

Centre City Tower, 7 Hill Street, Birmingham B5 4UA
11 Westferry Circus, Canary Wharf, London E14 4HD

By email

23 January 2023

Dear Sarah

MOSL's proposed 2023–26 Business Plan

Thank you for the opportunity to respond to MOSL's proposed Business Plan for 2023–26. I can confirm that Ofwat is very supportive of MOSL's proposed Business Plan.

We continue to believe that MOSL as the Market Operator has a key role to play in working collaboratively and decisively with industry in getting both the fundamental basics of the market's processes right, as well as helping to create a market that delivers long-term value for customers, society and the environment.

The proposed Business Plan has clearly benefitted from a thorough planning process, including extensive engagement with stakeholders, including the Strategic Panel. The budget that MOSL is proposing represents a below-inflation increase, on last year's budget, in the context of what is an ambitious plan that is focused on driving improvements in priority areas of work and is aimed centrally at delivering the market's strategic priorities.

We are particularly pleased to see a sharper focus in this Business Plan on the need for good quality data to underpin the market. As you will be aware, Ofwat has consistently highlighted, including in its most recent [State of the Market Report](#), that poor quality customer, consumption and asset data can significantly undermine the customer experience and is one of the three main 'market frictions' that is preventing the market from working effectively and delivering better outcomes for customers – improving the quality of market data is a non-negotiable. Ofwat is therefore very supportive of the proposed MOSL-led Central Data Cleanse and its proposed approach to funding the initial phase.

We continue to be very supportive of the work that MOSL is leading on the root and branch reform of the Market Performance Framework ('MPF'). This is a key piece of work to understand where and how Trading Parties can be better incentivised to provide better outcomes for customers and the environment. While we are supportive of MPF reform, I was clear at the CEO Forum last week that I was disappointed with the pace of progress. We

therefore agree with MOSL that there is a need to improve the incentive framework and expect to see tangible progress over the coming months.

Overall, we think that the proposed Business Plan rightly focuses on how MOSL will deliver reliable core services, as well as a suite of improvement programmes designed to resolve known challenges in the market. We think that the Plan represents a balanced approach to driving improvements in the market that are in customers' and the environments' short and longer-term interests, while keeping costs at an efficient and affordable level. This, in turn, should lend itself to improved outcomes for business customers. We hope that trading parties agree and vote to support the proposed plan.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Black', is positioned to the left of a vertical line that extends downwards.

David Black
Chief Executive