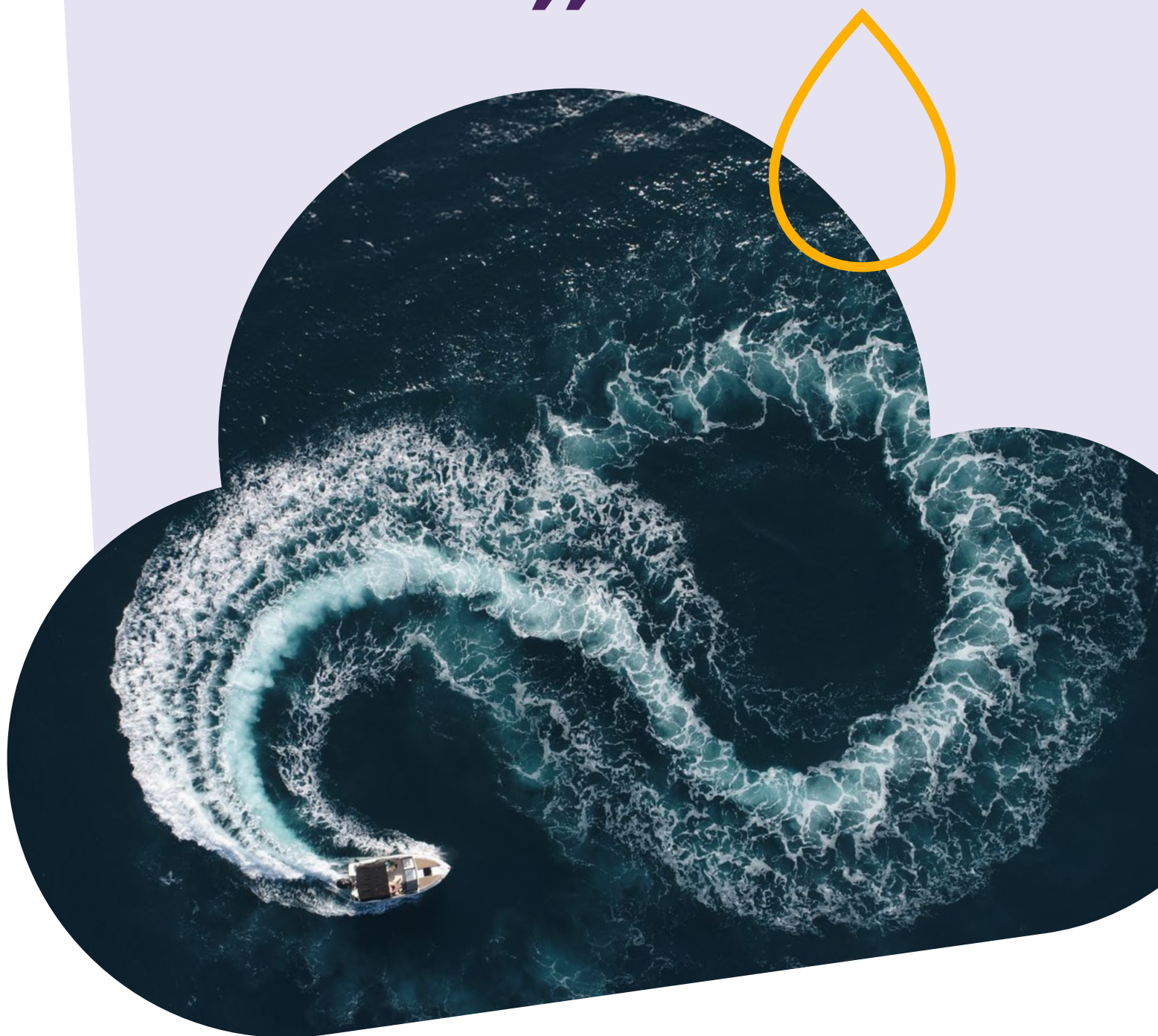
For example, in 2023, on behalf of the Strategic Panel, we published the [Interim Metering Strategy](#), urging water companies to accelerate the rollout of smart meters to non-household customers. We are pleased to see reference to the strategy in a number of water companies' updated Water Resource Management Plans (WRMPs), but it is clear there is more work to do. Specifically, we will work with the Strategic Panel as it develops its National Metering Strategy in the coming months.

I look forward to working with you as we continue to deliver our business plan commitments to members and the market and I hope that having seen a number of key programmes successfully executed in recent years, you will have the confidence to support this business plan.

Anne Heal



“The theme of this year’s business plan is ‘performing as market operator and transforming the market we operate’.”



Introduction from our CEO

In the last year it feels as though we have been successful in influencing thinking in a number of areas that are critical to not only the market's success and the customers it serves, but to the health of our planet, its natural resources and the growing number of people it provides for.

We have seen this shift in our approach to smart metering. If I reflect on discussions I had just this time last year, there was a nervousness about what metering could mean for business customers and their bills. I was told simply "customers do not want smart meters." But this approach lacked an understanding of business customers' priorities (security of supply), what they were willing to pay for and the criticalness of timely consumption data in being able to manage and reduce demand.

Rather than framing the benefits of de-risking businesses and securing supply, smart metering proposals focused on the cost. I am glad to see through the development of the [Interim Metering Strategy](#), water companies' water resource management planning and Defra's new 9% demand reduction target, that smart metering is now considered essential to reducing consumption, rather than a 'nice to have'.

Equally if I reflect on our approach to Water Security – one of our new strategic priorities for 2024–27 – discussions held with stakeholders and our Board just a year ago positioned this work in the 'not now' box.

Over the past 12 months, with extreme weather events becoming more common, we have also seen this dialogue change. There is a now a pressing need for us to understand how the market responds to drought and other unplanned events, what the likely impacts will be – economically and environmentally – and importantly how trading parties communicate with business customers and MOSL's role as market operator.

Reflecting on this evolution – of which these are just two examples – we should feel confident in where we are as a market. We still have lots of work to do, but we know more now than we did at market opening and for perhaps the first time it feels that we are pushing forward in the same direction.

I have been honest and open about the need to own the decisions we made at market opening, including those that may not have served us well. Our focus, however, should be on the decisions we make now that will ensure future and existing customers can benefit where they haven't already, and that we build resilience to future proof the market – including our systems, processes, policies, and people.

We have demonstrated how adopting an evidence-based approach to problem-solving can inform solutions and influence better decision-making. In last year's plan I highlighted the cost of poor data quality and that MOSL is fundamentally a 'data and people' organisation. This is true, now, more than ever.



Data Insight and Organisational Capability are two strategic priorities from our current strategy. Over the past three years we have undertaken a lot of work to strengthen the quality and capacity of the insight and analysis we provide to the market through our dashboards, maps, and self-serve tools. We have also strengthened the capabilities of our teams, including creating a new Data team and moving legal, governance and audit/assurance functions in-house. In our new strategy, data and people underpin how we operate as a responsible business. Without good data and good people, this market cannot function.

“ We have maintained a relentless focus on providing high quality services and market-wide programmes at an affordable cost, considering the economic climate we are operating in. ”

You will notice that we have continued to present our plan in two parts – core services and our improvement programmes. We believe this is the most transparent way of presenting our commitments and the standards we strive to maintain in our service delivery.

Our plan continues to be cost conscious. We have maintained a relentless focus on providing high quality services and market-wide programmes at an affordable cost, considering the economic climate we are operating in. Since market opening, market operator (MO) charges have reduced in real-terms year on year – equating to an 11% reduction in costs, excluding inflation. Whilst we will continue to strive for efficiencies, we must also be realistic about what the market needs and how much this costs.

Our proposed MO charges in 2024/25 are £13,640k, a 12% increase on 2023/24. Total expenditure of £13,740k includes £100k funded from reserves. A further £550k of spending on our Data Assurance service will be funded by wholesalers only, consistent with funding arrangements for 2023/24.

We have presented the top-end cost of the MPF Reform within our plan (as outlined in the [Full Business Case](#)) but will seek to refine this as we further scope the work in June 2024. Any underspend will be refunded to trading parties at year end as part of the annual redistribution.

Our budget also includes £70k of new spend to provide support for the Retailer Wholesaler Group (RWG), particularly its work on tariffs, settlement, and water efficiency – aligned to the Strategic Panel’s priorities.

I have been delighted this year to share our new strategy with members and key stakeholders and have been pleased by the level of support we have received not only for the strategic priorities that are core to our role, but also those that push the boundaries of our role to drive positive change.

This year we have listened intently to your views on market priorities and the level of investment needed. This feedback is reflected in the focus of our plan and, in particular, the emphasis on getting the MPF Reform work right, the first time and delivering other improvement programme that will inform better outcomes through the new framework. The future MPF is dependent on good quality data and reporting, which, in turn, are dependent on an effective framework.

As always, your feedback is vital to ensuring we provide a plan that adds value to you and your organisations, and I encourage you and your teams to respond to our business plan consultation to inform the final plan being published in February.

Dr Sarah McMath



Our budget

Our proposed 2024/25 budget is £13,740k.

Of this, £13,640k will be funded through Market Operator (MO) charges and £100k from reserves from our expected underspend in 2023/24 on the Market Performance Framework (MPF) Reform programme.

A further £550k of spend is proposed for the Data Assurance Service, funded by wholesalers only. This is consistent with the funding arrangements for 2023/24.

Title	2024/25 proposed budget £'000	2023/24 budget restated* £'000	Change
Total spend	13,740	12,150	13%
Core services	11,235	10,700	5%
BR-MeX development	105	100	5%
Retailer Wholesaler Group (RWG) support	70	–	N/A
Improvement Programmes (excluding additional requirement for MPF Reform)	1,415	1,350	5%
Additional requirement for MPF Reform implementation	915	–	N/A
Funded through			
Market Operator charges (all trading parties)	13,640	12,150	12%
Reserves	100	–	N/A
Data Assurance – costs and Market Operator charges (wholesaler only funded)	550	550	–

*2023/24 budget has been restated by £440k to reallocate staff costs from improvement programmes to core services. This reflects our staffing model, where team members carry out both core services and improvement programme activity. Given our long-term need for team members to carry out a blend of activities, these staff costs are considered more appropriately classified within core service costs. Improvement programmes now reflect third party costs only. The total budget is unchanged.

In setting our proposed MO charges, we continue to recognise the financial pressures on trading parties and the need to ensure that our charges are efficient and affordable. At the same, our plan reflects the opportunity of our improvement programmes to drive substantial value for trading parties and customers, including reducing cost to serve.

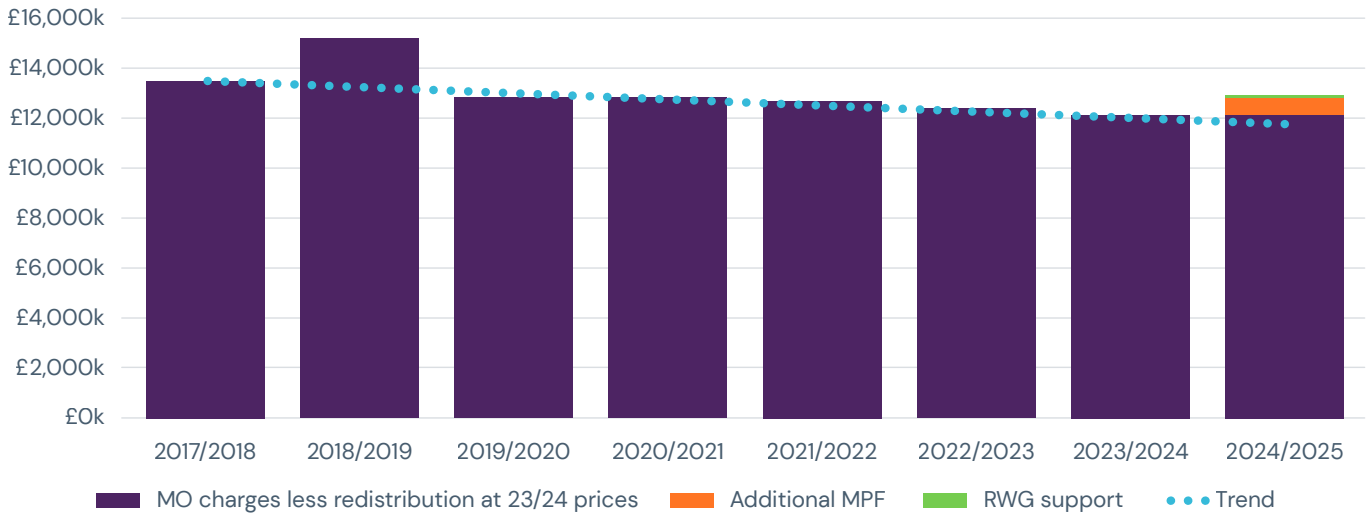
- **Market Operator charges (for all trading parties)** are 12% higher than 2023/24 – the key drivers are one-off additional costs on the Market Performance Framework Reform (7%) and inflationary pressures (5%).
- **Core services budget is flat in real terms year-on-year** – with the cost of service enhancements offset by efficiencies.
- **Improvement programme budget (excluding additional MPF costs)** is also **flat in real terms** – as we have phased activities across the three years of our plan to limit the cost impact in any one year.

- **Wholesaler only funded data assurance costs remain flat at £550k** – this reflects the programme for 2024/25 which focuses on wholesaler-only data cleanse services.

Getting MPF implementation right is critical to driving long term value for the market and this has led to us including additional budget for this improvement programme. The uplift takes the total MPF budget to the top of the current expected range (£1,100k of third-party costs) including a contingency element (£200k).

Further work is required to define the metrics and tools of the new framework. As the scope develops and we gain more certainty of costs we will look to deliver the programme in the most efficient way. Our budget reflects a conservative view to avoid a need to increase MO charges part-way through 2024/25. We will communicate our finalised MPF budget in June 2024, with any underspend refunded to trading parties at year end as part of the annual redistribution.

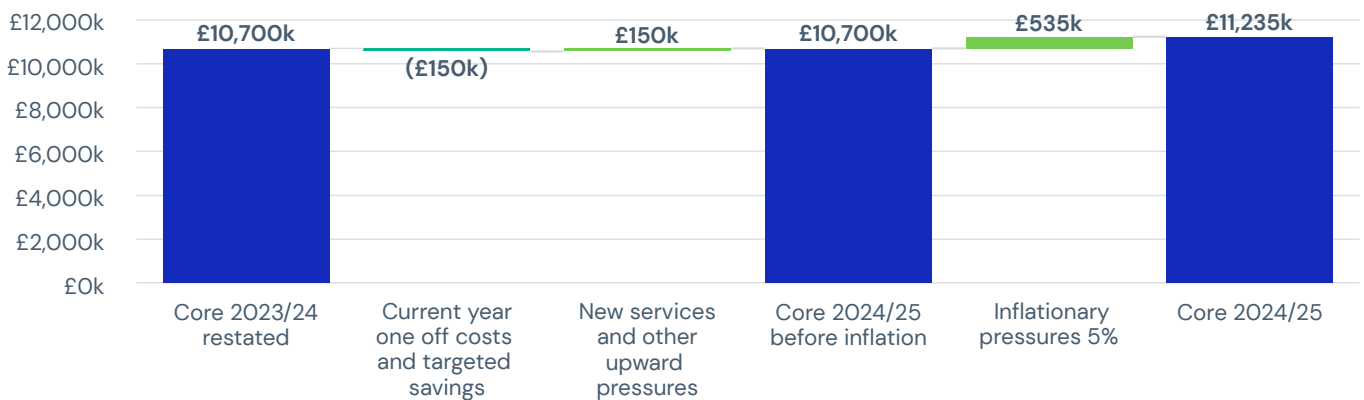
Charges since market opening (real terms) £k



We recognise that any uplift in charges is challenging for trading parties. Between market opening and 2023/24, our market operator charges have fallen by 11% in real terms (when adjusted to remove the impact of inflation). Our 2024/25 budget aims to hold charges flat in real terms, excluding the impact of additional one-off MPF Reform related spend and new support for RWG activities.

Core services budget 2024/25 – £11,235k (2023/24 – £10,700k)

The cost of delivering our core services will remain flat in real terms for 2024/25. We continue to drive cost efficiencies and savings across a range of areas to absorb the cost of new services and improvements. Inflationary pressures are expected to continue, with an overall effect of 5% year on year.



The CMOS rehost is anticipated to drive annual savings of over £100k. Other savings include lower market audit costs, driven by in-house cost efficiencies, and not incurring the one-off costs associated with the office lease renewal that took place in September 2023.

These savings are being reinvested in cyber security, additional business analyst capability, accessible reporting and a Board effectiveness review.

Our costs are affected by a number of inflationary pressures.

Over half of our costs are for our people, and we expect to pay average pay rises of 5%. This follows an average increase of 6% in 2023/24. Our pay and reward strategy seeks to ensure we retain our highly skilled staff to deliver the activities and programmes of work set out in our business plan.

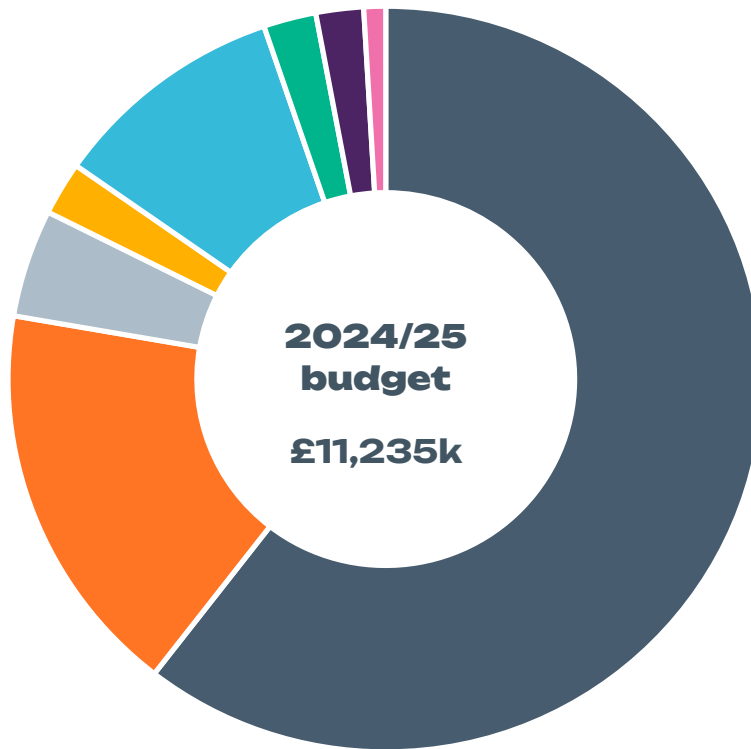
RWG and BR-MeX

Our budget includes £105k for the continued development of BR-MeX that we are co-funding with Ofwat. This is consistent with 2023/24 when we started this development work. MOSL will be responsible for the operational delivery of BR-MeX once it begins in April 2025.

Our budget also includes £70k for the introduction of support to the RWG, focused on water efficiency, tariff and settlement workstreams. This aligns to the in-flight code change '[CPM056: Resource support to industry groups](#)' and is conditional on this code change being approved.






Core services costs – how we spend our budget



Cost category	2024/25 budget (£k)	% change on 2023/24 restated budget – increase/ (decrease)	Change on last year
People related spend	6,797	7%	Driven by proposed pay rises of 5%, alongside recruitment of additional business analysts to support improvement programmes, particularly MPF
Core systems maintenance	2,365	1%	Inflationary pressures on third party costs offset by net savings of £105k following CMOS rehost, with reduced CGI hosting costs and increased Microsoft Azure costs
Market related change	525	5%	Inflationary pressures
Panel and committee	260	5%	Inflationary pressures
Software, hardware and communications	701	13%	Driven by inflationary pressures and increased investment in cyber security, including its recategorisation as a digital service when previously considered consultancy (professional services)
Professional services	253	(16%)	Excluding impact of re-categorising cyber security costs the year-on-year movement is a 2% increase from inflationary pressures
Rent, rates and facilities	229	5%	Inflationary pressures
Market audit	£105k	(13%)	Continued savings from utilisation of in-house team and targeted efficiency
Total	£11,235k	5%	

Breakdown of improvement programme cost for year one





Our programmes for 2024/25 represent a continuation of prior years, as well as aligning to our new strategic priorities, with the key priority being MPF Reform implementation.

Strategic priority	Improvement programme	Year 1 (in £k)
 Market confidence	Market Performance Framework Reform	1,100
	Bilateral Transaction Programme	470
	Data Assurance – scorecard	210
 Market Systems	Modernisation of Market Systems	320
 Water Security	Strategic Metering Review	230
Total		2,330



Forecast programmes of work in years 2 and 3 (real terms – 2023/24 prices)

Our current indicative view of costs and key programmes for years 2 and 3 is set out below. This is based on our new strategy, engagement with trading parties and our current view of priorities. Further details are provided in our improvement programme sections. We are forecasting costs to return to the level excluding additional MPF costs. Additional investment above these levels would be dependent on robust business cases and trading party support.

 Market confidence	Year 2 (in £k)	Year 3 (in £k)
MPF first year transition	100	-
Data assurance audits and scorecard for MPF established (then moves to BAU)	200	200
Market confidence subtotal	300	200
 Market Systems	Y2	Y3
Roadmap prioritised improvements and risk reduction including cyber programme	200	200
CMOS longer term enhancements and improvements to improve efficiency	200	200
Bilaterals longer term enhancements and improvements	200	200
System maintenance tender review and preparation	-	100
Market systems subtotal	600	700
 Water Security	Y2	Y3
Metering strategy delivery, embedding and updating	50	50
Data sharing mechanism defined and exploration of hub	50	-
Market segmentation and single customer	-	200
Drought scenario planning	60	-
Water security subtotal	160	250
 Market evolution	Y2	Y3
Tariff and settlement review	200	-
Other structural reviews (group one, eligibility etc) and review/input on PR29/REC/WRMP	40	200
Water efficiency funding	50	-
Market evolution subtotal	290	200
Total	1,350	1,350

Our Core Services

At the heart of how we operate

Providing excellent services to our members and wider stakeholders is at the heart of how we operate. Without providing efficient and value-adding services, the market cannot function, and importantly, we will not maintain the confidence of trading parties in our ability to support wider market improvement.

Almost seven years since the opening of the market, we have matured as a market operator. Our new [Strategy for 2024-2027](#) and the business plan it has informed, reflect our maturing role and well as our current priorities and long-term ambitions for a flourishing competitive market.

Over the course of our current strategy, we have grown our organisational capability (one of our strategic priorities) – building in-house expertise and reducing our reliance on external contractors. Not only has this driven cost efficiencies, but it has enabled us to retain the skills and knowledge within the business to better support the market as it continues to evolve.

We recognise in setting out our new strategy, our current services framework will need to evolve too. This framework sets out our four core service areas: Market Operations, Market Assurance, Market Improvement and Governance and Support.

Market Services Framework



Our suite of services has grown since we first produced this framework in 2019, and now includes data insight, My MOSL, Bilaterals hub reporting and the potential to support wider industry groups, such as the Retailer Wholesaler Group (RWG). In 2024/25 we will undertake an exercise to review our services to fully align to our new strategy and our expanded suite of Key Performance Indicators (KPIs).

How we monitor and improve our service delivery

To ensure we are delivering our services in line with defined Service Level Agreements (SLAs) and trading parties' expectations, we publish [quarterly KPI reports](#) and request feedback from trading parties on the effectiveness of our service delivery through the annual Trading Party Survey. We will also be reviewing the format and content of this survey as part of our review of services.

Through our tracking of KPIs and business plan commitments and the feedback we receive through the surveys, we develop action plans for areas of improvement. We have demonstrated strong and stable performance through our quarterly reporting and in the survey issued in October 2023, trading parties rated our overall performance as 4.1 (on a scale from '1' – very dissatisfied to '5' – very satisfied). This is the highest score we have received since we first issued the survey in April 2021 and demonstrates our commitment to service excellence and continuous improvement.

The feedback we receive through the surveys has led to several improvements in how we deliver or provide access to our services, such as the expansion of our Query Management System, My MOSL, the review of the Market Performance Framework and the enhanced functionality of the Bilaterals hub. Crucially, it has also informed the programmes of work and activities outlined in our business plan.

In 2023, we also introduced a new senior engagement approach. Each trading party member is assigned to a member of the Senior Leadership Team paired with a Head of Department (or Subject Matter Expert), as their primary contact, with meetings scheduled bi-annually or as needed.

This approach was introduced directly in response to trading party feedback. The meetings are an opportunity for Contract Managers to raise any issues or concerns with MOSL's delivery and to keep trading parties abreast of key market developments. These meetings complement the survey and other channels through which trading parties can speak with MOSL colleagues and find information.

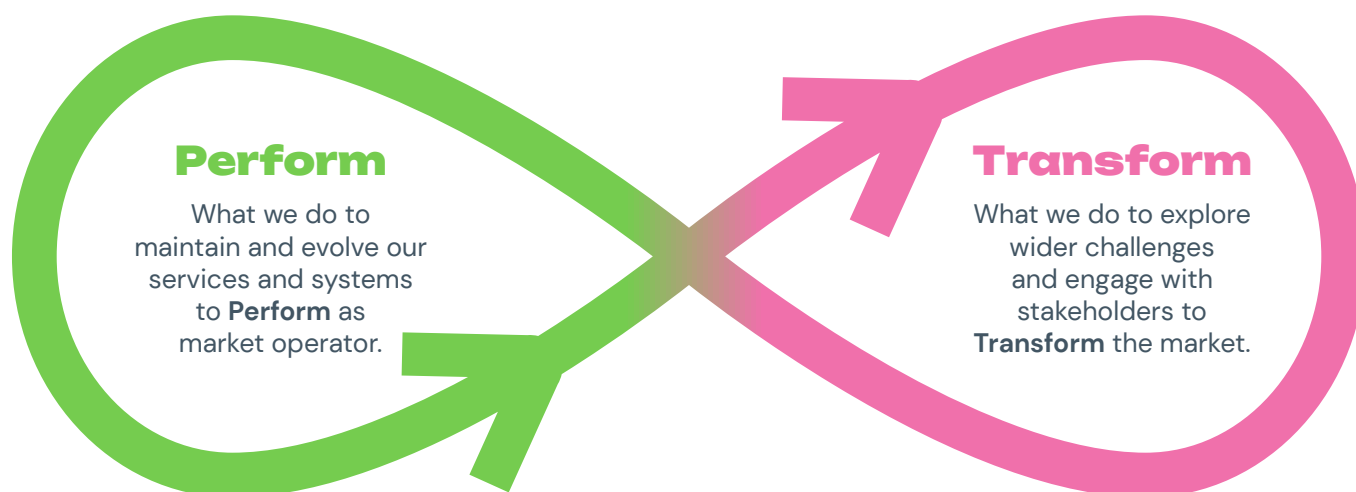


Developing new services – moving from perform to transform

In line with our new strategy, we will retain a relentless focus on ‘performing’ as a market operator and ensuring that improvement programmes which transition to ‘business as usual’ services do so efficiently and with full trading party engagement.

We consider our ‘perform and transform’ to be a continuum. As we seek to transform the market through our improvement programmes, this work then forms part of our core service delivery.

A good example of this is our work on the Bilateral Transactions Programme – a complex, market-wide and multi-year improvement programme – which is now embedded as a market system and provides an additional service to members.



The new core services we provide to our members:

Data Insight: Through the enhanced capabilities we built within MOSL with the establishment of a new Data team, this work has now become part of the services we provide and is the underpin of our new strategy.

This work focuses on tackling poor quality data and delivering improvements in data governance and insight. This includes the development of a suite of [market dashboards](#) and maps which support trading parties in better understanding their customers, regional differences, and environmental impacts. In 2023, we produced the Drought Restriction, Trade Effluent Discharge Points and the Large SPID dashboards, enabling trading parties to self-serve and drill down on the information they need.

Our [Market Data Strategy](#), informed by the initial Market Data and Information Charter and roadmap, set out a suite of structured data services to enhance the insight and information we provide to our members.

Channel Management: In 2022, we launched our Query Management System, My MOSL, which allows trading parties to raise service requests through our website via Single Sign On (SSO).

My MOSL launched with the Unplanned Settlement Run (USR) process and now incorporates the Medium Volume Interface (MVI), general queries for IT Support, operations, performance, bilateral and pre-dispute requests, as well as the Gap Site Opt in-out and Late Payments processes. Using this service, trading parties can track all the requests and queries they raise with MOSL through to resolution. We have also set out clear Service Level Agreements (SLAs) for different types of queries and a route to escalation if the query is not resolved within the SLA. Enhanced reporting also provides greater visibility of missed SLAs and escalated tickets so they can be resolved quickly. We have also utilised the My MOSL functionality to introduce services linked to our programmes of work and other services, including My Charts (Data Insight) and My Files (Data Assurance).

Bilaterals Hub: Following the completion of the Ofwat-mandated Bilateral Transactions Programme in November 2022, sixteen bilateral processes went live in the hub, representing 89% of processes with Operational Performance Standards (OPS) by volume and a further 15% of non-OPS processes. In 2023, following extensive consultation with trading parties, the programme began the process of delivering the remaining processes. Work remains on track to deliver the last of the processes in 2024, with additional enhancements identified by trading parties, including enhanced reporting capability, email notifications, improved communication capability and data exports. This is expected to deliver approximately £3.8m of benefits a year. The data held in the hub will also be instrumental in the development and operation of the reformed Market Performance Framework and will form part of our suite of services in future years.

Future services we will provide to our members:

Improved performance assurance: The reformed Market Performance Framework (MPF), which is planned to take effect from April 2025, will create a simpler, more flexible framework; one with fewer, more impactful measures, that is simple to understand but powerful in its application. As outlined in our strategy document, the application and monitoring of performance under the new framework will extend beyond the MPF Reform programme and will form part of our revised suite of services (see the [MPF Reform](#) section for more information).

Code change process: In 2023, working with trading parties, Ofwat and the Code Change Committee, we have reviewed the current code change process to make it more flexible and easier to engage with. The new process seeks to prioritise the changes that most align to customer benefits and makes it simpler for proposers to bring changes with MOSL’s support to develop potential solutions.

Business Customer and Retailer Measure of Experience (BR-MeX): During 2023, working with Ofwat, we began work on the pilot phase of BR-MeX.

Ofwat introduced this new performance commitment as part of its final methodology for the new price control period (PR24). The final design will be set out in Ofwat’s Final Determinations published in December 2024. During 2023 MOSL has jointly funded development work with Ofwat, and we will continue to do the same in 2024/25. BR-MeX is due to be introduced from April 2025 (at the same time as the new MPF). From then, we will be responsible for the delivery, operation, and reporting of BR-MeX (on behalf of Ofwat). As such this will form a core part of MOSL’s future services – adding the B-MeX surveys to our existing responsibility for running R-MeX. As well as forming a key part of PR24 and helping to incentivise wholesalers to deliver a better service to business customers, is also expected to incorporate some MPF KPIs.



Our Improvement Programmes

As part of our new strategy, we set out 13 areas across which we would deliver programmes of work under our four strategic priorities - Market Confidence, Market Systems, Water Security and Market Confidence. Our business planning process defines how and when we will deliver the milestones set out in our strategy, through our improvement programmes.

In 2024/25, we will deliver through five improvement programmes: Bilateral Transactions Programme, Strategic Metering Review, Modernisation of Market Systems (incorporating system security and open data) and the Data Assurance Service, previously known as the Central Data Cleanse Service.

These improvement programmes are market-wide and multi-year programmes of work, and each includes a continuation of work performed under our [2023-26 Business Plan](#) (as these are rolling three-year plans). Each of the improvement programmes is outlined in more detail on pages 21 to 35.

Whilst we consider these to be priorities for MOSL, and the market, and are part of the commitments we made to deliver the full programmes of work, we recognise the emerging priorities around tariffs and settlement, for example. These areas are included within our three-year strategy, but we expect to phase key structural work into later years of our business plan. This is to manage the cost impact but also as we recognise the market only has so much capacity for change. Our plan must be ambitious, but at the same time achievable and affordable for trading parties.

We will begin to explore the scope of other areas of work in 2024/25 with a view to clearly defining the problem statements for each. More information on additional activities as part of this plan can be found on page 37.

Our Improvement Programmes



MPF Reform



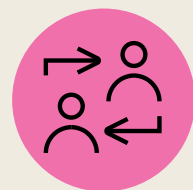
Strategic Metering Review



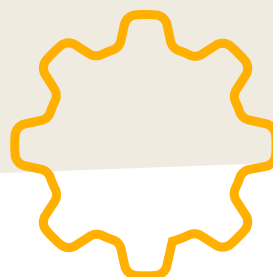
Data Assurance Service



Modernisation of Market Systems



Bilateral Transactions Programme





Summary of our Improvement Programmes



Market Performance Framework Reform

Following substantial progress made in 2023/24 and extensive engagement with the market through various industry groups and consultations, the Full Business Case for the MPF Reform programme was approved by the Strategic Panel in November 2023.

Work in 2024/25 will focus on the detailed design and implementation of the reformed MPF across five phases, with a view to 'go live' in April 2025.

As part of this, we will design, develop, and implement the new metrics, intervention tools, KPIs and the new governance model for assuring performance, including the establishment of the new Performance Assurance Committee. This work will be closely coordinated with the development of enhanced Bilaterals reporting and data quality assurance scorecard, both of which will be essential to the effectiveness of the future framework.

In parallel, we will also explore and implement 'quick wins' as part of the series of interim improvements that seek to amend or remove elements of the current MPF to deliver benefits ahead of the full go live.



Strategic Metering Review

In April 2023, MOSL and the Metering Committee published the [Interim Metering Strategy](#) on behalf of the Strategic Panel.

The strategy emphasises the important role the market – which uses a third of the country's water – plays in meeting the growing demand for water and how the nature of business customers' water use makes it ideal for water efficiency measures. It also set out recommendations for water companies in developing their smart metering rollout plans, including meters that should be prioritised.

In 2024/25, we will support the Strategic Panel in launching the full National Metering Strategy. This will provide a framework and recommended approach to maximise how metering rollouts are delivered to drive the greatest value to the market and its customers. We will also develop a data sharing mechanism for granular consumption data, which is being defined at the end of this financial year. This work will be critical to smart metering, to ensure the data from smart meters can be provided in a consistent format and utilised by retailers to support their customers in reducing water demand.



Data Assurance Programme

In our [2023-26 Business Plan](#), our Data Assurance Programme was called the 'Central Data Cleanse Service'. We have reviewed the name of the programme to better align to the deliverables the programme seeks to achieve and how it supports the work of the MPF Reform programme.

In 2023/24, this work was highly focused on targeting the eligibility of premises funded only by wholesalers, who are responsible for the data items.

As outlined in last year's plan and as defined in the market codes, a gated funding process is in place for further work in 2024/25. Further work will be subject to a strong benefit case for future phases.

In 2024/25, we will complete the full market cleanse on eligible premises and customer address data and implement an enduring data quality assurance mechanism. We will also implement minimum data standards and the Data Quality Scorecard, which will be a key tool for the assessment and incentivisation of data accuracy as part of the new Market Performance Framework.



Modernisation of Market Systems

Our Modernisation of Market Systems programme in 2024/25 will focus on further leveraging cloud technologies for the Central Market Operating System (CMOS). This will reduce the complexity, risk and time to implement future settlement-related CMOS changes as part of longer-term future proofing of the central system. We will also review CMOS' capacity to manage smart meter data as wholesalers roll out smart metering in AMP8.

CMOS sits at the heart of the market and is fundamental to its functioning. As such, it is essential that the system is responsive, robust, and secure. In future years, this programme will build on the focus to modernise the system to also include cyber security and exploration around system requirements and potential platforms for open data.

In 2024/25, we will also look to undertake preparatory work to implement Single Sign On (SSO) for CMOS – making it easier for trading parties to login to the system and introduce improvements to our data warehouse to build further security and resilience.

In addition, we will prioritise the delivery of our Cyber Security Roadmap to address the continued high risk of cyber-attacks - working towards a formal cyber certification.



Bilateral Transactions Programme

Having delivered the Ofwat-mandated programme of work in November 2022, we will have standardised, combined, or streamlined the remaining lower priority processes and incorporated them into the Bilaterals hub by September 2024 – six months ahead of schedule. This will enable wholesalers to begin decommissioning their legacy systems and make full use of the hub.

Once the programme is completed, it is anticipated to bring £3.8m benefits a year, as well as improved performance data, standardisation, and time and resource savings for all parties. By having all processes managed centrally, it will also improve the timeliness and efficiency of the service customers receive – an identified area of improvement.

In the second half of 2024/25, the programme will focus on enhancing data reporting functionality, which will be led by trading party requirements. The enhanced reporting will also play a critical role as part of the reformed Market Performance Framework as the data will be used as part of newly defined metrics.





Market Performance Framework (MPF) Reform



Introduction

The current Market Performance Framework (MPF) is a group of mechanisms that govern, monitor, and incentivise trading parties to deliver a set of service standards to comply with the market codes.

An effective framework should give Ofwat, the regulator, confidence in the market – reducing the potential for regulatory intervention; improving efficiency by reducing costs associated with poor data or non-compliance, highlighting inefficiencies in the market codes and, most significantly, an effective framework should deliver benefits for customers when aligned to good customer outcomes.

In last year’s plan we committed to set out the first two phases of work with a focus on defining the tools, metrics, KPIs and governance levels through consultation with the market.

In 2023/24, we published three consultations with the market – moving from a ‘broad brush approach’ in consultation two which considered a ‘longlist’ of around 40 potential activities and 100 potential metrics – to streamlining the components into a proposed model for the third consultation published in October.

Feedback from the third consultation was very positive, with 82% of respondents either supportive or very supportive with the proposed model (consisting of nine activities, 21 KPIs, eight intervention tools and four levels of governance).

Utilising this feedback, we continued to develop the [Full Business Case](#) for the programme which was approved by the Strategic Panel in November 2023. We have now moved to Phase two of the programme which comprises the detailed design and implementation of the preferred MPF model.



Market confidence

This improvement programme supports our Market Confidence Strategic Priority to be a trusted market operator that assures market performance and resilience.



What we will deliver in year one

The Strategic Panel endorsed the proposed MPF model and case for change in November 2023. This proposal set out a new framework which focuses on market activities that most impact customer outcomes. It set out 21 Key Performance Indicators as the basis of the new MPF and eight intervention tools.

In the coming year, we will move into Phase 2 of the programme, encompassing the detailed design and implementation. This will include drafting the detailed metric calculations, intervention tool operations and governance provisions.

An important part of this work involves setting the initial performance levels required for each metric and any financial incentives associated with performance charges, rewards or compensatory payments. We will engage trading parties on these matters through the first half of 2024/25.

To support our engagement through the detailed design work we will refocus the Performance Advisory Group to gather input, evidence, and insight from trading parties. We will also draw on trading party expertise via the Code Advisory Group to ensure that the reformed MPF is embedded in the market codes simply and clearly.

We aim to implement the reformed MPF in spring 2025. The detailed implementation timetable will be dependent upon the complexity of the final performance indicators agreed and the impact on system requirements, as well as ensuring that trading parties have sufficient early visibility of how new indicators will measure their performance.

We will continue to apply the design principles that have underpinned the MPF Reform programme to date to develop a framework that supports improved customer outcomes, trading party accountability, consistency and compatibility with the wider regulatory regime and drives competition.

We will deliver the new MPF in five parts:

- ◆ **Part A:** Revised governance (including the creation of a new Performance Assurance Committee to replace the current Market Performance Committee).

- ◆ **Part B:** Revised performance tools that do not require embedding through new performance reporting systems (e.g., Market Entry Assurance (MEA) improvements).

- ◆ **Part C:** Performance reporting tools (peer comparison and performance dashboards) together with an initial set of performance indicators.

- ◆ **Part D:** A second batch of performance indicators.

- ◆ **Part E:** Financial incentive tools, data quality audits and the third batch of performance indicators.

The programme’s steering group, which includes trading party and Strategic Panel members, will continue to oversee the programme. We will work with the Code Change Committee to develop the detailed code changes required to implement each element of the new MPF.

We anticipate that the programme will progress in a similar manner to the Bilateral Transactions Programme, as Ofwat approves each part of the framework as it is developed. This will support trading parties in understanding the impacts of the new MPF in advance of MPF tools becoming effective in spring 2025.

In addition to developing the new framework in 2024/25, we will also implement timely interim improvements to existing MPF measures to ensure that retailers do not pay performance charges for missed reads if there is an issue with the meter which has been logged with the wholesaler through a bilateral service request.

These improvements will be implemented in Q4 of 2023/24 (as part of code change [CPW144](#)) and will be used in 2024/25 to improve the monitoring under the current MPF (see the [Market Performance Operating Plan](#) section for more information).

How the MPF Reform interacts with other work:

The MPF Reform is a priority programme for 2024/25 and, importantly, has a number of key dependencies with other improvement programmes and business plan activities, including:



Data Assurance Service

The proposed MPF model places a focus on data quality (rather than the limited focus on data completeness available in the current MPF). The proposed data quality audits and associated data quality scorecards that are being developed under our Data Assurance programme will inform the design of these enduring elements of the new MPF.

Business Customer and Retailer Measure of Experience (BR-MeX)

Ofwat is introducing BR-MeX under its PR24 price control to better incentivise wholesalers to deliver improved services to business customers. Ofwat has indicated that it is considering whether MPF metrics may be used within BR-MeX. Where metrics from the MPF are used by Ofwat for BR-MeX, we will not seek to apply a performance charge in respect of these metrics (to avoid double-jeopardy). We will continue to work closely with Ofwat and trading parties through 2024/25 to ensure that the revised MPF remains compatible with the regulatory framework to make both frameworks more effective.

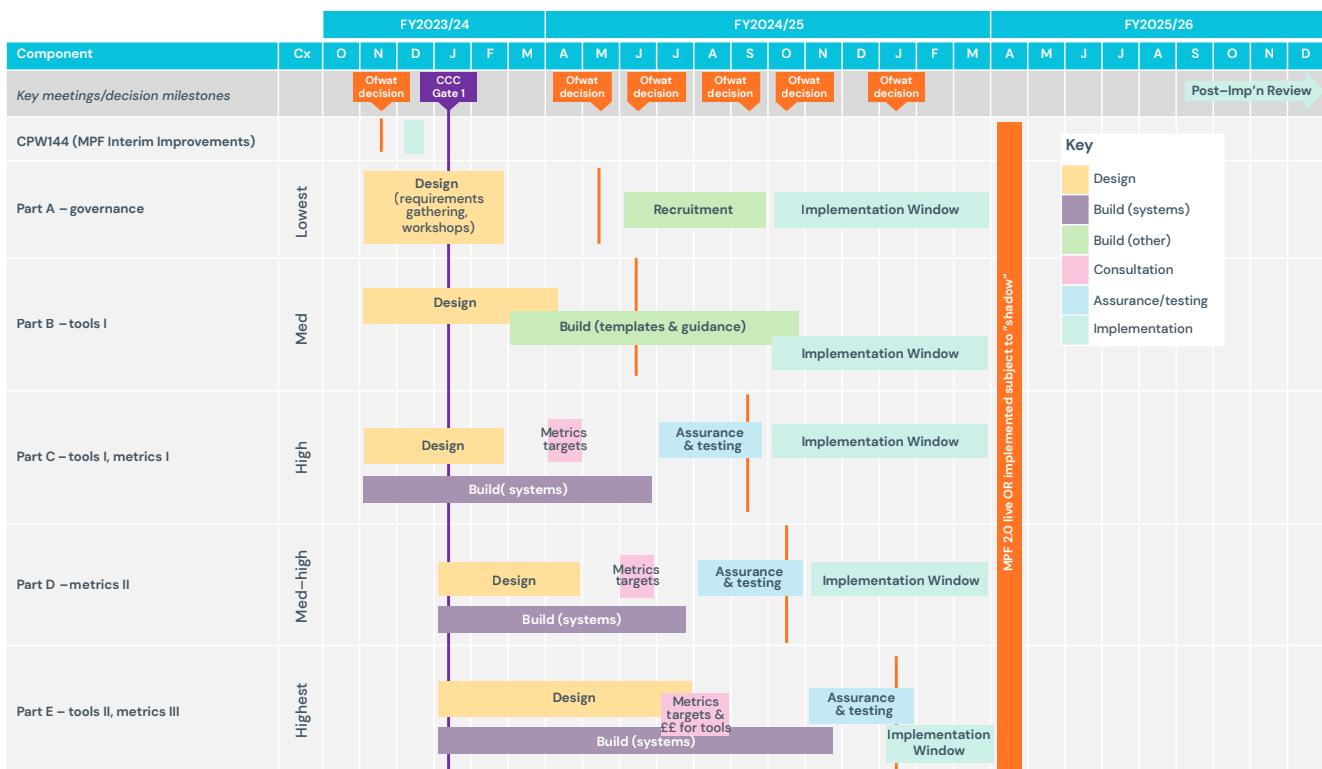
Looking ahead to years two and three

Subject to approval of associated code changes, years two and three of our plan will see the new MPF being embedded into business as usual, as part of our core service delivery.

This will include a revised governance model. The new Performance Assurance Committee will take on responsibility for making decisions on the application of MPF tools and the focus of future audit work, peer comparison reporting, as well as determinations on rectification activity associated with trading party underperformance. We will also embed data quality audits and reporting into the new framework.

In the first year of live operation (year two), we will provide a period of additional support to trading parties to support the transition from the current MPF to the new framework. This will enable us to identify areas within the new framework that may need to be flexed through years two and three as these new provisions bed in.

MPF overview plan





Strategic Metering Review



Introduction

The Strategic Metering Review programme aims to deliver a programme of metering-related initiatives that will improve access to accurate and timely consumption data. This was a key programme within MOSL’s previous strategy and our [2023-26 Business Plan](#) – delivering a review of metering-related roles and responsibilities and proposed changes ([CPW142](#)), an Interim Metering Strategy to help drive ambition in PR24 plans and a series of more tactical changes to enhance meter related processes and deliver more timely and accurate meter reads.

Wholesaler plans for AMP8 and beyond include major rollouts of smart meter installations on non-household customer supply points. This represents a transformational opportunity for the market to improve the accuracy and timeliness of consumption data for business customers, enabling them to better understand and reduce their water usage. In doing so, MOSL can play a key role in helping the industry deliver on the Defra demand reduction target to reduce non-household water demand by 9% by 2038 (and 15% by 2050).

The Strategic Metering Review will help to unlock value by:

- Supporting the Strategic Panel in launching a National Metering Strategy, providing a framework and recommended approach to maximise how metering rollouts are delivered to drive the greatest value to the market and its customers.
- Rolling out an industry-wide data sharing mechanism, as part of the above strategy, that will support retailers and customers in accessing granular consumption data, and related insight, as easily and efficiently as possible.
- Continuing to deliver a range of tactical improvements to meter-related processes across all types of meters, driving efficiency savings for trading parties, greater clarity of metering roles and responsibilities and more accurate bills for customers.



Water Security

This improvement programme sits within our Water Security Strategic Priority, driving the use of data and information to enable the market to positively affect water consumption.



What we will deliver in year one

There are three main deliverables for the Strategic Metering Review programme in year one of our plan.

- ◆ **National Metering Strategy** – we will support the Strategic Panel in launching the National Metering Strategy (following on from work to draft and agree the scope in Q4 of 2023/24) and support its delivery. This will include driving awareness with trading parties and wider stakeholders, monitoring and reporting on progress, delivering any associated code changes, and related system enhancements. The scope of the strategy will be finalised in spring 2024 and is likely to include areas such as:
 - ◆ Identifying key opportunities from the data (e.g., identifying leaks from continuous flow data, benchmarking analysis, etc.) and how these are best delivered for customers
 - ◆ Defining the process for sharing consumption data to ensure this is efficient, affordable, and reliable for retailers and customers
 - ◆ Developing policies around charging for data
 - ◆ Working with wholesalers to provide greater clarity for retailers and customers on when they can expect a smart meter and policies around prioritisation.
 - ◆ Driving delivery on the meter rollout plans so that these are not deprioritised as part of PR24

- ◆ **Data sharing mechanism** – following on from the work to define this in 2023/24, we will work with trading parties to implement the mechanism in 2024/25. This is expected to provide a consistent market-wide mechanism for the short to medium term. Potential longer-term solutions, such as a central data hub, or more fundamental changes around open data, will be the focus in years two and three of our plan.
- ◆ **Improving meter reading processes** – we will continue to deliver a range of tactical improvements to meter-related processes across all types of meters. The problem statements in scope and proposed solutions will be developed with the Metering Committee to ensure that these are well prioritised, practical and complement the strategic workstreams. This work will include a review of meter-related Market Improvement Fund (MIF) projects to ensure that any learnings or benefits can be incorporated into the wider programme.

We will continue to work closely with the Strategic Panel’s Data and Metering sub-group members, ensuring that the Panel has a clear understanding of the work and that this integrates with wider Panel priorities and programmes of work.

The National Metering Strategy itself is owned by the Panel, which, working with MOSL, is responsible for stakeholder engagement and embedding the strategy across the market.





Looking ahead to years two and three

In years two and three of our plan we will continue with the delivery of the three programmes of work.

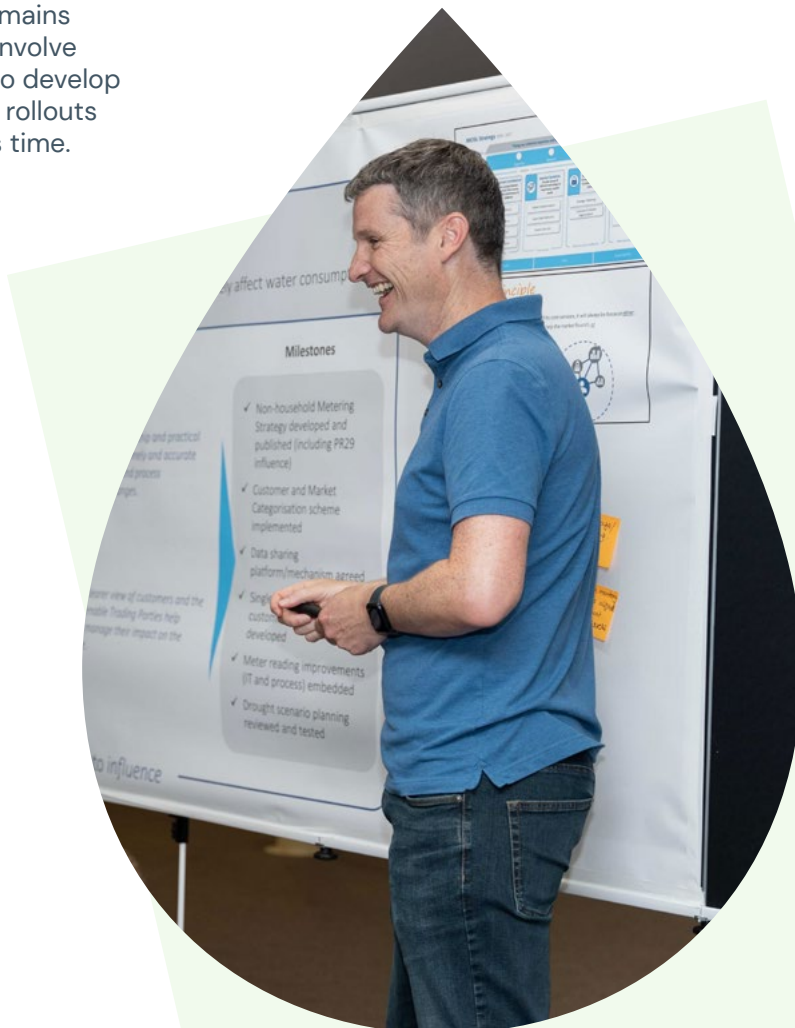
National Metering Strategy – we will work with market participants to implement the National Metering Strategy. This will include:

- ◆ Embedding awareness of the strategy across trading parties and wider stakeholders, and the relevant actions required
- ◆ Monitoring the completion of actions, i.e., trading parties performing in line with any new standards or guidelines and that best practice examples are being widely adopted
- ◆ Supporting the delivery of subsequent phases of the strategy, including future code changes, system enhancements or more detailed guidance documents

As we move into year three, we will look at the evolution of the strategy to ensure it remains practical and fit for purpose. This may involve working with the Metering Committee to develop an updated strategy as smart metering rollouts will have progressed significantly in this time.

Data Sharing Mechanism – whilst we expect the focus in year one to be on implementation of a short to medium term mechanism for the sharing granular consumption data, it may be that other options need considering for the longer term. This could include the requirement for a central data hub solution as means of storing and sharing consumption data. The initial feasibility work and planning for a data hub will take place in years two and three of our plan, dependent on a strong business case. The decision to progress with this type of solution, and how it will be funded, would be subject to this business case being agreed and approved, likely by the Strategic Panel.

Improving meter reading processes – we expect that the more tactical improvement programme will continue through years two and three, as more efficiencies in processes are identified and as smart meters are rolled out. It will be important to ensure that this programme helps support improvements in processes for traditional meters, as well as smart meters, especially given that this may become more challenging as the volume of dumb meters reduces.





Data Assurance Service



Introduction

Accurate and reliable data is critical to the effective operation of the market and to delivering better outcomes for customers and the environment. While a focus on data completeness over the last 18 months has seen more data enter the central market systems, poor quality data remains a principal market friction.

As part of our [2023-26 Business Plan](#), trading parties approved a cleanse of non-eligible supply points and a proof of concept on a centrally managed cleanse service of premises and address data. In last year's plan, this was called the Central Data Cleanse Service. Our Data Assurance programme is a continuation of this work and considers our enduring approach to assuring market data.

In 2024/25, we will facilitate data quality improvements with greater efficiency, pace and consistency, and provide the capability to assure the quality of market data, as part of an effective Market Performance Framework. The service will support trading parties in assuring eligibility, verifying supply point premises and address data, and addressing inaccurate data identified.

In summer 2022, we highlighted the extent of data quality issues through the findings of [Project TIDE](#). The Data Cleanse [Consultation document](#) issued that autumn further demonstrated the impact of poor data quality, with the resulting [Benefits Overview](#) published in February 2023.

Responding to trading party feedback, we have worked with our delivery partner in 2023/24 to develop a data service that will run into 2024/25. The service will focus on eligibility, premises address and associated data to help trading parties make a step change in data quality and enable better customer outcomes.



Market confidence

This improvement programme supports our Market Confidence Strategic Priority to be a trusted market operator that assures market performance and resilience.



What we will deliver in year one

In partnership with our data service provider, we will deliver a centrally supported data assessment service to enable trading parties to improve and maintain the data held in CMOS. This service will complement the work that is already underway.

Trading parties will remain the data owners and will be responsible for making the appropriate changes using the insight provided by MOSL. We will be responsible for implementing, maintaining, and monitoring the service moving forward.

This improvement programme is overseen by a Steering Group which comprises retailer and wholesaler members. In delivering through year one we will continue to work closely with trading parties directly and via the Data Cleanse Working Group (DCWG) as part of the programme's governance.

Defined areas of work in year one include:

Data Quality Audits

Eligibility Audit – Last year, we worked collaboratively with trading parties to agree the specific data items to be provided and the mechanism by which feedback is received and addressed. This enabled the launch of the eligibility audit which will continue to run through 2024/25, with results being monitored through to autumn 2024.

The audit identified potentially ineligible premises (residential, demolished, and duplicate) to be removed from the market or assured to remain in the market as legitimate non household sites. In our pilot work with trading parties, approximately 60% of supply points identified as likely to be ineligible have been subsequently confirmed as ineligible by wholesalers and retailers. We anticipate that 10k -15k of identified household supply points will be removed from the market by trading parties through 2024/25.

Address and Premises Data Audit

In 2024/25 we will undertake a series of address and premises data audits. This work will focus on:

- ◆ Unmatched supply points (i.e., insufficient address data)
- ◆ Missing Unique Property Reference Number (UPRN) and Valuation Office Agency (VOA) reference data
- ◆ Non-deliverable and non-addressable premises

The findings of these audits will be published, and quarterly updates will provide insight on the rate at which potential data quality issues are being addressed.

Customer Use Cases

In addition to data audits, we will explore a range of use cases including:

- ◆ Occupancy status (i.e., premises which might be occupied but should be vacant; or vacant premises that are showing signs of occupancy)
- ◆ Customer data (i.e., where the customer name is incorrect or missing, or where there is no information on the customer segment)
- ◆ This work will include a small sample pilot with the Data Assurance Working Group



Informing the Reformed MPF

The MPF Reform Programme has demonstrated the criticalness of data quality, as well as data completeness, to all programmes of work and the successful functioning of the market. Consequently, in year one of our plan our Data Assurance programme will heavily inform the design and delivery of the ongoing data assurance audit and the development of the minimum data quality standards and data quality scorecard that will form part of the new MPF. This will ensure that data quality improvements are appropriately incentivised and that data quality targets are being met.

Funding

With a focus on improving the accuracy of address and premises data, which are wholesaler owned data items, and which there are code and licence obligations in relation to the provision and maintenance of good quality data, our proposal remains that the majority of this work should be wholesaler funded in 2024/25.

The associated code change, 'Data Cleanse Funding' ([CPM050](#)), made it clear that the scope of any wholesaler charges are limited to this data assurance activity for 2023/24 and 2024/25 only. In line with the provisions of this change, approval of any wholesaler-funded spend relating to the data assurance service will subject to a separate vote as part of our annual budget.

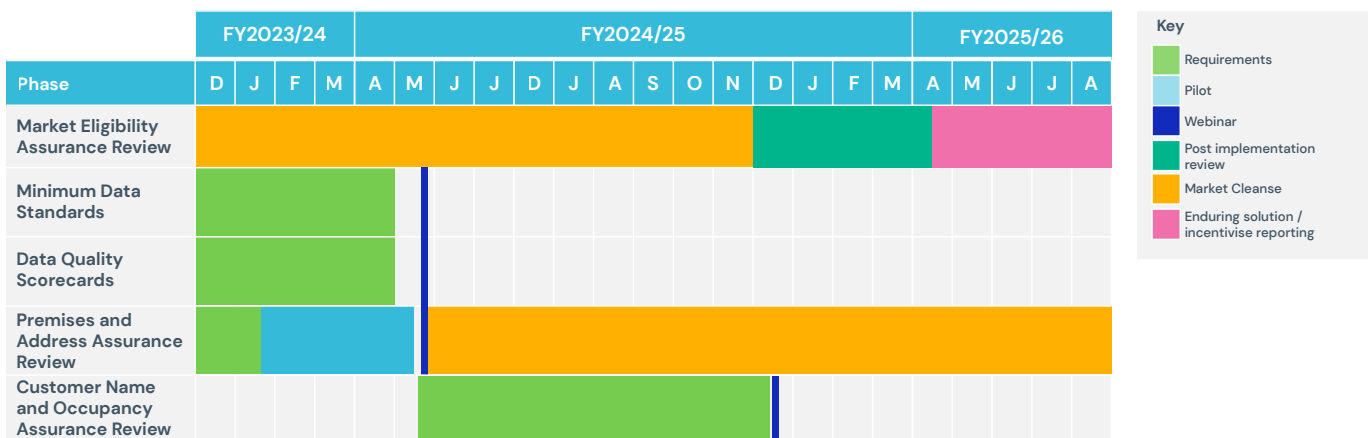
£550k will be wholesaler-funded in 2024/25, the same amount as for 2023/24. A further £200k will be funded by all trading parties in 2024/25, recognising that a proportion of this work is developing data scorecards for use within the reformed Market Performance Framework, and should therefore be funded by both wholesalers and retailers.

Looking ahead to years two and three

While we will continue our focus on data quality improvement beyond next year, we anticipate that future data assurance activities will become part of 'business as usual' activity within our core services, particularly as part of the new MPF.

The findings of the data quality audits and our review of customer use cases in year one will be published in year two and will inform the scope and approach for subsequent audits under the reformed MPF in years two and three.

Programme phase timeline





Modernisation of Market Systems



Introduction

In 2023/24, our Modernisation of Market Systems programme focused heavily on the rehost of the Central Market Operating System (CMOS) into the Microsoft Azure environment.

We successfully completed the migration as part of CMOS Release 14.5 in November 2023 – a significant milestone in our technology roadmap – which will drive greater cost efficiencies for trading parties now and in the longer-term.

We have now defined Market Systems as one of our strategic priorities in our [2024-27 Strategy](#). We will broaden this programme of work to not only modernise CMOS, but to future-proof all market systems, including the Bilaterals hub, and ensure they are robust, adaptable, and secure.

There are three programmes of work within this improvement programme: system modernisation, system security and open data.

Both system modernisation and system security are a continuation of work underway in 2023/24 – through which we sought to improve the functionality of CMOS and other market systems and secure them, and the data they store, from the increased threat of cyber-attacks.

As cyber threats become more sophisticated, we are acutely aware of the need to put in place appropriate levels of security to ensure the continuity of service for trading parties and to protect central market data.

Whilst Open Data is becoming an emerging focus for the market, and the water industry more broadly, work to define what is required for open data will be phased across years two and three of our plan.



Market Systems

This improvement programme sits within our Market Systems Strategic Priority to provide secure and efficient technology to meet future market needs.



What we will deliver in year one

In 2024/25, we will deliver a targeted programme of improvements as part of MOSL’s wider technology roadmap, focused on areas of high risk, those which will deliver the greatest benefits to trading parties or areas which act as enablers for future phases of work.

Key deliverables in 2024/25 include:

- ◆ **CMOS Single Sign On (SSO)** – we will begin work to introduce SSO for the central system to improve the user experience and deliver time savings for trading parties.
- ◆ **Leveraging the cloud** – after the successful migration of CMOS to Microsoft Azure, we will use the advantages of cloud computing to make the systems more scalable and resilient. This work is a key enabler for future changes within the technology roadmap and helps reduce complexity, cost and risk.
- ◆ **Cyber roadmap** – Security Vulnerability is one of the highest risks on MOSL’s corporate risk register and is reported on in our Annual Report and Financial Statements. Securing our systems is essential to the services and data we manage and to reducing both financial and reputational risk to the market. We will seek to secure our systems through a series of discrete projects, including reviewing options for the integration of additional applications into our single-sign-on (SSO) capability, and developing our Information Security Management System (ISMS).
- ◆ **Data warehouse improvements** – MOSL’s data warehouse, which we developed in 2021/22, drives our core data insight and capabilities. This includes the suite of dashboards and maps we produce for trading parties and wider stakeholders. Given our increased reliance on the warehouse, we will deliver improvements to the data warehouse to reduce risk and build resilience for future work.

- ◆ **Review of CMOS capacity for smart meters** – closely linked to the Strategic Metering Review, this work will help inform the future National Metering Strategy and has been prioritised for year one considering the planned rollout of smart meters in AMP8, as outlined in a number of wholesalers’ Water Resource Management Plans (WRMPs).
- ◆ **Bilaterals Reporting Service** – we will complete the requirements and design for enhanced Bilaterals hub reporting, including a review of the underlying database technology and dashboard software ([see the Bilateral Transactions Programme section for more information](#)).





Looking ahead to years two and three

A significant proportion of our system modernisation work will expand into years two and three of our business plan.

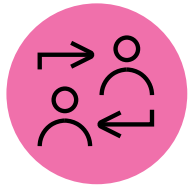
Programmes of work in years two and three include:

- ◆ **CMOS functionality** – will continue our focus on updating the underlying technology of the central system with the aim of reducing run costs. This will include improvements to the user interface through which trading parties access and integrate with CMOS.
- ◆ **Cyber certification** – we will continue work to enhance our cyber security working towards achieving appropriate cyber security certification.
- ◆ **Bilateral reporting** – in year two, we will implement the full bilaterals reporting service giving trading parties greater visibility of data held in the hub. In year three, we will focus on system enhancements based on future trading party requirements (subject to business case).

- ◆ **Open data platforms** – in years two and three we will work closely with stakeholders, including Ofwat, to define an open data strategy for the market. This will ensure that the value of data can be maximised, but also that we are clear on the potential unintended consequences of open data and that levels of access for different data items are understood. This work will be closely aligned to the Strategic Metering Review programme and the potential work to develop a data sharing platform for granular consumption data.

In year three, we will also look to explore the benefits of a market/data 'sandpit' environment. This would allow changes to products or codes to be tested and trading parties to experiment with new innovations utilising market data. It could also potentially enable trading parties to work with third parties to improve the way the system and the market functions.





Bilateral Transactions Programme



Introduction

The Bilateral Transactions Programme has been a successful multi-year, market-wide improvement programme and a priority for MOSL over the last two years.

The programme aimed to standardise, combine or streamline all bilaterals processes into a centralised hub to deliver cost savings as well as improved performance data, standardisation, and time and resource savings for trading parties.

In 2023/24, we successfully completed the Ofwat-mandated programme of work, migrating the remaining lower priority processes in the Bilaterals hub – enabling wholesalers to start decommissioning their legacy systems.

We received positive feedback from trading parties on the efficiencies that the Bilaterals hub has delivered and how we have managed the programme governance and engagement with members.

The releases this year have all been delivered ahead of schedule allowing benefits to be realised early. Our initial analysis also shows that once completed, the programme will have realised **£3.8m** a year of benefits – **£2.6m** more than originally forecast.

As we move into 2024/25 focus will shift to enhancing the reporting of the Bilaterals hub, including the ability to export service request data from the hub for analysis.

The data held in the hub will also be used by the reformed Market Performance Framework to measure and help drive further improvements in trading parties' performance.



Market confidence

This improvement programme supports our Market Confidence Strategic Priority to be a trusted market operator that assures market performance and resilience.



What we will deliver in year one

In 2024/25, we will complete the final phase of our Bilateral Transactions Programme, including additional reporting and enhancements identified by trading parties (subject to business case).

This will include enhanced reporting capability, increased data retention period, email notifications of changes to a processes' status, improved trading party communication and data export.

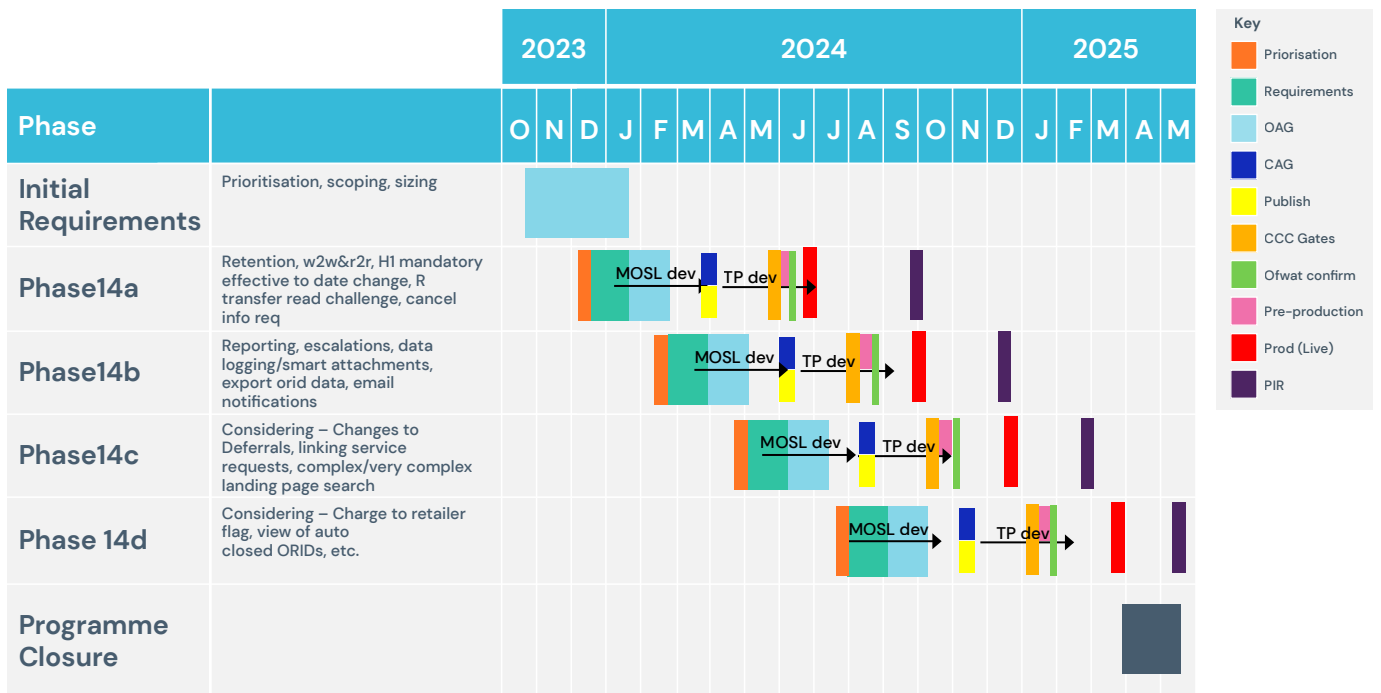
Future development of bilateral processes will then transition to business-as-usual, as part of our core service delivery.

Key deliverables in 2024/25 include:

- Working with programme's advisory groups and the Code Change Committee to review and, where appropriate, develop solutions for additional requirements and functionality for the Bilaterals hub.
- We will continue to follow the agile/iterative project management process we have used successfully throughout the programme, working in two-week 'sprints' to deliver four releases during the year.
- We may also look to integrate new bilaterals processes, such as the escalations process, subject to agreeing the scope and approval of the business case.

At the end of 2024/25, we will have a more robust and enriched Bilaterals hub incorporating enhanced reporting and improvements, driven by trading party requirements.

Bilateral hub: 2024-25





Defined benefits of original programme

Our initial analysis also shows that once completed, the programme will have realised £3.8m a year of benefits – compared to the original business case of £1.2m.

Efficiency benefits	Full Business Case (mid-case)	CPW070 benefits*	CPW138 benefits**
Retailer time to raise Reduced rejections Retailer time to check status Wholesaler time to process Wholesaler effort to submit OPS reporting MOSL effort to produce OPS reporting MOSL effort to manage performance rectification Reduced complaints Reduced training days	£870k	£2.1m	£650k
Direct cost saving benefits Reduced OPS charges Reduced MPS charges Decommissioned Wholesaler portals	£217k	£0	£525k
Performance improvement benefits Improved ability to manage own performance Improved ability to target and measure performance rectification Improved Wholesaler performance against SLAs	£137k	£0	£135k
Newly identified benefits Wholesaler time to raise Wholesaler time to check status	£0	£343k	£70k
Total	£1.2m	£2.4m	£1.4m

Looking ahead to years two and three

The Bilateral Transactions Programme is scheduled to close after year one of the plan as it transitions into our core services in years two and three. At the end of 2024/25, all documentation will transfer to our operations function to deliver ongoing support for the system.

Further hub improvements, either requested by trading parties or driven by code changes, will follow the same processes used for CMOS changes and be funded from our core costs.

*CPW070 is the code change for the original Ofwat-mandated programme

**CPW138 is the code change for the additional 'bilaterals hub' programme which brought all remaining processes into the hub

Other activities MOSL will drive in 2024/25

Our Business Plan for 2024-27 includes five key improvement programmes for year one. These deliver on key milestones set out in our strategy and are provided for in our budget.

Our plan also includes a number of other activities which help to deliver our strategy, but which are not standalone improvement programmes in year one. This may include scoping or review activities for programmes of work defined in our strategy, which will be built on, and potentially become new improvement programmes, in future years of our plan.

These are summarised below:

Market resilience – trading party failure

MOSL's highest rated corporate risk relates to the potential negative impacts on business customers from an unplanned trading party failure. This includes stranded customers following a large retailer failure should other retailers not come forward within the Interim Supply process. It also includes disruption to customer services or market operations following an unexpected retailer or wholesaler failure.

We will continue to work closely with Ofwat and the Strategic Panel to assess detailed risks in this area and potential mitigations. This includes supporting the implementation of any new transition cost recovery mechanism following [Ofwat's consultation](#) (September 2023). We will also work internally, and with Ofwat, on contingency planning for the impact on market systems and processes from a large trading party failure.

This activity is carried out by MOSL and is, therefore, funded through our core service budget. It will continue through all three years of our plan.

Market segmentation – enhanced view of customers

Market segmentation is a key activity within our Water Security strategic priority.

In year two we will carry out development work on the potential to create a single customer view within CMOS. Currently there is no view of a customer across supply points (SPIDs) which limits the market's ability to tailor services and water efficiency offerings. This work aims to develop a unique customer identity, so that a business customer with multiple sites can be identified, enabling improved reporting as well as the potential for tariff offerings and a much more joined up experience for customers.





Market evolution

This work supports our Market Evolution Strategic Priority to influence policy and promote solutions to support a flourishing market.

Market evolution – including tariff and settlement strategy and market economics

We have not allocated budget for workstreams under our strategic priority, Market Evolution, in year one. We expect work on more fundamental structural reviews of tariffs and settlements to take place in years two and three. This could include, for example, consideration of smart tariffs linked to time-of-day usage as measured by smart meters, alongside a more fundamental change in the timing of settlement runs.

We will, however, provide support to the RWG in assessing potential changes to tariffs and settlement in year one. This includes potential changes to the settlement “dead zone” whereby there are different time limits applied for refunds to customers versus refunds of settlement charges.

We also expect that other reviews of market structure such Group One definition and eligibility and input on REC reviews, PR29, WRMPs would be phased into years two and three of our business plan. We have therefore included an indicative forecast of £490k of spend on this strategic priority in later years.

BR-MeX

Ofwat included provision for a BR-MeX tool within PR24 which measures wholesaler customer service based on customer feedback (from surveys), retailer feedback (through R-MeX) and potentially from selected MPF metrics. The tool will be owned by Ofwat and will come into effect from spring 2025.

We are currently working with Ofwat to design how the BR-MeX will operate. MOSL co-funded this development work with Ofwat in 2023/24 and will continue to do in 2024/25. The delivery and running of BR-MeX will then form part of MOSL’s core services from 2025/26.



Market Performance Operating Plan

Introduction

The Market Performance Operating Plan (MPOP) sets out the market performance-related focus, priorities, and activities for MOSL, the Strategic Panel and the Market Performance Committee (MPC) for the coming year.

We have now incorporated the key activities from the MPOP into our rolling three-year business plan. This approach was unanimously supported by trading parties, noting that improvements set out in the MPOP were heavily driven by our improvement programmes: Data Assurance, the Strategic Metering Review and the MPF Reform.

In this year’s plan we will continue to deliver MPOP target activities through these improvement programmes.

The [risks and issues](#) identified by the MPF Reform programme will provide the direction for the MPOP in 2024/25. The MPOP includes the options for developing and implementing future Additional Performance Indicators (APIs) in line with the principles of the MPF Reform Programme as well as market indicators to support aligned programmes, which include Data Assurance and the Strategic Metering Review.

This could include APIs to address:

- ◆ Performance around the accuracy of premises occupancy, in response to risk CSE010: Customer incorrectly identified as vacant.
- ◆ Accuracy of meter data in CMOS, in response to risk CSE002: meter reads not taken due to meter data issues in CMOS (location, serial number, type).

What we will deliver in 2024/25

As well as the development of potential new APIs, we will continue to deliver market performance services, including:

- ◆ Monitoring Market and Operational Performance Standards (MPS and OPS measures).
- ◆ Publishing peer comparison and Retailer Measure of Experience (R-MeX) data.
- ◆ Collecting and re-distributing performance charges.
- ◆ Monitoring MOSL’s compliance with its market operator obligations.
- ◆ Supporting the MPC in its oversight of trading party performance and performance rectification plans.
- ◆ Conducting audits to further explore areas which may be impacting performance.

We will also continue to deliver market entry assurance and reassurance services and provide for three market audits throughout the year in addition to specific, targeted audits. Findings of audits and insights emerging from the completion of Market Improvement Fund (MIF) projects may provide direction for the definition of new APIs. Where no single trading party has full accountability, we may use market indicators to provide visibility on the effect of improvement activities. The market indicators will not be used in peer comparison tables or in the assessment of performance with a view to escalation.

Further work in years two and three of our plan will be informed by the new MPF which will come into effect in spring 2025.

Strategic Panel priorities and roadmaps

In setting out our 2024-27 Strategy and business plan we have engaged extensively with the Strategic Panel as work programmes have progressed under its three market priorities: Value Creation, Customer Service Excellence and Water Efficiency is Core.

While our strategy is separate from the Panel's priorities, and fully owned by MOSL, it is essential that we are aligned on 'what good looks like' for the market and how we plan to achieve it.

There are elements of our strategy and plan that have been informed by the Panel's priorities; elements that we have come to separately, but are shared, and elements that do not currently fall within the Panel's defined workstreams – such as the modernisation of central market systems.

We consulted with the Strategic Panel on our draft business plan in November and are pleased that Panel members are, overall, supportive of our improvement programmes and the budget set out for 2024/25 (see the [Stakeholder Engagement and Consultation](#) section for the full Panel response).

How our improvement programmes align with Panel priorities

As in 2023/24, our Strategic Metering Review and Market Performance Framework Reform are key improvement programmes specifically referenced by the Strategic Panel as "cornerstones" of its priorities for the coming years.

MOSL has been working closely with the Panel's Metering Committee to develop the National Metering Strategy and to define a data sharing mechanism that will enable the data from smart meters to be accessible, affordable, and used to effectively manage and reduce demand.

The Panel too, recognises the criticalness of the Market Performance Framework (MPF) Reform programme as an enabler to delivering all its market priorities – ensuring the effective incentivisation and accountability for market behaviours.

Other improvement programmes are founded on ensuring the basics are in place to support good outcomes for customers and the environment. In particular, enhancing the functionality and reporting of the Bilaterals hub – the data from which will inform the new MPF Reform – and driving material improvements in data quality through our Data Assurance programme.

How our business plan supports other priority areas of focus identified by the Panel

In addition to our key improvement programmes, our business plan considers and provides for work to be progressed in other Strategic Panel priority areas. This includes:

- ◆ Support for the work of the Retailer Wholesaler Group (RWG) – particularly in areas such as tariff complexity, settlement, and water efficiency
- ◆ Working with Ofwat to strengthen the Supplier of Last Resort Arrangements – to make it more attractive for retailers to opt in and to ultimately protect business customers in the event of a retailer failure
- ◆ Administering the third round of the Market Improvement Fund – which encourages innovation and had the highest number of bids compared to previous rounds
- ◆ Business Customer and Retailer Measure of Experience – developing the BR-MeX survey to complement the future MPF
- ◆ Segmentation of data – exploring opportunities to segment and enrich market data to provide a better view of different types of customers and their water usage

Accommodating the evolution of the Panel Priorities

As outlined in last year's business plan, additional work may be required by the Panel as it develops roadmaps in relation to metering data, and water efficiency, both of which are ongoing workstreams.

Furthermore, the Panel has identified tariffs and settlement as particularly pressing issues. As such, the Panel may seek to bring activities to support a faster resolution to settlement issues or solutions to simplify tariffs (through the work of the RWG) forward into 2024/25.

In setting out our budget for 2024/25 – noting the proposed 12% increase – we have been clear with the Panel that there is very little flexibility within our plan to allow for additional work. However, we will work with the Panel to establish where we might reprioritise our support and resources dependent on trading party demand and a strong business case.

Strategic Panel and Committee Costs

After a busy first year establishing market priority outcomes and new working practices, the Panel has moved to a regular cadence of face-to-face quarterly meetings through 2023/24 supplemented by engagement meetings with stakeholders through online roundtables each spring and an in-person Open Forum in the autumn. We anticipate this cadence continuing through 2024/25.

We also make a small provision for Panel and Panel Committee expert support or third-party consultancy and to support the Panel and its committees in effectiveness reviews on an ad-hoc basis. This includes surveys to gauge Panel and Panel Committee effectiveness and stakeholder perceptions.

Finally, while we make a provision for a small number of committee face-to-face workshops, we will continue to make online meetings the standard approach for Panel Committees to ensure costs for supporting market governance remain low. We believe this is the most efficient way to deliver these services, reducing costs for members and travel time for trading party participants.



Stakeholder engagement and consultation

Consulting with our members is a key part of our business planning process. While this document marks the formal consultation, we actively engage with trading party members throughout the business planning process.

Prior to publishing this business plan, we have presented different elements of it, including outline costs, at our CEO Forum and our in-person User Forum. Members of MOSL's SLT have also held a series of meetings with wholesalers and retailers to talk through key aspects of the plan and the timeline for consultation and voting.

In doing so, we aim to maintain a 'no surprises' approach and encourage trading parties and key stakeholders to share their views and any concerns they may have early in business planning process to ensure they can be addressed in advance of publishing the plan for consultation.

This is further supported by the consultations we run through the year on our key improvement programmes, including the MPF Reform consultations and Data Assurance pilots.

We are required to consult on our draft plan with the Strategic Panel and seek formal approval of our one-year budget from members.

Consulting with the Strategic Panel has ensured we have had input from across the market, including Ofwat, CCW and wholesalers and retailers, who are representatives on the Panel.

In November, a draft of the plan was issued to the Panel for formal consultation (9 November – 4 December). In its formal [response letter](#), the Panel stated that it "welcomes the real-terms reduction in core costs for Market Operator services since market go-live. However, while MOSL must continue to drive efficiency, the Panel feels such reductions will be harder to achieve as efficiency gains are baked into delivery of those services." The Panel observed that "the time is right to invest in services that can bring value to trading parties and customers to support regulatory confidence in the market".

In relation to our proposed improvement programmes, the Panel acknowledged the overall support MOSL has received from trading parties on the proposed MPF model, and that costs associated with reforming the framework in 2024/25 "appear reasonable". Panel members also believe this programme is "an important investment by the market and that MOSL must be clear in setting out the benefits to trading parties and customers."

The Panel also noted it was pleased to see MOSL's focus on core systems and cyber security to ensure that systems are "robust" and "offer increased flexibility and a reduced cost".

Beyond our improvement programmes, the Panel also welcomed MOSL's strategic focus on water security and was pleased to see a focus on this in data and metering improvement work.

Lastly, the Panel noted the request from the Retailer Wholesaler Group for secretariat support and supported MOSL delivering this "where RWG work aligns with the Panel's priorities and market outcomes."

On submitting its response, Acting Panel Chair, Rick Hill, said "On behalf of the Panel, I would like to thank MOSL for providing the opportunity to consult on its business plan for 2024–27.

As the market's most senior industry group we welcome MOSL's focus on work that aligns with our goals – to create a flourishing market that delivers value to its market participants, better service to its customers and greater water saving for the environment it is reliant on.

We recognise MOSL's continued focus on managing costs and driving efficiencies in the service it provides. However, we also see the value that MOSL can add by delivering improvements from its central position. We trust that MOSL will continue to challenge itself on whether it is the 'best' placed or the only one able to deliver work. We, therefore, support the plan and the budget as set out for 2024/25."

We will continue to engage the Strategic Panel and members as we publish the final plan for member approval in February.

The consultation with trading party members will run from 15 January to 29 January.

We will then review and collate responses and incorporate feedback, where required, prior to publishing the final plan for member approval.

The final 2024–27 Business Plan will be issued no later than 14 February and member voting on the plan will run until 2pm 29 February, with the General Meeting taking place virtually on 29 February. We appreciate your feedback on our draft plan. This year we have set out three specific questions. We ask that all responses are submitted through the [online platform](#).

Please see the next page for the consultation questions.



“As the market's most senior industry group we welcome MOSL's focus on work that aligns with our goals - to create a flourishing market that delivers value.”

Consultation questions

We would like to encourage you to respond to our consultation to ensure that the final plan is reflective of market priorities over the next three years.

We are consulting specifically on the cost of our Market Operator (MO) charges and the phasing and focus areas of our proposed improvement programmes.

This consultation is formed three questions and should take no longer than 15 minutes to complete. If you are responding on behalf of your organisation, we encourage you to seek views from your teams, including executive teams.

If you experience any issues accessing or completing the consultation, please email comms@mosl.co.uk. Please note that we are only seeking member approval on the year one (2024/25) budget. Costs for year two and three are indicative.

We will take on board feedback from the consultation prior to publishing the final plan in February for member voting. The business plan aims to drive efficiency in delivering our core services and sets out five key improvement programmes to advance the market. Our proposed 2024/25 budget expenditure is £13,740k, with £13,640k funded through Market Operator (MO) charges and £100k from reserves (all trading parties), along with £550k of charges for Data Assurance funded by wholesalers only.

Please [click here](#) for the online consultation link.



Scan the QR code to access the online consultation form

Question 1

Are you supportive of the overall level of MO charges proposed for 2024/25?

Question 2

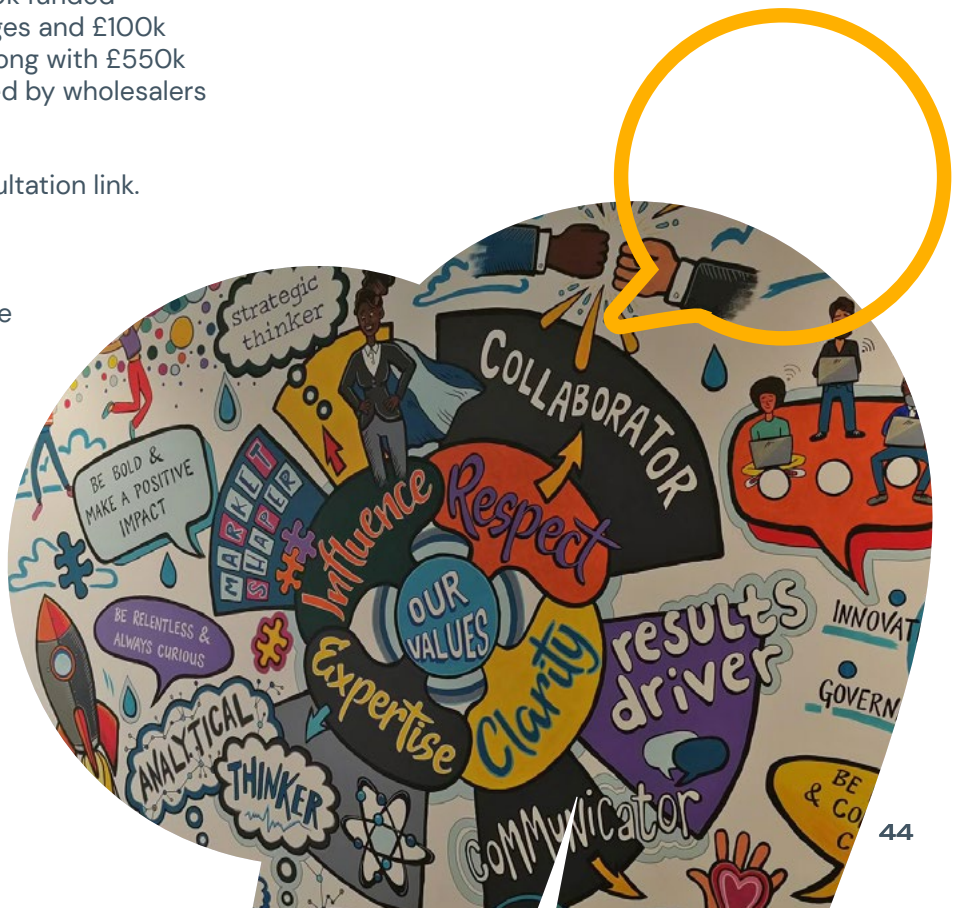
The business plan sets out a three-year roadmap for improvement and delivery of MOSL’s strategic priorities through five key improvement programmes.

Do you consider that these improvement programmes are the right areas of focus?

Question 3

If yes, are there any programmes where you think the phasing should be changed (brought forward or pushed back)? If brought forward, what elements of the current plan do you think should be delayed/ removed to fund any additional activity and ensure it remains deliverable?

If no, what areas of work or improvement programmes do you think should be added to the plan, or existing programmes that should be removed?



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