

Market Performance Framework

Performance Advisory Group – PAG10

26 October 2022

Agenda

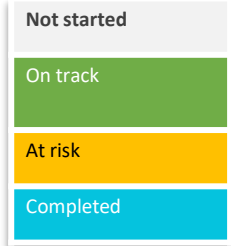
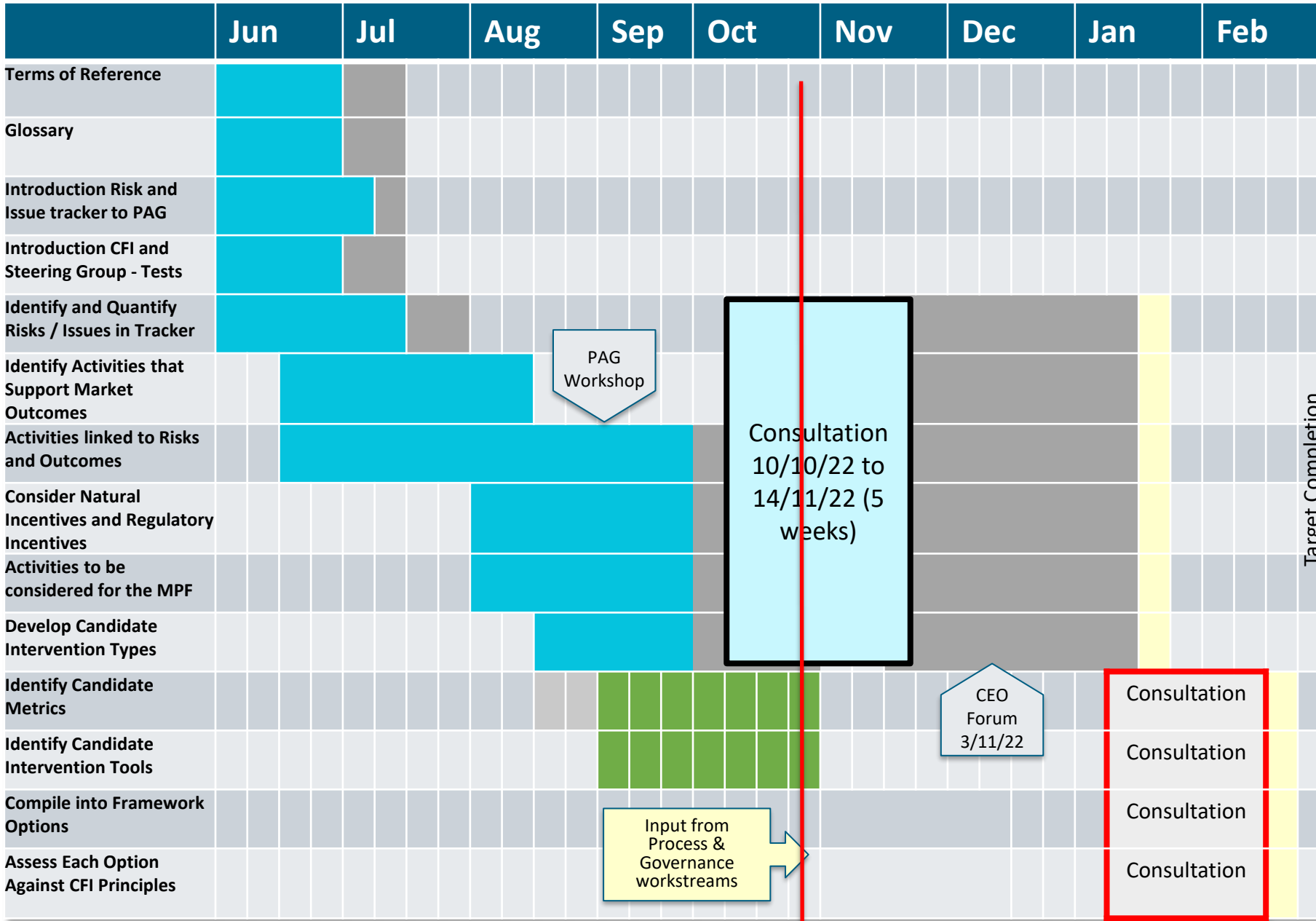
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|---|---|--------------|---------------|
| 1 | Welcome | Chair | 5 Mins |
| 2 | Actions from previous meeting | Chair | 5 Mins |
| 3 | Review progress to date & Steering Group feedback | Chair | 5 Mins |
| 4 | Endorses Group 1,3 & 5 candidate metrics | Axelle Saada | 60 Mins |
| 5 | Endorses Group 1,3 & 5 candidate tools | Janet Judge | 40 Mins |
| 6 | Any Other Business, upcoming meetings | Chair | 5 Mins |

Actions from Previous Meeting (1 of 1)

| NO | Action required | Action by | Action Date |
|-------|--|-----------|-------------|
| 09/01 | Members to advise of any possible customer focused metric relating to CV.23 | ALL | |
| 09/02 | Members to suggest any method to develop a metric regarding refunds in respect of UWE.6 | All | |
| 01/04 | Ensure customers have an opportunity to engage in consultations as the MPF programme progresses (consultations currently anticipated to begin in late September) Open | MOSL | 10/10/22 |

Minutes and Agenda items can be found -
<https://mosl.co.uk/groups-and-forums/project-groups/performance-advisory-group-pag>

Review Progress to date (1 of 1)



Target Completion

Target Completion

Input from Process & Governance workstreams

Chair 10:15

Steering Group

- No update since last meeting
- Steering group noted the good progress being made and the efforts from PAG members to date.
- A subset of the Steering Group was formed to provide feedback and advice on the forthcoming consultation.
- Steering Group dates :-
 - 9 November 2022
 - 11 January 2023
 - 15 March 2023
 - 9 May 2023

Agenda

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Candidate metrics – feedback received (1 of 8)

| Activity | Comment | MOSL response |
|--|--|--|
| CV.9: Wholesaler to resolve request in timely and efficient manner (with regards to customer needs) | Data on deferred bilat requests | Added to the bilaterals SLA metric |
| | An additional metric is wholesaler's own complaints data, based on their direct customer contacts. Unsure how readily available this is, but provision of direct contact data has been agreed as part of B-MEX survey design, so wholesalers would be required to ensure this is available assuming this is implemented as designed through PR24. | Added as a metric |
| | Similarly, if LLUM rate is a metric then LUM rate could be too. While it's recognised that retailers play the primary role in tackling LUMs, if this is about measuring how well wholesalers are responding to customer/retailer requests to locate meters, then the LUM rate may be a useful indicator too. | Added LUMs as a metric (with lower suitability than LLUMs) |
| | C1 verification of supply should be a requisite. There was a reason why it was the first bilat process into the hub. | Request clarifications on what the metric should be |
| | What about Wholesale policies as a metric? For example, some wholesalers only backdate allowances to the start of the current financial year, even if the customer has been disadvantaged for a longer period. | What kind of allowances would be relevant regarding CV.9? |
| | How would state of market be used? Mainly focused on NHHCX of retailers? agree suitability of R-MeX being amber | It would only be used for its customer research part estimating customer satisfaction with services directly impacted by the wholesaler. |
| | CCW complaints data – While we can report by wholesaler region, the report will not give insight into whether the wholesaler shares responsibility for the complaint, nor whether or not they have responded in a timely way. To identify the presence of, and extent, of any wholesaler failings in complaints will involve manual work, as currently our system is unable to report on this automatically. | The cost for CCW complaints metric was already red |
| Bilaterals data could be broadened to include other measures that are linked to customer outcomes – e.g; C1, B2 etc. | Other bilateral processes are covered in the "overall bilats performance" metric | |

Candidate metrics – feedback received (2 of 8)

| Activity | Comment | MOSL response |
|--|--|--|
| CV.11: Market participants work collaboratively to facilitate the provision of accurate data necessary for innovation. | None of these demonstrate collaboration | We assume some level of collaboration is needed to improve these metrics. However, please feel free to propose metrics measuring the level of collaboration between TPs. |
| | VOA and UPRN data may also be beneficial here not sure if that is included in premises data. | It is included in premises data |

| Activity | Comment | MOSL response |
|---|--|---|
| CV.15: Market participants improve processes to facilitate new connections (including non-eligible customers post development or change of use) | Wholesaler & Retailer measures need splitting out (eg premises & customer data) | Split metrics |
| | agree suitability of R-MeX being amber. Also, as this is a collaboration activity is there something about how retailers performance is viewed by trading parties. | What metric would you propose to measure how "retailers performance is viewed by TPs" regarding vacancy? |
| | Do any of these measures fall into D-MeX reporting? Concerns over double counting etc. | There is no overlap with any of the metrics used for D-MeX calculation. |
| | Similar query about new connections remaining vacant - what is the measure around. Indicator - out of people's control if new connection premises remains legitimately vacant. | The new connections marked as vacants will be looked at compared to other TP pairings to see if there are any outliers. |

Candidate metrics – feedback received (3 of 8)

| Activity | Comment | MOSL response |
|---|---|--|
| CV.13: Market participants improve processes to identify gaps sites and bring into charge | Accuracy of address data in CMOS must be included | Added as a metric |
| | Measure of duplicate SPIDs as a result of incorrect gap process | Added as a metric |
| | What about the availability and effectiveness of Wholesaler gap site incentive schemes as metrics? | Added as a metric |
| | agree suitability of R-MeX being amber. Also, as this is a collaboration activity is there something about how retailers performance is viewed by trading parties. | What metric would you propose to measure how "retailers performance is viewed by TPs" regarding vacancy? |
| | Clarification on certain measures and what they mean eg measure of timeliness & occupancy status. | Timeliness & Occupancy status aims to measure how quickly the retailer updates the occupancy status after a gap site is registered. |
| | Also, the back-dated measure - what are the code requirements? Does this align especially with bilats phase 6 in progress. - Clarification is needed on the metric, 'How long ago was it back dated compared date of identification of gap site'. Does this mean retailers can select an 'effective from' date before the identification date of the gap site, therefore resulting in customer receiving backdated charges? If so, CCW complaints and retailer complaints could be useful to highlight where the process isn't working in terms of the correct customer being identified as the occupier. | This backdated metric was a mistake we made - it used to be possible to backdate a gap site but that was due to a CMOS issue that has now been fixed. This metric has been replaced with "How many gap sites were actually entered as new connections in the market so they could be backdated (would require some ad hoc analysis)" |

Candidate metrics – feedback received (4 of 8)

| Activity | Comment | MOSL response |
|--|--|---|
| CV.16: Market participants work collaboratively to ensure vacancy classification is accurate and resolve associated issues | Suggestion - Ability to report on the number of days flagged as vacant | Will add as a metric "average number of days vacant for premises in any given retailer" and look for outliers |
| | UPRN and VOA completeness data is a significant assistance in identifying occupiers of vacant properties, these metrics must be included | Add as a nuancing metric on retailer responsibility. |
| | Accuracy of address data in CMOS must be included | Add as a nuancing metric on retailer responsibility. |
| | None of these demonstrate collaboration | We assume some level of collaboration is needed to improve these metrics. However, please feel free to propose metrics measuring the level of collaboration between TPs. |
| | agree suitability of R-MeX being amber. Also, as this is a collaboration activity is there something about how retailers performance is viewed by trading parties. | What metric would you propose to measure how "retailers performance is viewed by TPs" regarding vacancy? |
| | Must be a measure on the suitability of the SPID being in the market. There is so much evidence from the MIF projects that SPIDs are not being deregistered. Non-eligible SPIDs are a significant portion of vacants in some regions | We see this as more relevant for CV.3/UWE.3. What is the actual metric proposed here? When reviewing metrics for CV.3/USE.3, please propose different ways to "measure the suitability of the SPID being in the market" |
| | What does "assured" LTV mean? Vacancy waterfall assuming this is the churn. How will this be used? Is it as indicator? New connections marked as vacant - is this suitable. There may be legitimate reasons for the vacancy status. Generally the key for vacancy is about identifying consumption, meter reading to confirm status, moving to occupied when identified. | Assured LTV are premises that have been confirmed by the wholesaler as still existing and still NHH. Vacancy waterfall is indeed the churn. |
| | There are wider issues other than just accuracy of vacancy classification – things like retailers still being required to read internal meters during vacancy – is there something about working together to address these issues too? | These are about code obligations and whether they are fit for purpose - not so much about CV.16. |

Candidate metrics – feedback received (5 of 8)

| Activity | Comment | MOSL response |
|---|---|--|
| UWE.5: Market participants work collaboratively to share and utilise additional data (e.g. wholesaler meter reads, SIC) to ensure accurate (consumption) data is made available to facilitate efficiency offerings to customers | bilat tasks need to be specific and also consider clarity of measure eg no. raised/ complete/ outstanding. Settlement measure - consider accuracy of retailer bills | Added clarifications to the bilats task metric. Added audit on accuracy of retailer bills as a potential metric. |
| | Possibly look at adoption of technology = availability of granular data. | Added "Provision of smart meter data to the market" as a metric |
| | Suggestion - Visibility/understanding of what Wholesaler provides a meter reading service | Added as metrics |
| | Suggestion - Visibility/understanding of what Wholesaler has an active smart meter replacement programme running | |
| | None of these demonstrate collaboration | We assume some level of collaboration is needed to improve these metrics. However, please feel free to propose metrics measuring the level of collaboration between TPs. |
| Should metered and non-metered SPIDs be measured as well as dumb v Smarter meters? Similar to UWE.7 | Both metrics are more relevant for UWE.7 | |

| Activity | Comment | MOSL response |
|---|---|--|
| UWE.7: Wholesalers ensure availability of appropriate meter assets (including smarter meters where relevant) sufficient to meet the needs of customers or to drive the right customer and water efficiency behaviours | Should other bilat forms be included eg B5/ C1? | Added to the metric |
| | Is LUMS another metric? | Added as a metric |
| | Why isn't %age of meters that are smart a good measure of the activity completion ie green? | Because there may be more appropriate ways to complete UWE.7 than just installing smart meters everywhere |
| | clarify meter reads (eg non-market meters/ wholesaler reads). | We believe all meter reads are relevant including non-market meters, wholesaler reads, retailer reads, transfer reads etc. |

Candidate metrics – feedback received (6 of 8)

| Activity | Comment | MOSL response |
|--|--|---|
| GS.5: Wholesalers better reflect the needs and requirements of their non-household customers in the provision of non-household services, including trade effluent and planned/unplanned events | BR-MeX? How will this be used. This should be ultimate measure (if developed effectively). | Added as a potential metric |
| | Business customer research, such as CCW's Testing the Waters, can highlight experiences with wholesaler services. Retailer complaints record when they are partly, or wholly, attributable to wholesalers. CCW complaints will have this info too but not automatically recorded, so will rely on manual identification. | Added as metrics |
| | What about Wholesale policies as a metric? For example, some wholesalers only backdate allowances to the start of the current financial year, even if the customer has been disadvantaged for a longer period. | Added as a metric |
| | If using R-Mex need to also include relevant category not just overall service. | What category would be most relevant according to you? |
| | TE is included in activity & behaviour but no specific measure. Is it included in overall bilats? | Added RWG GP alignment to cover some TE and Unplanned events. What other metrics can you propose covering TE? |

| Activity | Comment | MOSL response |
|---|--|--|
| GS.8: Wholesalers to provide timely, clear and concise explanations around most common customer wholesale-related queries | wholesalers websites and published documents? Is there something about RWG GPG alignment (for both trading parties)? | Added audit on wholesaler websites and publications and RWG GP alignment as metrics. |
| | If including R-Mex need to include relevant category not just overall service. | What category would be most relevant according to you? |

Candidate metrics – feedback received (7 of 8)

| Activity | Comment | MOSL response |
|--|---|--|
| GS.9: Wholesalers efficiently maintain working/functioning assets, including meters which must be working accurately and be readable | Smart meters usually depend on batteries, so a metric around battery life would be useful but I am not sure what that would look like | Added as a potential metric |
| | Internal v external meters may be beneficial | Added as a metric |
| | Suggestion - What about the other operational issues - draining issues, low water pressure, flooding | Also relevant for GS.5 - these issues are covered for all customers in the GSS so we added GSS failures for these areas as metrics. |
| | General observation there feels too many measures. F4 & F5 - assuming these can be split into metering related but why different suitability ratings? Age & smart meters - potential significant costs to wholesalers to address so may affect suitability rating. If including R-Mex need to include relevant category. Also consider roles & responsibilities of LUMs and skip codes (retailer & wholesaler) | Given that this is a longlist, there cannot be too many metrics. Many of them will not be used in the final MPF. The cost of the activity is not relevant for the suitability of using the completion of that activity as a metric - we are only aiming to find suitable metrics, we are not prescribing how an activity should be completed. |

| Activity | Comment | MOSL response |
|----------|--|---|
| General | Careful consideration using R-MeX as a metric. There are various challenges with using this such as subjective responses/ not statistically significant/ no challenge process to potential unfair scores/ inconsistent use of scoring. | Agreed, this would be tricky to use for some interventions. Suitability is generally amber for this metric. |
| | Also, where activity/ behaviour involves market participants clarity around who the metric is against eg wholesaler or retailer. | The metrics can measure outputs that relate to both wholesalers and retailers behaviour, but we will need to consider who the intervention targets. |
| | For UWE is there something around outputs of water efficiency RWG sub-groups. | The water efficiency sub-group has not met for a little while as far as we're aware but we keep an eye on their outputs |

ENDORSE: Candidate Metrics (8 of 8)

- 💧 Seek Endorse – Exploration of possible Candidate Metrics for MPF
- 💧 What Endorse covers – all-encompassing view of possible metrics to be explored for the MPF
- 💧 What this Endorsement doesn't cover – The final list or what metrics will be used

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ENDORSE: Candidate tools (1 of 14)

Recap on where we are with intervention tools

- 💧 PAG endorsed the 11 intervention types
- 💧 Now trying to compile all possible intervention tools that could be explored for use in MPF to incentivise performance of activities
- 💧 Does not mean MPF will use all these intervention tools
- 💧 Some tools could be discarded based on suitability, cost, appropriateness and relevance to certain metrics, at next stage
- 💧 We still have the last tranche (third) of activities to review

ENDORSE: Candidate tools (2 of 14)

Feedback – suitability grade - amend

| Activity | Comment | MOSL response |
|---|---|---|
| <p>CV.9: Wholesaler to resolve request in timely and efficient manner (with regards to customer needs)</p> | <p>Financial: I do not understand the medium rating and rationale for the financial penalty tools. My view is that these should all be high.</p> <p>Two way payments – I would put this as ‘high suitability, as bilateral data could be used alongside complaints data to measure both the timeliness and quality of wholesaler responses, which could ensure the minimum standard is being met, while also driving them to exceed.</p> | <p>Propose suitability of two-way payments amended from medium to high suitability, with the inclusion of bilaterals data and BR-Mex.</p> <p>Propose under-performance payments remain as medium, as only incentivises meeting minimum standard, and out-performance remains as low, as does not address under-performance.</p> |
| <p>General - measures that require trading parties to work collaboratively</p> | <p>Out-performance payments - For measures that require trading parties to work collaboratively (CV.13 on gap sites, CV.16 on vacancy, CV.15 new connections) struggling to understand how 'under performance payments' would work as which trading party would these apply to? Wonder if 'out performance payments' would be more appropriate as these could apply to either trading party and provide an incentive for that trading party to invest cost / effort in addressing the problem (e.g. identify the gap site / vacant site and bringing it into charge). These could be applied to every gap site / vacant site brought into charging, building on the current incentive schemes some wholesalers have. In this case should the 'out performance' candidate tools be ranked as high rather than medium for CV.13, CV.16 and CV.16? Agree education may play an important role too in terms of sharing benefits arising from existing incentive schemes.</p> | <p>Agree on suggestion on how to implement outperformance payments, i.e. they would apply to either trading party and provide an incentive for that trading party to invest cost / effort in addressing the problem (e.g. identify the gap site / vacant site and bringing it into charge).</p> <p>Propose to change the suitability of outperformance payment from 'medium' to 'high'.</p> |

ENDORSE: Candidate tools (3 of 14)

Feedback – suitability grade - amend

| Activity | Comment | MOSL response |
|--|--|---|
| <p>GS.5: Wholesalers better reflect the needs and requirements of their non-household customers in the provision of non-household services, including trade effluent and planned/unplanned events</p> | <p>Out-performance payment - don't understand why out-performance payment is consider highly suitable but underperformance only medium</p> <p>Financial incentives - not sure why "out performance payments" ranked as high as wouldn't incentivise poor performers to meet minimum standards. Inadequate wholesaler performance is a key market friction shouldn't this incentive aim to improve poor performance as well as incentivise better performer to stretch towards even better performance? (Which implies ranking 'two way payments' as high but both 'under performance payments' and 'underperformance payments' as medium.) Would the introduction of BR-MeX obviate the need for a separate incentive on GS.5 under the MPF?</p> | <p>Agree with comments. Propose to change out-performance from 'high' to 'medium'. Keep under-performance as 'medium' and 'two-way payments' as high. The introduction of BR-Mex would potentially obviate the need for a separate incentive on GS.5 under the MPF.</p> |
| <p>GS.5: Wholesalers better reflect the needs and requirements of their non-household customers in the provision of non-household services, including trade effluent and planned/unplanned events</p> <p>GS.8: Wholesalers to provide timely, clear and concise explanations around most common customer wholesale-related queries</p> | <p>Peer comparison - I think peer comparison reputational incentive needs to be medium rather than high. Agree that publishing this information is important for customers, but the effectiveness of the tool is diminished because customers can't switch. It's also unclear how this would definitely link to future price reviews.</p> <p>Reputational incentives - Both reputational tools feel too high and should be medium. The information may be easy to communicate, and would be understandable for customers, the incentive on wholesalers to perform well so they avoid looking bad in public is weakened by customers being unable to switch.</p> | <p>Agree with proposals that suitability should 'medium' rather than 'high'. This could become high depending on how public and how accessible the relative performance of wholesalers is. Therefore propose to change suitability to 'medium', which could be enhanced (and moved to high) based on the "publicity" and "accessibility" of the wholesalers performance.</p> |

ENDORSE: Candidate tools (4 of 14)

Feedback – suitability grade - amend

| Activity | Comment | MOSL response |
|--|--|---|
| <p>GS.9: Wholesalers efficiently maintain working/functioning assets, including meters which must be working accurately and be readable</p> | <p>Financial incentives - Agree with high ranking for 'underperformance payments'. Not convinced by 'high ranking for 'two-way payments' as think could be construed as Wholesalers being rewarded for doing day job (i.e. having a meter that can be located, is working and can be read is a minimum requirement doesn't represent true outperformance). Don't think metrics related to % of smart meters would be appropriate for GS.9, although it might be for UWE.7 (highlights why tightening up definitions is important as makes identification of metrics easier). Think 'publishing peer comparison' could be a very good complement to 'underperformance payments' but agree this would not be sufficient on its own.</p> <p>Two-way payments - I don't understand why two-way payments are considered high if Out-performance payments are considered "unsuitable". If half of the two-way payments arrangement is considered "unsuitable" then shouldn't two-way payments also be considered "unsuitable"? There are other similar examples.</p> | <p>Agree on statement regarding the day job. Propose to change suitability on two-way payments from 'high' to 'low', keep underperformance payments as 'high' and add the consideration around complementarity between publishing peer results and underperformance payments.</p> |

ENDORSE: Candidate tools (5 of 14)

Feedback – rationale - amend

| Activity | Comment | MOSL response |
|---|--|--|
| <p>UWE.7: Wholesalers ensure appropriate meter assets (including smarter meters where relevant) sufficient to meet the needs of customers or to drive the right customer and water efficiency behaviours</p> | <p>Limitation of services: I don't understand how a wholesaler can have limitation of service in this area. They are a monopoly if they don't supply the service no one will. This is considered to be highly suitable, I just don't understand</p> | <p>Removing a wholesalers licence to operate would be an extreme sanction and unlikely. There are other sanctions that could be applied that may be more appropriate, e.g. removing of voting rights or capping wholesalers credit requirement calculations until under-performance is rectified.</p> <p>Change wording in rationale on tools spreadsheet. Leave rating as high.</p> |
| <p>UWE.7: Wholesalers ensure availability of appropriate meter assets (including smarter meters where relevant) sufficient to meet the needs of customers or to drive the right customer and water efficiency behaviours</p> | <p>Out-performance payments - confused by the prospect of 'out-performance payments' could be given to retailers? This is a wholesaler activity so by definition 'out-performance payments' would accrue to wholesalers. If you are talking about wholesalers paying retailers then this is not an 'out-performance payment', this would be a compensatory payment.</p> | <p>Typing error - outperformance payments are to wholesalers rather than retailers. Proposed to amend rationale accordingly</p> |
| <p>GS.9: Wholesalers efficiently maintain working/functioning assets, including meters which must be working accurately and be readable</p> | <p>Publishing peer comparison - Under Publishing peer comparison it says “allowing comparisons across retailers” – should that be “wholesalers”?</p> | <p>This is a typing error, 'retailers' should be 'wholesalers' Amend wording in the rationale</p> |

ENDORSE: Candidate tools (6 of 14)

Feedback – tool description - amend

| Activity | Comment | MOSL response |
|--|---|---|
| General | For metrics and tools that are wholesaler focused, there seems to be a lot of focus on retailer interventions which makes it feel unbalanced, eg for new connections - A minimum standard of facilitation of new connections can be set, for which any retailer performing below this standard is penalised. The process of setting up new connections is partially retailer and partially wholesaler, so why is the focus only on retailers? | For shared activities, in a number of cases the tool description only refers to retailers, but, the incentives would potentially be aimed at both retailers and wholesalers. Review and amend tool descriptions where appropriate to include wholesalers |
| CV.13: Market participants improve processes to identify gaps sites and bring into charge | Financial - All financial incentives geared towards retailers - should this be for trading parties. Could financially motivate wholesalers. | Propose to amend tool description to include wholesalers in financial incentives. |
| CV.15: Market participants improve processes to facilitate new connections | Financial – why are the penalties and rewards only for retailers? | Tool description only refers to retailers, but, financial incentives would potentially be aimed at both retailers and wholesalers. Amend tool description to include wholesalers |
| CV.9: Wholesaler to resolve request in timely and efficient manner (with regards to customer needs) | Reputational & financial: Unsure why only CCW data is being considered as relevant metric for reputational & financial. OPS/ Bilats would be more suitable as well as F4/F5. Wouldn't BR-MeX be the key incentive for this activity? Minimum standards are part of licence conditions so there needs to be incentivisation to go beyond this in terms of customer experience. | Agree OPS/Bilats and BR-Mex also suitable metrics. Also suggested by CCW. Propose to add these metrics to the tool description. |
| UWE.7: Wholesalers ensure availability of appropriate meter assets (including smarter meters where relevant) sufficient to meet the needs of customers or to drive the right customer and water efficiency behaviours | Under performance payments – Potentially relevant metrics = %age of meters that are not smart and Proportion of non-metered premises. This would help to drive smart metering for all NHH customers. | Agee %age of meters that are not smart and Proportion of non-metered premises are potentially relevant metrics. Propose to add to tool description in tools spreadsheet. |

ENDORSE: Candidate tools (7 of 14)

Feedback – design

| Activity | Comment | MOSL response |
|---|---|--|
| CV.13: Market participants improve processes to identify gaps sites and bring into charge | Some Retailers opt out of the Gap Site allocation. Those Retailers can not be penalised for the lack of identified Gap Sites. | Need to consider opt out in metrics/design of tool, don't think they'll be penalised, just wouldn't apply to them (identify through the metrics) |
| CV.13: Market participants improve processes to identify gaps sites and bring into charge | Out Performance Payments – Agree with suitability of rating, but there is an existing Gap Site Incentive scheme, so there's the potential for duplication if this is introduced. | Need to consider possibility of duplication in design of tool - gap site incentive scheme is not country wide |
| GS.9: Wholesalers efficiently maintain working/functioning assets, including meters which must be working accurately and be readable | Suggestion - If a meter remains non-working/functioning for an extended period of time, despite a bilateral request being raised, can settlement charges be suspended? | Will investigate to see if this could be a specific tool under the Sanctions category |

ENDORSE: Candidate tools (8 of 14)

Feedback – suitability grade – retain existing grade

| Activity | Comment | MOSL response |
|--|---|--|
| <p>CV.16: Market participants work collaboratively to ensure vacancy classification is accurate and resolve associated issues</p> | <p>Reputational incentives – think suitability of this tool should be ‘low’. Customers mainly make their choices based on the services on offer to them, and how well the basic services are going to be provided. Therefore have little interest in how well retailers handle vacant properties. Wholesalers also play a key role in this activity. Even if customers did rate the importance of handling vacancy quite highly, they couldn’t pick a ‘better’ wholesaler.</p> | <p>If customers were helped to understand the impact of premises incorrectly marked as vacant on their bill / fairness of charging they may view performance (of both retailer and wholesaler) differently.</p> <p>Propose to retain suitability as 'medium'</p> |
| <p>CV.9: Wholesaler to resolve request in timely and efficient manner (with regards to customer needs)</p> | <p>Audit – Unclear why this is ‘low’ suitability and not perhaps, medium. While CCW can interrogate data and reach conclusions, an audit would presumably be more effective as would be an audit of wholesalers processes and systems for handling queries, as well as examining the quality of the output.</p> | <p>Propose to leave suitability as low. Audit is a detective intervention which seems unnecessary where sufficient metrics are available.</p> |

ENDORSE: Candidate tools (9 of 14)

Feedback – suitability grade – retain existing grade

| Activity | Comment | MOSL response |
|---|---|---|
| <p>CV.9: Wholesaler to resolve request in timely and efficient manner (with regards to customer needs)</p> | <p>Underperformance payments: surprised to see 'underperformance payments' ranked as medium rather than high. Responding to bilateral requests raised by the retailer on behalf of the customer (e.g. in relation to locating, fixing, replacing meters) in a timely and effective way is a key wholesaler function in the market, which can materially influence customer experience and increase retailer costs. Therefore important to improve poor performance here. The new bilaterals hub will also provide a considerable amount of data on how wholesalers are performing making development of metrics easier. If your key concern is that "under-performance payments will only incentivise meeting minimum standards, while there could be significant further gains with the right approach", I don't think this is necessary inconsistent with 'underperformance payments' or 'two-way payments' being ranked as high. This can be addressed by where you set the minimum standard and whether exceeding this standard genuinely reflects outperformance that will benefit customers.</p> | <p>Our judgement was based on the available metrics. We were suspecting that it would have been difficult to identify a metric that allows us to quantify a marginal change in the activity that we could link to the payments. Once we finalise the metrics, if we find the appropriate one, we are happy to change the assessment to high as suggested.</p> |
| <p>UWE.5: Market participants work collaboratively to share and utilise additional data (e.g. wholesaler meter reads, SIC) to ensure accurate (consumption) data is made available to facilitate efficiency offerings to customers</p> | <p>Limitation of services/rights – not sure how this could be implemented? So not sure its medium suitability?</p> | <p>Leave rating as is. Explore suitability of tools further in next steps</p> |

ENDORSE: Candidate tools (10 of 14)

Feedback – clarify

| Activity | Comment | MOSL response |
|---|--|---|
| <p>CV.13: Market participants improve processes to identify gaps sites and bring into charge</p> | <p>Education – if group 1 customers are loss-making, retailers won’t want to supply them.</p> | <p>From the feedback, am unsure what action/solution is being proposed. Can PAG member clarify?</p> |
| <p>CV.13: Market participants improve processes to identify gaps sites and bring into charge</p> | <p>Suggestion - there doesn’t seem to be any interventions for the wholesaler to provide complete and accurate data to facilitate successful billing of the correct entity?</p> | <p>Feel this relates to performance metrics. We should aim to measure the completeness/quality of wholesaler data and have suggested metrics for this. The choice of potential interventions would be that considered the most suitable intervention tool from the four intervention categories: Reputational, Financial, Compliance and Sanctions.</p> |
| <p>General</p> | <p>This cohort is a mix of wholesaler only or market participants. When it is the latter how will the tools work? Will you separate wholesaler metrics and retailer metrics so you know who to apply the tools on? Was this considered when applying the suitability assessment of each tool as it could be high for one type of market participant and low for another?</p> | <p>Responsibility lies between two parties - can measure whether activity being completed and incentivise by pairing, if not improving. We may also potentially separate metrics depending on what metrics are selected as being best way to understand performance. Will need to consider as part of design of tool and may use different tools for different trading parties.</p> |
| <p>UWE.5: Market participants work collaboratively to share and utilise additional data (e.g. wholesaler meter reads, SIC) to ensure accurate (consumption) data is made available to facilitate efficiency offerings to customers</p> | <p>I don’t understand how you can force/incentivise any one company to work collaboratively. This point applies to all activities where the word collaboration is used.</p> | <p>Responsibility lies between two parties - can measure whether activity being completed and incentivise by pairing, if not improving.</p> |

ENDORSE: Candidate tools (11 of 14)

Feedback – clarify

| Activity | Comment | MOSL response |
|---|---|--|
| <p>CV.16: Market participants work collaboratively to ensure vacancy classification is accurate and resolve associated issues</p> | <p>Financial incentives - Would need good metrics to support under & over performance payments especially around new connections and would need to consider legitimate vacant premises. The key is incentivising about bringing occupied premises into market and billing them.</p> | <p>Agree that there are legitimate reasons for vacant premises and metrics need to be good</p> |
| <p>CV.16: Market participants work collaboratively to ensure vacancy classification is accurate and resolve associated issues</p> | <p>Reputational incentives - Are the reputational incentives aimed at both retailers and wholesalers?</p> <p>Suggestion - what about an intervention that penalises a wholesaler if there is insufficient/inaccurate premises data such its not possible to match a SPID to a premises in order to establish whether its vacant or not?</p> | <p>Yes, reputational incentives would potentially be aimed at both retailers and wholesalers</p> <p>Feel this relates to performance metrics. We should aim to measure the completeness/quality of wholesaler data and use this to nuance vacancy data. The choice of potential interventions would be that considered the most suitable intervention tool from the four intervention categories: Reputational, Financial, Compliance and Sanctions.</p> |
| <p>UWE.5: Market participants work collaboratively to share and utilise additional data (e.g. wholesaler meter reads, SIC) to ensure accurate (consumption) data is made available to facilitate efficiency offerings to customers</p> | <p>Is there a conflict in using wholesaler meter reads as a candidate tool metric when there are meter reading services offered?</p> | <p>This is about encouraging wholesalers to submit reads in CMOS that they've obtained as part of their day to day operations and encouraging retailers to then to adopt and submit those readings.</p> |

ENDORSE: Candidate tools (12 of 14)

Feedback – clarify

| Activity | Comment | MOSL response |
|---|--|---|
| <p>UWE.5: Market participants work collaboratively to share and utilise additional data (e.g. wholesaler meter reads, SIC) to ensure accurate (consumption) data is made available to facilitate efficiency offerings to customers</p> | <p>Reputational – these talk about retailer peer comparisons and publishing retailer performance – isn't this about wholesaler activity and sharing information that is available but not shared because the market doesn't require it eg meter reads taken for leakage purposes?</p> <p>Under performance payments – talks about the poor behaviour of some retailers - isn't this about wholesaler activity?</p> <p>Rectification/monitoring/escalation - talks about the information a retailer is sharing - isn't this about wholesaler activity?</p> | <p>It's about both wholesaler and retailer activity - wholesaler submitting wholesaler reads into CMOS and retailer using read. Also, retailer putting in SIC so wholesaler can understand customer</p> |
| <p>UWE.7: Wholesalers ensure availability of appropriate meter assets (including smarter meters where relevant) sufficient to meet the needs of customers or to drive the right customer and water efficiency behaviours</p> | <p>There needs to be a balance between enabling water efficiency offerings with the current NHHHC desire for them.</p> | <p>Agree there needs to be a balance between offerings and customer appetite but we should still consider what intervention tools may be appropriate. Appetite may change over time.</p> |
| <p>UWE.7: Wholesalers ensure availability of appropriate meter assets (including smarter meters where relevant) sufficient to meet the needs of customers or to drive the right customer and water efficiency behaviours</p> | <p>Found it quite difficult to assess appropriateness of candidate tools without really knowing what this activity is aiming at and how differs to the GS.9. For example if you are wanting to use this measure to better incentivise smart meter rollout then you might focus on 'publishing peer comparison' and 'out-performance payments' as in this case you are trying to incentivise wholesalers to go above and beyond minimum requirements (of a locatable, working and readable meter).</p> | <p>UWE.7 is about encouraging installation of meters for non-metered customers where they would like a meter and also smarter meters where these are relevant.</p> |

ENDORSE: Candidate tools (13 of 14)

Next steps

- 💧 Re-run suitability assessment once metrics are developed further
- 💧 Workshop metrics and intervention tools with PAG
- 💧 Metrics and interventions shortlisted
- 💧 Conduct more detailed assessment on how most suitable tools would work, including interactions between them
- 💧 Then identify appropriate intervention tools

ENDORSE: Candidate tools (14 of 14)

- 💧 Seek Endorse – Exploration of possible Candidate Tools for MPF
- 💧 What Endorse covers – all-encompassing view of possible Tools to be explored for the MPF
- 💧 What this Endorsement doesn't cover – The final list or what Tools will be used

Agenda

| | | | |
|---|---|--------------|---------------|
| 1 | Welcome | Chair | 5 Mins |
| 2 | Actions from previous meeting | Chair | 5 Mins |
| 3 | Review progress to date & Steering Group feedback | Chair | 5 Mins |
| 4 | Endorses Group 1,3 & 5 candidate metrics | Axelle Saada | 60 Mins |
| 5 | Endorses Group 1,3 & 5 candidate tools | Janet Judge | 40 Mins |
| 6 | Any Other Business, upcoming meetings | Chair | 5 Mins |

AOB Future meetings (1 of 1)

- 💧 Any PAG members attending Webinar tomorrow?
- 💧 Any question

| Meeting Date | Discussion / Introductions / Endorsements |
|-----------------------|--|
| PAG 11 – 9 Nov | Endorsement - Candidate tools & metrics / Assess Framework against CFI principles |
| PAG 12 – 22 Nov* | Framework option compiled / Workshop - first review of Metrics and Tools allocation and selection (PAG 12-14) |
| PAG 13 - 7 Dec (4hrs) | Workshop session to assess tools & metrics against activities/ Consultation feedback |
| PAG 14 4 Jan | Workshop wrap-up including tool specification (V0.2 - 1 page outline of each) Pre consultation 2 – Metrics & tools |