

Metering Committee

Meeting MC1

Objectives, scope and approach

20 April 2021

Agenda item 1

Introductions

Agenda item 2

Overview of programme

Metering RFI – November 2020

- ◆ Request for information to help shape the strategic metering review
- ◆ Excellent response from 14 wholesalers and 14 retailers
- ◆ From the evidence provided the approach adopted by trading parties typically reflects individual company circumstances which includes one or more of; operational environment, current asset base, customer demographic and marketing approach.
- ◆ This diversity of approaches reinforces the opinion as to why operating in the non-household market is seen as difficult; why a ‘one-size fits all’ approach does not work and why there is a need for appropriate standardisation and segregation.

Retailers

- ◆ Some retailers are installing AMR / AMI loggers to provide better consumption information. This is in addition to technology installed by the wholesaler
- ◆ A few retailers have made significant improvements to meter reading processes and have substantially reduced the number of long unread meters.

Retailer concerns	Retailers would like to see
<ul style="list-style-type: none"> ◆ High cost of effective meter reading ◆ Challenges of finding and accessing meters ◆ Time to get meters repaired or replaced ◆ AMR prohibitively expensive for smaller meters ◆ Water efficiency difficult to implement without granular data 	<ul style="list-style-type: none"> ◆ Centralised strategy and standardised approach to technology ◆ Data in common formats and open systems ◆ Coordinated rollout of AMR and Smart meters ◆ Enablers for better data capture – photos, vacant properties ◆ Move away from ‘one size fits all’ ◆ Ability for customers to read meters

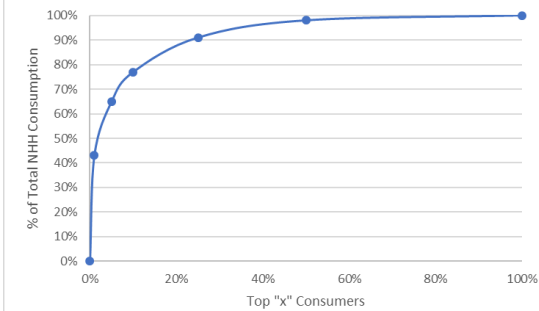
Wholesalers

- Investment in wholesaler metering programmes is driven by external factors such as water resources and not by the requirements of the market
- There are a range of policies on sharing granular consumption data

Wholesaler concerns	Wholesaler challenges
<ul style="list-style-type: none"> The driver for investment is a long-term objective (water resources) which sits outside the market An old and mixed manufacturer asset base means that retrofit reading technology is unreliable Incentives focus investment on smaller meters Accountabilities for meter assets and who can put reads into the central system limits the introduction of technology 	<ul style="list-style-type: none"> Clear understanding of the cost benefit ratio associated with new technologies Large non-household meter exchange costs have increased in recent years due to tighter health and safety rules around isolation requirements and flexible joint risks "Fit on top" technology can be expensive and unreliable Better capture and central sharing of fixed asset data,

Rich data set...

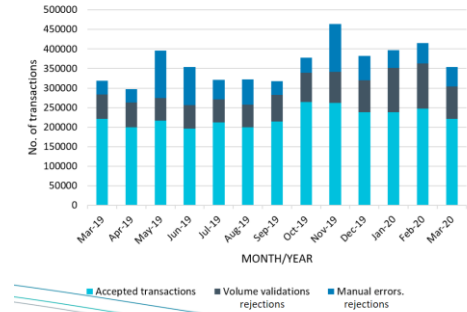
Consumption Skew



Long Unread

Size	Occupied (k)	Vacant (k)	Total (k)
< 25 mm	155	82	237
25 – 80mm	12	4	16
> 80 mm	0.5	0.2	0.7
Tech	Occupied (k)	Vacant (k)	Total (k)
Dumb	140	65	204
AMR	30	19	49
Smart	1	2	4

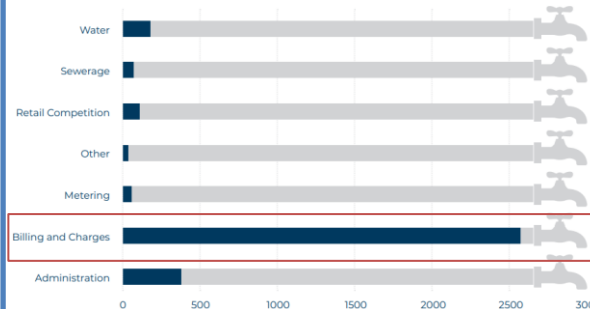
Meter Read Rejections



Metering Technology

Tech	Number (k)	% Meters	% NHH Consumption
Dumb	976	74.6 %	52.7 %
AMR	312	23.9 %	45.9 %
Smart	20	1.5 %	1.6 %

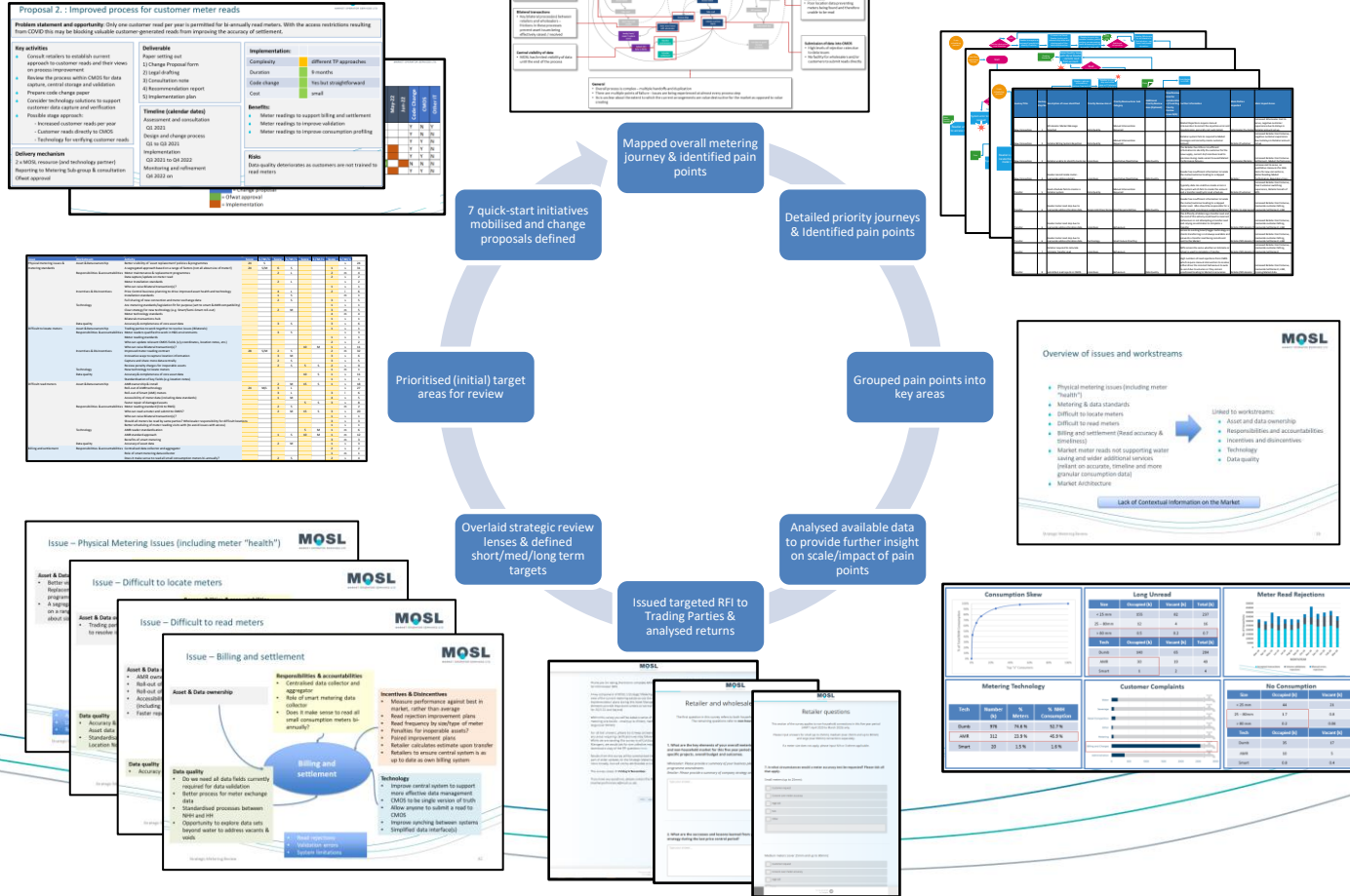
Customer Complaints



No Consumption

Size	Occupied (k)	Vacant (k)
< 25 mm	44	21
25 – 80mm	1.7	0.8
> 80 mm	0.2	0.06
Tech	Occupied (k)	Vacant (k)
Dumb	35	17
AMR	10	5
Smart	0.8	0.4

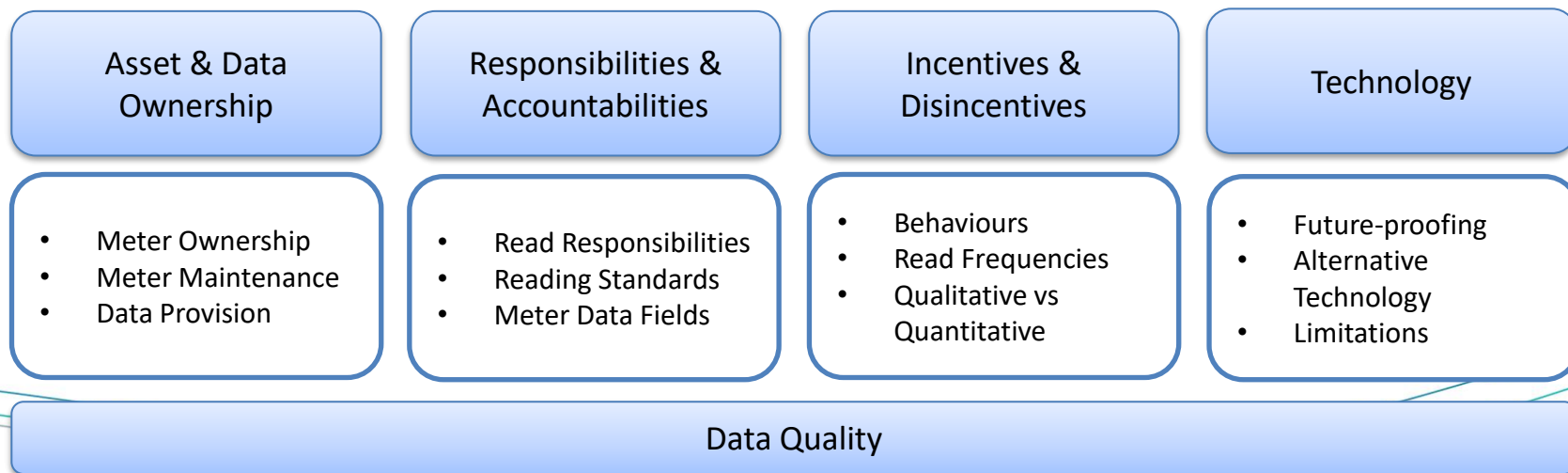
Approach taken



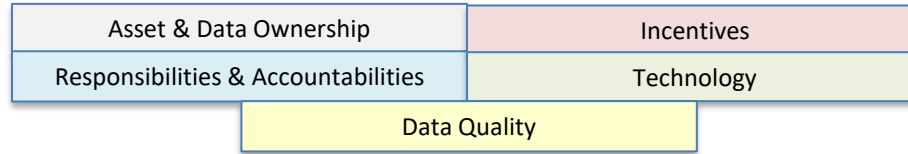
Scope & Objectives

A focus on accurate and timely consumption data

To deliver an efficient framework that increases the volume and quality of consumption data available to market participants, with codes, measures and incentives that recognise the differing needs of customers and improve outcomes for all parties



Initial view of the programme



Short Term (FY 21/22)

- Meter read responsibilities & frequency
- Review of MPF Incentives
- Market wide view of Smart metering roll-out programmes
- Benefits case for Smart meter Roll-out
- Innovative ways to capture asset info
- Improve operational data capture for damaged/failing assets (Bilaterals)
- Classification of SPIDs to support tailored approach (e.g. hazardous location)
- Improve core data quality & ownership/visibility

Medium Term (FY 22/23)

- Metering standards
- Sharing non-settlement consumption data
- Who can raise a Bilateral
- Cyclic estimates from retailers
- Asset repair/replacement
- Meter reading standards
- Review of MPF Incentives
- Metering technology strategy for the market (incl. funding options)
- Standardise and centralise skip codes
- Review of CMOS data model

Long Term (FY 23/24 through PR24)

- Review Price Control planning approach to drive asset health and technology
- Full AMR / Smart meter roll-Out
- Review the market model regarding ownership and responsibilities

Agenda item 3

Objectives and purpose of the committee

Objective of the Strategic Metering Review

Draft:

- ◆ To identify and implement a programme of metering related improvement initiatives for the market that has a focus on accurate and timely consumption data, which:
 - ◆ Complies with the strategic direction for the market
 - ◆ Takes into account a balance between strategic and operational improvement
 - ◆ Delivers appropriate benefit to wholesalers, retailers and customers
 - ◆ Is affordable

Purpose of the Metering Committee

To be a key enabler for the success of the Strategic Metering Review – in particular, ensuring:

- ◆ **Changes are right for the market** – accepted and implemented, delivering intended outcomes, avoiding unintended consequences
- ◆ **Changes are able to be approved at appropriate speed** – recognising urgency and benefit of timely delivery – as Panel and Ofwat have confidence in work of the Committee

Agenda item 4

Ways of working

The role of the Committee within the SMR

- 💧 The SMR is a market initiative – it is not simply a MOSL programme of work
- 💧 MOSL will drive delivery of the Programme – but success will require strong engagement with, and support, from the Panel and market
- 💧 We will actively liaise with other bodies to build strong and broad stakeholder support i.e. Defra, RWG, UKWRC, WaterUK
- 💧 The Committee plays a key role in helping ensure we get change right, and have strong trading party support

How we will bring forward change to the Committee

- ◆ For any improvement opportunity there is a process for change:
 - ◆ Shaping - Early stage appraisal of issues and brainstorming
 - ◆ Development - Optioneering testing, consultation and impact assessments
 - ◆ Refining – Making final changes and being able to demonstrate detailed review - allowing smooth passage with Panel and Ofwat
- ◆ Committee will be involved in each of the above stages
- ◆ Opportunity to sponsor individual projects

Pitfalls (to be avoided)

- ◆ Short term thinking
- ◆ Silo thinking – market interest rather than one trading party interest
- ◆ Not getting involved
- ◆ Thinking just within the current code rules
- ◆ Perfection vs pragmatism
- ◆ Problems without potential solutions

Agenda item 5

Quick-start programme - overview and how committee can support

Quick-start programme - Plan on a page

Quick start project	Description	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Code Change	CMOS	Other IT
1	Central capture of existing consumption data		S		G1				G3		O									Y	N	Y
2	Improved process for customer reads	G1			G3			O												Y	N	N
3	Review meter read rejections							G1			G3		O							Y	Y	N
4	Read frequencies		G1						G3		O									Y	Y	N
5	Standardised skip codes		S		G1				G3		O									Y	Y	N
6	Difficult to read meters		S						G1						G3			O		N	N	N
7	Improved remote read type codes	S			G1			G3		O										Y	Y	N

All change proposal designed to be completed (gate3) by Panel in August 2021 - to enable CMOS change in May 2022

- = Investigation stage
- = Change proposal
- = Ofwat approval
- = Implementation

Strategic metering review – short term programme is planned to begin in May 2021

Progress and support required

Quick-start project	Progress	Next steps
1. Access to and sharing of existing consumption data in the Market	Initial discussion with TPs, data from loggers, AMR meters and smart meters. Working paper prepared	Need input from Committee members to implement consultation
2. Improved process for customer-provided meter reads	Allow any number of customer reads per year. Panel have approved	Ofwat decision
3. Meter read rejections	Detailed analysis by CGI. 40% rejects due to 'meter does not exist, volume validation, data entry errors. Detailed discussion with TPs	Review volume validation, non-code change proposal on 'meter manufacturer', improved data submission
4. Meter read frequency	Reduced minimum frequency for low consumption meters	Change proposal to Panel in April
5. Skip code standardisation and visibility	Liaising with RWG on standard codes. Working paper prepared. Options, supply regular report or with meter reading data to CMOS	Need input from Committee members to implement consultation
6. Difficult to read meters	Defined categories including H/S and access issues. Summarised potential solutions. Working paper prepared	Need input from Committee members to implement consultation
7. Improved meter technology codes	Simplify remote read types to Outreader, AMR and Smart and review related data items	Change proposal to Panel in April

Tasks for members

- ◆ For projects:
 - ◆ 1. sharing consumption data
 - ◆ 5. skip codes
 - ◆ 6. difficult to read meters
- ◆ Will send a short questionnaire to all members (separate for retailers and wholesalers) covering current process, what could be done, implication and benefits
- ◆ Then will arrange one-to-one Teams calls for 1 hour to complete consultation
- ◆ Write-up findings into technical paper with recommendation and circulate
- ◆ Bring back to Committee (May or June meeting) to determine next steps

Agenda item 6 and 7

Short term projects – prioritising and turning into a programme

Long term – shaping input for 2 projects

SMR – initial focus

- ◆ Initial programme adjusted and prioritised by Huddle and Panel
- ◆ Projects will commence in Q2 2021 depending on progress of quick-start work
- ◆ Metering Committee to assist focus on 5 or 6 key projects

S10	Improve core data quality & ownership/visibility (define standards)
S2	Review of MPF Incentives (e.g. meter read and inoperable asset)
M7	Meter reading standards
M1	Metering standards (installation, sizing, technology, etc.)
S4	Market wide view of Smart metering roll-out programmes and a model benefits case
S8	Improve operational data capture for damaged/failing assets (Bilaterals)
S5	AMR reader standardisation
M2	Developing a segregated approach
S6	Innovative ways to capture asset information
MPOP	Transfer reads – improved process
L1	Review the market model regarding ownership and responsibilities
L2	Review Price Control planning approach to drive asset health and technology

L1 - Market model regarding ownership and responsibilities

Now		Future options
Ownership		
Wholesaler		
Retailer		
Customer		
Responsibilities		
Wholesaler		
Retailer		
Customer		
Others		

Evaluate issues raised by future options:

- Risks
- Benefits
- Cost to change
- Code changes
- Timescales

L2 - Price Control to drive asset health and technology

There is an urgent need to strengthen the metering and technology governance:

- ◆ For larger meter sizes and higher consumptions:
 - ◆ Older meters / technology should be replaced
 - ◆ Remote reading facilities should be fitted
 - ◆ Should be possible to capture granular consumption data
- ◆ All 'hard to read' meters should have remote reading technology
- ◆ All new NHH meters to have remote reading technology
- ◆ How do wholesalers and retailers cooperate on technology and data sharing
- ◆ How can Ofwat PR24 or other regulatory instruments facilitate these improvements
- ◆ Could 'Performance Incentives' be established for:
 - ◆ All meters can be located
 - ◆ All meters can be accessed
 - ◆ All meters can be read (no LUMs)
 - ◆ Sharing of available data (compliant with GDPR)
 - ◆ Age of meter stock

Task for members – (to do post-meeting)

For both short and longer term projects:

- ◆ Issues to cover in each project (keep it brief)
- ◆ What benefits could this project deliver
- ◆ What are the risks and challenges to implementation
- ◆ List 2 projects would like to sponsor
- ◆ Prioritisation (from a market perspective)

- ◆ MOSL to send pro-forma by email later this week
- ◆ Respond within 1 week

Agenda item 8

Next steps and AoB

End of meeting