

# **Market Performance Framework (MPF) Reform**

Consultation 3 responses v1.0

# Market Performance Framework (MPF)

## Consultation 3 responses

### Introduction

Thank you for your interest in the process to reform the Market Performance Framework (MPF) for the non-household (NHH) water market.

We have held three MPF consultations to date. The first considered all the potential activities, metrics and tools that could make up the reformed MPF. The second considered a potential 'longlist'.

Consultation 3 outlined the proposed MPF model, including the key Activities, the Metrics that will be used to measure them, the Intervention Tools that would be applied in different scenarios, depending on a company's performance and the different levels of Governance that are proposed.

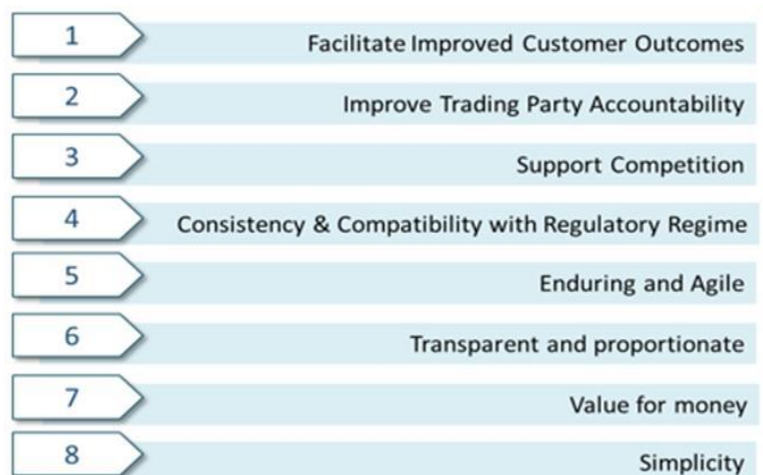
Consultation 3 ran from 6 September 2023 to 20 October 2023. This document summarises the responses we received. A high-level summary can be found on the MOSL website [LINK].

### Our aim

The aim of the MPF Reform programme is to create a performance framework that is *simpler* and *more effective* than the existing MPF. A framework that:

- Has fewer, more effective, more intelligent measures, focused on areas within a party's control
- Is simple to understand, but powerful in application
- Provides confidence in the market at a reasonable and proportionate cost.

Eight key success criteria were developed from responses to MOSL's original Call For Information (CFI) in 2021 (right).



### Consultation documents

To keep the process as simple as possible, the proposed MPF model has been developed in four parts, with reference codes for each element (e.g. Activities A1-9, Metrics M1-21, Tools T1-8, etc).

Proposals for each part were published ahead of the consultation to give trading parties and other stakeholders as much notice as possible (see links below). When responding to the consultation, stakeholders were asked to refer to the relevant reference code(s).

Document	Published	Latest version	Link
Activities	6 July	1.0	<a href="#">Link</a>
Metrics	31 July	2.0	<a href="#">Link</a>
Intervention tools	17 August	1.0	<a href="#">Link</a>
Governance	31 August	1.0	<a href="#">Link</a>

Before responding to the consultation, we recommended stakeholders watch a recording of the [pre-consultation webinar](#), which provided more context and explained the different components and walked through worked examples.

## Programme status and next steps

A summary of responses to Consultation 3, and the Full Business Case for the programme, were presented to the Strategic Panel on 9 November 2023 and MOSL Board on 10 November 2023.

The Full Business Case was approved. Subject to trading party approval of the MOSL Business Plan for 2024/25, implementation will begin in April 2024.

This document includes all the responses we received to Consultation 3. Please note that comments are provided as submitted and may therefore include typos, etc.

Using the feedback, MOSL and members of the Performance Advisory Group (PAG) will work on detailed MPF design (i.e., metric parameters, scale of interventions, etc).

Any stakeholders not represented on the PAG who wish to observe and/or involved in the future development of the MPF are invited to get in touch via [mpfreform@mosl.co.uk](mailto:mpfreform@mosl.co.uk).

## Consultation Responses

This document sets out the responses received from all 27 respondents to Consultation 3:

Wholesalers x 14	Retailers x 11	Other x 2
Affinity Water	Business Stream	Consumer Council for Water (CCW)
Anglian Water	Castle Water	The Energy Consortium (TEC)
Dŵr Cymru (Wholesale)	Clear Business Water	
Portsmouth Water	Dŵr Cymru (Retail)	
SES Water	Everflow	
Severn Trent & Hafren Dyfrdwy	Pennon Water Services	
South East Water	Sefton Council	
South Staffs Water	SES Business Water	
South West Water	Water 2 Business	
Southern Water	Waterplus	
Thames Water	Wave	
United Utilities		
Wessex Water		
Yorkshire Water		

Please note where respondents left a response to a question blank their name does not appear in the relevant tables shown below.

## Section B: Overall

### Q8: Overall, to what extent do you support the proposed components of the revised MPF?

	Very supportive	Supportive	Currently neutral	Unsupportive
<b>Wholesalers</b>	Severn Trent Water	Affinity Water Anglian Water Dŵr Cymru Portsmouth Water SES Water South Staffs Water South West Water Southern Water United Utilities Wessex Water Yorkshire Water	South East Water Thames Water	
<b>Retailers</b>	Dŵr Cymru (retail) Water2Business	Business Stream Clear Business Water Sefton Council (self-supply) SES Business Water Water Plus Wave Utilities	Everflow	Castle Water Pennon Water Services
<b>Other</b>		CCW The Energy Consortium		

**Q9: \*If 'unsupportive' or 'very unsupportive', please explain your main concern(s) and how it/they could be addressed.**

Wholesalers	
<b>Thames Water</b>	<p>We are broadly supportive of the proposed components of the revised MPF, and especially supportive of the move to simplify the components from Consultation 2. We are pleased to see the recognition across several activities that ownership is recognized as a joint responsibility between Retailers and Wholesalers but note that:</p> <p>It is currently difficult to see how the decision to make Wholesalers and Retailers jointly responsible for some activities has been arrived at for some measures ie. Vacancy but not for others ie. Unread meters. We would welcome additional detail on the approach applied.</p> <p>We are also unclear whether the establishment of joint responsibility is a meaningful step when it is supported by individual trading party measures.</p> <p>We are concerned that the emerging performance framework will penalise wholesale trading parties leading smart metering rollout by imposing smart metering performance obligations that are not equivalent to the non-smart base. Ideally the performance framework would reward companies with higher penetrations of smart metering, due to the far superior service this provides, but failing this should at least ensure an equivalence between smart and analogue performance frameworks.</p> <p>We are encouraged to see that MOSL expresses the ambition in this consultation to avoid “double jeopardy” in penalty charges, clarifying that if something is subject to measures like BR-Mex then it won’t be subject to rewards and penalties under the reformed MPF, however we would like to MOSL to go further in its assurances on this area. Currently MOSL does not rule out the potential for “double jeopardy” if compensation payment become the preferred tool for penalizing and rewarding performance.</p> <p>We are concerned in the Tools section of the consultation of “compensation payments”. This is on two grounds, firstly we feel that compensation is a loaded term and describes a situation which should not be associated with measuring and driving performance. Our more important objection is that the ‘compensation payment’ tool itself creates strong perverse incentives. Throughout the development of the MPF to date MOSL has recognised the significant co-</p>

	<p>dependencies that exist within the market framework. To enable wholesalers to carry out their work effectively there is significant dependency on retailers, for example to have provided sufficient information and evidence on bilateral requests or to provide up to date customer contact details or to liaise with their customer to understand their requirements and circumstances. Providing the opportunity to receive ‘compensation payments’ actively disincentives retailers from providing good quality information and continued support in resolving bilateral requests. For scale, the level of penalties for an OPS failure in the current MPF (£40) would far exceed the allowed net retail margin for Group 1 customers that Ofwat sets out in the REC.</p>
<p><b>Yorkshire Water</b></p>	<p>Yorkshire Water are pleased with the overriding principles outlined in the revised MPF, and the desire to deliver good outcomes for all customers. We would note, however, that with this desire in mind there may be some gaps in the proposals where direct customer benefits may be hard to fully quantify by trading parties.</p> <p>It has been suggested that MOSL could publish a separate document that gives an executive summary of the key differences the reform would bring compared to the previous framework.</p> <p>The current proposals split overall responsibility for the MPF between Wholesalers and Retailers, however Yorkshire Water would suggest that there are elements of metrics and governance that are currently held by MOSL. Therefore there could be an opportunity for MOSL to include a clarifying point of responsibility around certain overlapping KPIs that MOSL itself would be best placed to take full ownership of.</p>
<p><b>Retailers</b></p>	
<p><b>Business Stream</b></p>	<p>We are supportive of the proposed focused activities and many of the metrics and tools. However, we consider there should be increased levels of incentivisation on wholesalers to ensure they are more proactive in improving market data, reducing market complexity and investing in critical metering assets, without which we will not achieve improved customer outcomes.</p>
<p><b>Castle Water</b></p>	<p>The proposed components of a future revised MPF are insufficiently defined for Castle Water (or any other party) to be able to credibly support.</p> <p>The details are just not there and depending upon how it is later determined to package the proposed components, the resulting framework could fall anywhere on the spectrum from terrible to acceptable.</p>

Having debated whether this lack of definition should lead us to answer, 'currently neutral' or 'unsupportive', we have determined it necessary to answer 'unsupportive', given the downside risk (to customers, trading parties, and the successful development of a flourishing market) associated with a badly assembled package of components would greatly outweigh any upside risk of a well-constructed set of components being implemented.

Further, our assessment of the likelihood of the resulting construction delivering a good framework is unfortunately low.

In part, this assessment of likelihood is informed by the failure of the components to convincingly meet the eight success criteria [see our answer to Q13 which details our assessment]. That is, the case is not made in the consultation paperwork (pre-reading) that these components meet the success criteria, such that there is a significant risk that we could implement these components at great cost only to find that we have not got a simple, transparent, proportionate, enduring, agile, market performance framework, and which fails to facilitate improved customer outcomes, trading party accountability, or ultimately supports competition. Further, we believe that the success criteria themselves are incomplete – for example, 'accountability' is insufficient to ensure the necessary focus on measures that are within a trading party's 'control'.

Hence, there is a real risk that if we determine to proceed with this set of components alone that we could in subsequent phases of this reform process introduce an unsuitable, inappropriate, and ineffective performance framework, which is expensive to implement and expensive to manage. Further, managing this new performance framework could quickly become an industry, thereby imposing significant additional costs on MOSL and trading parties, to the detriment of the market and the customers they serve. Simple is unlikely to be a term used to describe the resulting performance framework.

Consequently, as we explain in our consultation response, there is a material risk that the resulting performance framework would damage rather than promote the attainment of the Strategic Panel's goal of a flourishing market.

This view is reinforced by the amount of time and hand-wringing that it has taken to get to this point. We are two years into a process and yet, we still lack the necessary detail required to understand and therefore comment intelligently on whether we are to implement what we should all desire, the **minimum necessary framework** to monitor and incentivise trading party compliance with core obligations in our market codes that materially matter to customer outcomes. We fear that we have lost sight of the goal.



	<p>One final note – the consultation papers fail to mention the market codes and obligations therein. This is a mistake, demonstrating a total lack of understanding of a functioning market and the codes which govern its operation. If a market performance framework is necessary, it must be recognised to be a proxy for measuring and demonstrating compliance with the core performance obligations in the codes. It should not replace or relegate those obligations, as would appear to be the proposal here.</p> <p>Hence, for all these reasons, Castle Water is unable to support the components proposed. Whilst we will remain engaged in any development of the components, we suggest that a fundamental rethink is required now, otherwise the very real risk will likely be realised that we assemble a costly, complex and ineffective package of measures, which will impose an ongoing burden on our market, trading parties, and the customers they serve.</p>
<p><b>Everflow</b></p>	<p>We are pleased to see that the overall picture with the development of the MPF is one of improvement, with a shorter list of better metrics than seen in the previous round of consultation. We have once again provided commentary on every proposed metric within the attached spreadsheet.</p> <p>We appreciate the quantitative approach to metrics and the overall focus on operational activities that this MPF proposes. This appears to recognise that the MPF is best directed towards operational issues and is not the right mechanism for resolving some of the market’s more strategic issues, which we would characterise as design flaws that can only be addressed through regulatory change.</p> <p>We would like to take this opportunity to share our views on how the MPF should be implemented and governed, and summarise our key points below:</p> <ul style="list-style-type: none"> <li>• We are strongly opposed to M09, which in our view is detrimental to customer outcomes, detrimental to competition, and does not align well with the regulatory regime. Please see our response to Q15 for further detail.</li> <li>• Activities A3 through A5 lack clarity in allocating operational responsibilities between wholesalers and retailers, affecting the framework’s ability to appropriately monitor and address performance shortfalls. Please see our response to Q13 for further detail.</li> <li>• Whilst not strongly opposed, we are apprehensive about the complexity and the potential for excessive bureaucracy of the proposed governance framework. Market interests must be genuinely represented to maintain transparency and fairness, and we must be careful not to make an industry out of governance with this approach.</li> </ul>

	<ul style="list-style-type: none"> <li>As a general consideration, the MPF must seek to establish a clear and reasonable timeframe within which retailers may resolve performance issues inherited on switch, whether from retailers or wholesalers, before performance charges (if introduced) are levied. We would suggest a 6 month grace period post-switch, to align with established cyclical read frequency.</li> </ul> <p>The MPF provides a tool to quantify and, perhaps, guide future actions aimed at improving market competition and efficiency. The proposed MPF represents an improvement over the existing system, but it remains crucial to recognise that it alone cannot transform the market.</p>
<b>Pennon Water Services</b>	We are not sure that this reform fundamentally really changes anything. It is a re-hash of existing measures along with some new metrics but does it really address the issues that some participants and the market face. The metrics themselves are well intentioned but do they really address behavioral issues in the market and will they drive a step change improvement for the benefit of the customer. Are the metrics robust enough to actually identify accurate data or will poor data still be present in the market but not be detected because at least something is present in a data field?
<b>Water Plus</b>	n/a
<b>Wave Utilities</b>	N/A
<b>Other</b>	
<b>TEC</b>	N/A

## Section C: Activities

**Q10: Are there any Activities you think should not be included? Please explain why.**

Wholesalers	
Dŵr Cymru	No
Portsmouth Water	N/A
SES Water	N/A
Severn Trent Water	No
South Staffs Water	The activities that have been shortlisted from a wholesaler responsibility have been covered which we feel is the right amount of activities simplified.
South West Water	No. We agree with the inclusion of the nine proposed activities.
Southern Water	No
Thames Water	N/A
United Utilities	No – Happy with the proposed activities
Wessex Water	No
Yorkshire Water	No

Retailers	
<b>Business Stream</b>	No
<b>Castle Water</b>	<p>The MPF Reform Programme (MOSL?) has not made the case for this to be the set of activities – both regarding what it has determined to include and as to what has determined not to include. Consider carefully MOSL’s ‘view on activities’ against the ‘success criteria’, as detailed in the table on page 4 of the ‘Activities’ document (component 1). The case just has not been made.</p> <p>For example, on success criterion #2 ‘improves trading party accountability’, just by listing who is responsible for an activity does not afford that party the necessary control over that activity and, therefore, does not necessarily mean that it will improve trading party accountability.</p> <p>For evidence of this, consider Activity A1, where it attributes accountability to retailers for “<i>meter reads not taken due to issues with meter (e.g., physical location, condition, technology)</i>”. This denies that the meter asset is owned by the wholesaler and are its responsibility. So, how is listing the retailer as accountable going to improve trading party accountability, facilitate improved customer outcomes, or be transparent and proportionate?</p> <p>Indeed, we note Activity A6 ‘wholesaler to make sure that CMOS is regularly updated with good quality, accurate asset and premises data’ and consequently question how the dependencies and interactions between a retailer delivering A1 and a wholesaler delivering A6 will be captured, apportioned, etc. This is just going to become a complex mess of competing and dependent activities, with associated metrics and reporting consequently being compromised. Instead, any performance framework should focus on what each party has direct control over and ensure that it delivers on its associated key obligations under the codes to the extent that the control it has would allow any responsible and committed participant.</p> <p>Regarding success criterion #3 of ‘supporting competition’, there is no positive affirmation delivered in MOSL’s view, instead it delivers the uninspiring verdict that “<i>no intended consequences have been identified at this stage</i>”.</p> <p>Consider success criterion #8 ‘simple’. Do we think that just by “the proposal hones down 36+ activities in the current MPF to a proposal of just nine” necessarily makes the activities simple? It is just a lesser number than we have now – except that arguably it may not even be that! The number of activities is but one dimension when considering simplicity, with another key one being the definition of these nine activities and how they fit together. We would argue</p>

that the activities here are not 'activities' as we would know them, or as they are defined in the current MPF. To read a meter (MPS18/19) or to submit a meter read (MPS15) could be described as activities. However, to describe an activity as 'Retailers to make sure that CMOS is regularly updated with sufficient levels of good customer and consumption data to support accurate settlement and customer billing' is not a single activity of the same type; it is an amalgamation of many individual activities.

Hence, our comment on whether we are comparing like with like when contrasting 36 old activities with 9 new activities. It is disingenuous, even if not deliberately so. Hence, the case for the activity when set against this success criteria has again not been made by MOSL.

Further, we note the words "*the proposal hones down 36 activities in the current MPF*", which is either in error or revealing that we didn't start with the promised clean sheet of paper. We should not have honed down the current MPF and for the reasons evidenced above, we would argue that we have not even achieved that! The current regime has been discredited and led to a long overdue two-year programme (to date) to replace that regime with something new, fresh, and appropriate, which is the minimum necessary, which is effective in its goals, and which is focused on obligations/activities which are within a party's control. MOSL's words suggest otherwise; we trust that they are just unfortunate.

Consider now success criterion #5 'enduring and agile'; just because the "*activities have been mapped to the enduring key themes of the market*", it doesn't mean that they are enduring. Again, case not made. Likewise, just because MOSL's view is that the activities "*can be revisited in future if necessary*", does not make them 'agile'. Remember, it has taken us two years to date to 'revisit' the MPF and we have quite some distance to go yet. Again, case not made by MOSL.

Regarding success criterion #4 'consistent and compatible with the regulatory regime', MOSL's view of success is that it is not inconsistent, but not that it supports and furthers that regulatory regime. It alone is not a reason to introduce, but it would be a reason not to introduce if it had been shown to be inconsistent.

In our view, the only success criteria where MOSL has come close to showing the case is criterion #1 'facilitates improved customer outcomes'. However, even here, the case isn't fully made as to whether it will improve outcomes. We agree that these activities will in the round impact customer outcomes, but without the necessary detail on how they would be implemented, there remains a risk that rather than improving customer outcomes, these activities could

degrade customer outcomes – for example, by adding unnecessary cost on trading parties and diverting attention away from other activities that do improve customer outcomes or increase competition, etc.

Finally, we note that on two of the eight success criteria (numbers 6 and 7), MOSL’s view is that either the success criteria or collectively the activities are “not applicable”. That’s 25% of our success criteria that are not applicable to the collective set of activities, and the other 75% where the case has not been convincingly made! And do we think we might have the right set of activities, nevertheless?

Given the above regarding MOSL failing to evidence attainment of the success criteria and our view that the activities listed are not simple activities that any reasonable person would recognise but instead are an amalgam of multiple activities, it is difficult to comment meaningfully on whether any activities should not be included.

That said, we note the problems with regard to accountability and control with the ‘shared retailer and wholesaler responsibilities’. Hence, apportioning failure will be problematic, and the complexity introduced will be considerable when one considers any monitoring and reporting regime, or enforcement/sanction by the Strategic Panel via the Market Performance Committee. If there are say 17 wholesalers and 20 retailers, that would result in 340 pairings to monitor, report, and sanction. To us, this would fail any test of simplicity, transparency, or being easy to understand! And many of these pairings would be too small statistically to measure, but not to do so, would fail any test of equality or equivalence. As we note, problematic! Whether this necessitates removal of these activities is a question that needs to be considered.

Take for example the requirement for market participants to “work collaboratively” under Activity A3; what is meant by “work collaboratively”, how would that be measured, and how would any apportionment of good or bad performance been made between wholesaler and retailer? Further, we note that ‘market participant’ is not a defined term under the codes, unlike ‘Trading Party’. The ordinary understanding is that ‘market participant’ would not be restricted to Trading Parties but would also include other players such as the Market Operator (MOSL) and Market Auditor, plus possibly the likes of the Strategic Panel. Hence, performance of Activity A3 will apply to this extended group of market participants and not be restricted to Trading Parties, as we assume that the wording is deliberate. Again, the details are missing.

Further, we note that for Activity A2 ‘outgoing retailers to make sure CMOS has good quality timely customer data and incoming retailer to submit timely actual transfer reads on customer switching’, the basic requirement to perform these functions is sound, but the detail as to how and the lack of any consideration as to how to ensure that focus is only on

	<p>areas within a party's control is again missing. As a retailer, we find that the meter location data within CMOS (responsibility of the wholesaler) is lacking when a customer transfers in, with the previous retailer (or more likely its meter reading contractor), not recording all the additional notes necessary to find a meter. Further, we often find access is an issue, with our attempts to take a visual transfer read frustrated. Again, the question of 'direct control' comes into play and nowhere in the documentation set do we see adequate acknowledgement that this is necessary to be able to incentivise performance.</p> <p>Today, we schedule meter reads on all transfers in and we require our meter readers to visit all such meters within the prescribed timescale. This is the focus of their and our performance. But, for the reasons outlined above, we often return with a skip and not a meter read, despite this focus and best efforts. We will work the skip, but achievement of a 'timely actual transfer read' will not occur in the window allowed.</p> <p>Any performance framework must ask, what more could the retailer do in such a circumstance and to what extent are the actions (or inactions) of other participants responsible for the failure to gain a transfer read (e.g., meter asset owner's data in CMOS; outgoing retailer's failure to capture the full meter reading notes in CMOS; the lack of specific fields in CMOS; the refusal of access by the customer; etc.). Such questions are not asked, nor considered, by the activities listed.</p>
<p><b>Clear Business Water</b></p>	<p>A.4 Customers supported during unplanned events</p> <p>We agree that it is important that customers are supported during unplanned events. However, without establishing a metric to measure performance in this area, we are unclear as to how 'good' performance could be defined and what tools could be used to incentivise good performance.</p> <p>In the absence of any suitable measures of performance, it may be that this activity is better suited to an annual assurance of processes around unplanned events, than a KPI or targeted audit.</p>
<p><b>Dŵr Cymru (retail)</b></p>	<p>None</p>
<p><b>Everflow</b></p>	<p>No</p>
<p><b>Pennon Water Services</b></p>	<p>No</p>

<b>SES Business Water</b>	Unplanned Events, in their nature are unplanned, without a detailed mechanism of measurement, this is impossible to quantify. Without more detail of how this can be delivered into the MPF that aligns with the 8 key criteria of the new MPF
<b>Water2business</b>	No
<b>Water Plus</b>	Water Plus identifies that Activities identified are broadly correct and are positioned well to incentivise the aspects of the market that drive market frictions and poor market or customer outcomes. Whilst we believe that there is significant interdependence between many of the Activities, and therefore nuance will be required to effectively monitor performance rather than simply outcomes, the direction of these Activities is clear and beneficial.
<b>Wave Utilities</b>	No
<b>Other</b>	
<b>CCW</b>	<p>We believe that all of the proposed nine activities should be included in the MPF as they have a clear customer impact, and if undertaken correctly, should result in improved customer outcomes. As well as expecting a reliable and safe water/sewerage service, a key expectation of business customers is that charges for their services are accurate. Therefore, the activities focusing on improving the accuracy of consumption data, and efficiently maintaining meter assets, are welcome, as these are needed to improve customer service delivery and billing and charging. The number of business customer complaints to CCW in 2022-23 remains 2.5 times greater than before the market opened, with the majority of these relating to billing and charges and administration issues. It is therefore vital that the MPF incentivises much needed improvements in these areas in order to reduce ongoing customer detriment.</p> <p>While we agree with all the activities, it is important to be able to measure how well these are being undertaken, and incentivise the correct trading party to maintain a high level of performance.</p> <p>Activity A4 – ‘market participants to support customers during unplanned events’ – does not have any key performance indicators (KPI) that could be used for incentivisation. We think this should have KPIs. We want to see this activity further enhanced and we urge MOSL to develop performance indicators to ensure this is subject to the same incentivisation as the other eight activities.</p>
<b>TEC</b>	All nine activities have merit and should drive better customer experience.



### Q11: Are there any Activities that should be added? Please explain.

Wholesalers	
<b>Anglian Water</b>	While it may be terminology, we note that A8 references 'driving water efficiency', which sits in the Wholesale Activity shortlist. However Retailers own the direct relationship with end user business customers and have the direct ability to drive water efficiency. We would welcome acknowledgment in the terminology to reflect this. Perhaps in the wording in A1? It may be appropriate to have inclusion of additional activity to reflect capability now coming online from smart meters to reflect continuous flow and leakage reduction activities. This will require Retailers and Wholesalers to work together to reduce leakage levels and lower demand.
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	<p>We do feel there should be a couple of additional activities retailers should be measured on, detailed below:</p> <p>Non-Household Customer satisfaction. Effectively a C-MeX.</p> <p>The service retailers provide, or are obligated to provide to wholesalers. Effectively an R-MeX.</p> <p>Not adopting W reads. Potentially, failing adopt a W read within 20 business days. But, in order for this to be implemented there would need to be some changes to CMOS enabling retailers to give reasons as to why a W read as not been adopted.</p>
<b>SES Water</b>	<p>Retailers responding to information requests in the Bilateral Hub, would be of benefit to add, to aid a timely response. They time out if no response has come in which isn't a good customer journey. This could also impact us as a Wholesaler regarding financial implications on B5 faulty meters especially if the fine will be coming over to the Wholesaler once SLA has been exceeded.</p> <p>Possibly a metric on how long it takes Retailers to inform a Wholesaler regarding broken meters/faulty etc as sometimes it can be a few years that have lapsed, and G reds have then been entered into CMOS.</p>
<b>Severn Trent Water</b>	No

<b>South East Water</b>	No: We are glad that MOSL have reduced the number of activities within the MPF and taken on board Trading Party feedback to ensure the activities that will benefit the market and the end customer have been included.
<b>South Staffs Water</b>	N/A
<b>South West Water</b>	No. We have no further activities to propose.
<b>Southern Water</b>	No
<b>Thames Water</b>	N/A
<b>United Utilities</b>	No
<b>Wessex Water</b>	<p>Underpinned by industry targets, water efficiency will continue to be an important theme and target within the market. Whilst it may be a challenging area to develop metrics, we would welcome the development of a proactive measure in this area as either a KPI or API.</p> <p>SMART metering data will increase significantly in the next price review period, and we need to ensure that this increase in data leads to a proactive management of a supply point.</p> <p>As an example, SMART metering should lead to a reduction in the duration of leaks but that is dependent on a proactive approach to identify an increase in consumption as early as possible when a read is received.</p>
<b>Yorkshire Water</b>	<p>Yorkshire Water would like to see the following activity considered:</p> <p>An activity relating to the end-to-end performance of bilateral requests – in particular, forms that are auto-closed due to retailer inactivity. Yorkshire Water are strong advocates of good customer outcomes, in line with the principles behind the proposed reforms, and this is an area where customers could be at risk of detriment due to an activity that is not well monitored anywhere and has no customer-facing transparency. If the retailer were to perform poorly in this</p>

	<p>area, it would be difficult for a customer to know this, and therefore reduce the likelihood of them engaging with the market (via switching retailer, for example) because of poor availability of information.</p> <p>Due to this activity taking place in the bilateral hub, it would be straightforward for MOSL to be able to measure. One suggested metric would be around the time taken to resolve a query at each stakeholder's point of action, and how that outcome resulted in the best solution for the customer (i.e speed of action being delivered by retailer).</p> <p>Yorkshire Water also note that there is only one proposed activity covering unplanned events. We believe this is correct, however this is also an area of friction between trading parties. MOSL should consider whether introducing further measures for Wholesalers and Retailers relating to conduct in this space would be beneficial. This may result in the risk of double-counting of metrics.</p>
<b>Retailers</b>	
Business Stream	No
Castle Water	Given our answer to Q10 and concern as to aggregate level at which the activities have been defined, it is difficult to understand the full range of actual activities that each encompass. Therefore, it is not possible at this time to consider and comment in an informed way on activities which may be missing. Had the success criteria been better defined, then we might have used this as our test to say have the activities delivered against these criteria. Again, that has been denied.
Clear Business Water	No.
Dŵr Cymru (retail)	A4 – change to also include planned activities. This allows both wholesaler and retailer to work collaboratively to inform and support the customer from “cradle to grave” of the activity.
Everflow	No.
Pennon Water Services	No.

Water2business	No
Water Plus	<p>We are not currently aware of any high-level Activities that we believe should be added. That said, following other on-going MOSL workstreams we are aware of additional topics for metrics and analysis that may benefit from inclusion.</p> <p>Whilst we have primarily covered these within the metrics discussion later in this response, we would consider that improvements to the W Read process (and ensuring Retailer uptake) may be appropriate for inclusion.</p> <p>We believe the metrics should be focussed key elements only, and that adding a large number of measures risks diluting the focus on the key elements identified.</p>
Wave Utilities	No
<b>Other</b>	
CCW	<p>We believe that the following two activities should be included in the top tier of activities:</p> <p>GS.3 – ‘Retailers resolve complaints in a timely and efficient way’;</p> <p>UWE.4 - ‘Retailers facilitate the provision of timely and accurate consumption data to customers’.</p> <p>Given how both complaints to retailers, and those to CCW, remain at a concerning level, we believe there is merit in incentivising retailers through the MPF to further improve complaint resolution. As the industry consumer body, CCW should continue to lead in this area by continuing to work with retailers to tackle complaint root causes, and to improve complaint handling. However, if performance remains poor, this should be subject to incentivisation under the MPF. To help determine the level of performance in this area, we want to continue working with MOSL to see how our complaints data can be included as an additional metric.</p> <p>Providing timely and accurate consumption data is a key part of ensuring a good customer billing journey. Retailers should not only be incentivised to ensure accurate data is maintained in CMOS, but that it is also being provided to customers too. The current low level of customer engagement in the market means there is insufficient competitive pressure on retailers to get this right, so other incentives are needed to fill the gap. Given how the aforementioned</p>

	<p>activities are directly linked to accurate billing, we urge MOSL to either reinstate this activity to the top tier, or combine it with A1 to further enhance this activity and create a strong incentive.</p>
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**Q12: Do you have any specific comments on any of the nine activities? If so, please use the reference code(s).**

Wholesalers	
Affinity Water	<p>A4: We appreciate this is a difficult activity to measure, however, believe B-Mex may cover some of this and would want to make sure any double counting is not occurring for such an activity. We also have commitments around interruption to supply and need to be careful of this around this activity.</p> <p>Our focus for this metric should be around measuring Retailers who already share contact details with Wholesalers, ahead of the event and the amount of SEMDV updates/changes they undertake and SSA's for Wholesalers.</p>
Dŵr Cymru	No
Portsmouth Water	<p>A6 – We do not feel this activity should be included until after the central Data Cleanse has identified ineligible premises, UPRN and VOA BA references and given Wholesalers a realistic timescale to verify the results and update CMOS where necessary. MOSL should also consider what reason codes are being used when a UPRN and/or VOA BA reference are not being provided and, where valid and these premises should be excluded from any activity monitoring and should take account of any agreed mechanism to Assure data that is not present for an accepted reason such as non-addressable premise.</p> <p>A7 – We do feel for this activity to work most effectively, CMOS should have provision for skip code comments, and retailers should be held accountable for circumstances where there is an invalid skip code. For example, a meter reading provider not being able to locate a meter and then the wholesaler locates the meter in the location exactly as described. The ability to enter skip code comments in to CMOS could require a code change.</p>
SES Water	<p>A6 – A decision on building water in the market will assist in how change of usage and old supplies can be controlled – as it stands with building sites building water is supposed to be in the market – if it was decided to take this out of the market a Wholesaler will have more control over the data. Our Developer services do advise the developer to contact the retailer but it appears questionable how many do this, hence poor data in the market, poor settlement data, unconfirmed consumption.</p>

Severn Trent Water	A08- it needs to be remembered that there will always be a limited number of properties which cannot be metered, so this should be borne in mind for future thresholds and metrics relating to this measure.
South East Water	<p>A1: Retailers are going to be measured on the number of meter readings they input into the market within the set KPIs. However, with the progression of smart metering done by Wholesalers, the Retailers' need to read meters will reduce. SEW would like clarification from MOSL on whether Retailers' performance will be apportioned to the nonsmart meter coverage, as otherwise Wholesalers will be contributing to the Retailers' target.</p> <p>A1 &amp; A3: SEW support the emphasis on ensuring the occupancy/vacant statuses in CMOS are correct, as well as the new shared responsibility of this data item.</p> <p>A4: We support the need for an activity which measures how customers are supported during an unplanned event, however we would urge MOSL and Ofwat again to review the requirements of contact details available to wholesalers during unplanned events. This would ensure the end customer receives any specific requirements from the wholesaler during the event without any unnecessary delays which could be critical to the customer, e.g. alternative supply of water to vulnerable customers, agricultural users etc.</p> <p>A6: Whilst we understand the need for ensuring CMOS is regularly updated with good quality asset data, one of the risks/issues identified with this activity is customers cannot benefit from the market because they are a shared supply/mixed or change of use. This becomes an eligibility issue, which is the responsibility of the retailer to identify. Also, it would be difficult to eligibility check all these scenarios as to which ones would benefit/not benefit, so it would seem maybe a potentially bigger piece of eligibility work is needed from MOSL/Ofwat to make a decision on whether these should be removed from the market. Hopefully the central data cleanse to be carried out from MOSL will address some of these issues. We would recommend that consideration is given to creating a volume threshold, below this threshold customers could choose to remain in the market or move back to a household.</p> <p>A7: Companies that have higher level of meter penetration will be inadvertently penalized for having a higher number of transactions relating to meter failures, etc. This may prove to disincentivise wholesalers from increasing the number of metered properties in the market (from RV/assessed).</p> <p>A8: The risk/issue this activity is trying to address is wholesalers not incentivized to promote water efficiency in NHH market. We believe this needs to be reviewed as this is a generalisation and a lot of wholesalers are already undertaking</p>

	<p>proactive water efficiency work to reduce NHH consumption. It would also need to be reviewed geographically, as there are some wholesalers who have more of a focus on this than others.</p> <p>A9: There are a number of operational requests which actually do not directly impact the customer, therefore please can MOSL justify the burdensome and unrealistic responsibility placed solely on wholesalers for this activity.</p>
South Staffs Water	<p>Activities A3-A5 – it would be good to get an outline how this will be in lined with the retailer’s metrics. To ensure this particular activity have similar approaches in line with wholesalers process.</p>
South West Water	<p>We’re pleased to see that A4 is included and that Retailers will be additionally responsible for supporting Wholesalers during unplanned events.</p>
Southern Water	<p>No</p>
Thames Water	<p>Whilst we appreciate the move to recognize the interdependencies Retailers and Wholesalers share on several activities, we are having some difficulty understanding the basis on which some of this shared responsibility is being determined. A3 is a good example of this concern, we believe it would be beneficial if MOSL could explicitly highlight how the shared ownership of certain activities have been determined e.g vacancy but not for other measures that are arguably equally co-dependent on trading party cooperation.</p> <p>As an example, the market Codes have given property occupancy status responsibility to Retailers via exclusive use of the vacancy flag. It is unclear on what basis Wholesalers have been allocated part responsibility for a data item and outcome that they possess no control over.</p> <p>Wholesalers have also been allocated sole responsibility for meter assets and data, but a key feature of unread meters is the inability to access or obtain customer data which is a shared responsibility for both Retailers and Wholesalers.</p> <p>Taking these two examples, on one hand we are being asked to share responsibility for an outcome we don’t control (vacancy) but on the other hand retailers are not being asked to take any responsibility for an outcome that they clearly play a key role in (meter assets and data). We would welcome clarification on this and publication of MOSL’s rationale on determining responsibility.</p>



<p>United Utilities</p>	<p>A1 – Meter reads not taken due to internal meters in vacant premises is an additional risk which is not specified in the risks section.</p> <p>A3 – Add clarity on the responsibility split between wholesalers and retailers, i.e. new connections – wholesaler should provide occupancy / developer details when available to enable retailers to carry out their own checks &amp; confirm occupant.</p> <p>Retailers should be responsible for managing existing properties which are flagged as vacant and routine changes in occupancy/occupier.</p> <p>A5 – There is a responsibility on the retailer to take the information provided by the wholesaler upon new connection / change of use and update the market once the occupier has been verified.</p> <p>A6 – Should consider some areas of joint responsibility here – especially from an eligibility perspective. Retailers are the party legally responsible for ensuring that they only provide services to eligible NHH premises. There is a joint responsibility to ensure that only eligible premises are registered in the market. The retailer has the relationship with the customer and is therefore best placed to have conversations about principle use – a critical component of the eligibility assessment. Retailers also have a responsibility to notify the wholesaler of any changes that a customer has made at a premises that may impact charges. (material point)</p>
<p>Wessex Water</p>	<p>A09. Managing customers’ expectations of time should be a shared activity between both Wholesalers and Retailers. We believe that all activity within the delivery of a request can impact the outcome for a customer in terms of time therefore we strongly believe that this should be a shared responsibility and activity.</p> <p>The bilateral hub provides the capability to monitor all time components during a request.</p>
<p>Yorkshire Water</p>	<p>Codes A3-A5 are outlined as being ‘shared’ ownership between Wholesalers and Retailers. While this has the intention of building cross-collaboration, we feel there may be a risk in not assigning a true ‘owner’ of these activities. There is the potential for failures in these activities to result in trading parties casting blame at one another. It is our view that these activities are also somewhat Wholesaler-heavy compared to Retailers (especially considering the licence conditions as well as the code obligations).</p>

	Yorkshire Water suggests that, as per the above comments, this is an area that MOSL could take greater ownership over, with responsibility for ensuring all trading parties are committed to delivering the best outcomes.
<b>Retailers</b>	
<b>Business Stream</b>	No
<b>Castle Water</b>	<p>We suggest a rewording of Activity A7 ‘wholesalers efficiently maintain working/functioning assets’, where we think that ‘effective’ maintenance is more pertinent than ‘efficient’ maintenance (which any wholesaler would ordinarily have as an operational and commercial objective). For customers and retailers, the key attributes are ‘effective’ and ‘timely’.</p> <p>The wording of Activity A9 ‘wholesaler to resolve requests in a timely and efficient manner (with regards to customer needs)’ also needs tightening, as it is currently somewhat cryptic and therefore makes it unnecessarily difficult to interpret. We presume this relates to fulfilment to time and quality of bilateral requests, but the words are cryptic.</p>
<b>Dŵr Cymru (retail)</b>	A4 – should include a KPI so the activity has a higher value of importance than currently. An additional metric seems to down grade an important service activity.
<b>Everflow</b>	<p>Our primary concern lies with the mapping and specifications of Activity A4. We find that this Activity and its associated metric:</p> <ul style="list-style-type: none"> <li>• Lack robust, operationally specific, quantitative measures</li> <li>• Extend beyond the scope of the Market Codes</li> <li>• Are likely to introduce excessive bureaucracy and cost inefficiency to the unplanned event protocol, ultimately worsening the customer experience.</li> </ul> <p>It is imperative to recall that the primary role of the MPF is performance monitoring, and that it should refrain from delving into the resolution of market design issues. The RWG operates as an independent body, and its guidance is not subject to the same level of scrutiny and consultation as the code. As a result, not only does this Guidance sit outside the MPF’s remit to enforce, it also lacks the requisite robustness for enforcement through the MPF. We do not endorse</p>

the RWG Good Practice guide because it promotes inefficient operational practices that ultimately do not serve the best interests of the customer. This perspective is grounded in the following considerations:

1. Wholesalers are already well-equipped with established processes and systems to handle unplanned events. They possess the information that customers require, and can provide real-time updates as they work to resolve these issues, given that they are the entities ultimately responsible for resolving the problems. Conversely, supporting customers during unplanned events in accordance with the RWG Good Practice Guide presents operational challenges for retailers, particularly national new entrant retailers, and introduces unnecessary cost inefficiencies:

a. The RWG Tier 1 Event Guidance duplicates the existing efforts of wholesalers, and introduces process complexities to communication that are likely to prolong response times, increase the likelihood of communication delays, and increase cost and confusion to the customer.

b. The cost inefficiencies above are exacerbated in the case of national, new entrant Retailers. These parties would be required to liaise with multiple wholesalers to communicate with customers widely dispersed across multiple regions.

2. The excessive bureaucracy that the above would introduce will ultimately be of no use to the customer. In our experience, customers are generally well-informed that during unplanned events, they must contact their wholesaler directly.

As a general rule, while wholesalers should not be contacting retail customers directly, an exception can and should be made for unplanned events. There is precedent in the energy market for this to be the case, and experience there has demonstrated that a wholesaler led approach is the most efficient course of action.

Nevertheless, the issue of inconsistency among wholesalers in managing unplanned events persists as a problem that should be rectified. It is our view that mapping Activity A4 exclusively to wholesalers could help to standardise and streamline the response to such events at a national level. What the market needs is a standardised protocol for unplanned events (as is the case in the energy market). This task falls outside the purview of the MPF and requires a Code Change; but if and when that happens, the MPF should aim to quantitatively evaluate such an approach as it has done for each of the other Activities.

<p><b>Pennon Water Services</b></p>	<p>A01: As an activity timely and accurate customer and consumption data and in particular meter reading is essential for accurate customer bills and accurate settlement. Therefore the activity is important. However we do not believe that the fundamental issues with meter reading will be addressed by this MPF reform and the other associated activities. Until such time as when the responsibility for meter reading lies with the party responsible for the maintenance and location of the meter, market frictions will continue to occur which will lead to customers receiving estimated bills and settlement being based on estimates too.</p> <p>A02: this activity deals with both outgoing and incoming retailers – predominately the incoming retailer which doesn't really reflect in the activity title. However it is an important part of a functioning market and needs to be monitored</p> <p>A03: We believe that this activity misses the real issue with vacants and that is those that record consumption. This activity and subsequent metrics don't address whose responsibility this is and who and how the market deals with them. We do agree that address data is essential for a well functioning market however we will comment on the metrics for this activity later.</p> <p>A04: We are not sure the relevance of this activity in the reformed MPF as it stands especially as the only metric is a commitment to the RWG Good Practice Guide. We do wonder whether a metric measuring accurate and up to date SMD/sensitive customer flag data would be useful in this area and is something that would assist those customers in an unplanned event.</p> <p>A05: We believe that this activity links to activity A03 and in particular helps with getting good and accurate customer data into the market for new gap sites.</p> <p>A06: Again this is an important activity and fundamental to the good functioning of the market. The activity in itself hasn't changed and it will be in the measurements through the metrics etc that will deliver improvements to the market which we will comment on later in this consultation.</p> <p>A07: Again this is an important activity within the market and has existed since market opening. Recognizing that the activity remains important however does not mean that improvements in the condition and accuracy of meters and whether they get read for the benefit of customers and all other market participants will improve. It is our belief that a fundamental different approach is needed for meter reading linking the incentives and penalties to those that actually have the ability to make changes for the benefit of the market. It is incongruous to us that retailers performance in</p>
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	<p>areas such meter reading is measured on actions of things that ultimately are in the control of other market participants.</p> <p>A08: Smart meters are another area which will drive not only progress in water efficiency but in meter reading and all the benefits associated with accurate reads and therefore we agree that it is an important market activity that is worthy of being monitored. Notwithstanding this the effectiveness of this activity depends on the suitability of the metrics which we will comment on later.</p> <p>A09: We believe that this should be a given and Wholesalers should not hide behind the misconception that NHH customers are not their customers. Again how this is measured through the metrics will be fundamental as whether this activity can address behaviours.</p>
<p><b>SES Business Water</b></p>	<p>A5 – in regard to A5 code change is required to ensure that only NHH developments / new connections are entered into the market. Any new development as part of the process must allocate a retailer at the point an application is made for a new supply.</p>
<p><b>Water2business</b></p>	<p>A4 – unplanned events are managed by wholesalers and as such, retailers tend to have limited knowledge/understanding of the issue. Retailers only tend to become involved in the event of receipt of GSS payments, or if there is cause for the customer to raise a complaint. It is unclear how a retailer could influence and improve this activity where the management of an unplanned event currently sits with the wholesaler.</p>
<p><b>Water Plus</b></p>	<p>Water Plus believes that there should be prioritization towards getting activities A2 and A5 “right first time”. These activities represent a point of fresh contact with the customer, and therefore a key opportunity to ensure all data and infrastructure is correct. We expect that if these opportunities are maximized, there is a significantly lower risk that there will be on-going issues with individual SPIDs, meters or customers.</p> <p>Whilst we support Activity 3 in principle, we do however maintain some concerns. We would note firstly that there is a significant dependency on A6, with accurate Premises data critical for Retailer performance against A3 which retains a reliance on other trading parties within the market. It is critical that A3 and A6 are viewed together.</p> <p>Secondly, we would flag that this activity is likely to have a disproportionate impact on certain Retailers within the market. The level of challenge faced by Retailers on Vacancy is commonly aligned to number of deemed contract /</p>

	transferred customers within their customer portfolio. Retailers with an acquired customer base are more likely to have a significant proportion of Vacant Sites, whereas conversely new entrants can be expected to have a significantly lower proportion. Any additional requirements in this area have the potential to create significant resource pressures disproportionately across the market.
<b>Wave Utilities</b>	A01: Risk and issues, CSE001 & 002 are highest risk reasons for failure of this activity, which are wholly Wholesaler led activities of meter and meter data maintenance. Protections need to be in place that intervention tools are suspended against Retailers if Wholesalers are found to not provide the minimum standard for Retailers to complete these activities.
<b>Other</b>	
<b>CCW</b>	As stated in our answer to Question 10, we are concerned that Activity A4 does not have any KPIs attached to it, so there is a risk that trading parties will be inadequately incentivised to perform well in this area. While we understand there are no existing market metrics, MOSL should be working with the industry and stakeholders to develop measures of performance in this area. For example, mandatory sharing of customer contact information between retailers and wholesalers, within set timelines, could help to measure whether these are being met, and whether enough support is being provided to affected customers during unplanned events.
<b>TEC</b>	A04: No KPI - We would like to see the addition of key performance indicators into A4 as they are missing from 'market participants to support customers during unplanned events'. These need to sit across both wholesalers and retailers. 'Not at this stage identified any suitable KPIs' does not describe an appropriate situation at this stage but robust or mandatory requirements on industry participants that truly support customers should be included as KPIs. A01: the exclusions are a potential concern they should be timebound to encourage prompt industry fix.

### Q13: Do you have any other comments on activities?

Wholesalers	
<b>Anglian Water</b>	<p>On the risk and issues, we are unclear if WEC004 is a risk or an issue. We don't believe this statement, as written, is accurate. Wholesalers have the greatest incentive to reduce demand due to the availability of water because of abstraction license reforms, environmental destination and new Defra drivers such as a 9% reduction target by 2038. This is despite having a limited direct relationship to a Retailer's customer. We believe the risk or issue is more accurately described that Retailers are not incentivised to drive water efficiency due to Retail margins being driven by volume consumed, combined with limited customer appetite for water efficiency services as part of a service offering from Retailers. We also note that Wholesalers and Retailers have an obligation to drive water efficiency.</p> <p>CSE013. Inadequate wholesaler service with household customers prioritised over non-household customers. Given that circa 30% of consumption and revenue comes from a small customer base wholesalers are unlikely to prioritise.</p>
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	N/A
<b>SES Water</b>	N/A
<b>Severn Trent Water</b>	None
<b>South Staffs Water</b>	n/a
<b>South West Water</b>	The inclusion of shared Retailer and Wholesaler activities is interesting, due to challenges when it comes to metrics and performance for two distinct parties working in collaboration. We recognise however that A3,4,5 are necessary to

	<p>deliver the right outcome for the NHH customer. We recognise that issues such as occupancy/customer data are due both to ongoing changes and the initial data migration.</p> <p>At the start of the market, the perception was that the Retailer would have full responsibility for customer service and the Wholesaler would have very little relationship however over time, this has really changed and we've learnt that the market has shifted in order for the customer to receive the best service.</p>
<b>Southern Water</b>	We agree the focus on these 9 key activities is key to a successful MPF framework that deliver the best outcomes for customers.
<b>United Utilities</b>	N/A
<b>Wessex Water</b>	No
<b>Yorkshire Water</b>	<p>We have some queries relating to the following specific activities:</p> <p>A3 – There are some existing frictions around occupancy records being kept up to date, especially if retailers are sent information that is not updated or goes beyond SLAs. A challenge procedure for this would be something we would consider useful.</p> <p>A4 – Currently, RWG guidance around good practice remains an informal measure of performance. There could be value in bringing these into the market codes to create more effective tools of measurement.</p> <p>A8 – As smart meter roll-out plans are heavily influenced by Ofwat funding allowances, this could be an area Wholesalers may have less control over in the long term. While Yorkshire Water don't disagree with the aim of improving water efficiency, this is an activity that needs to be considered more carefully, especially if this involves possible financial interventions or performance penalties.</p>
<b>Retailers</b>	
<b>Business Stream</b>	Activities A3, A4 and A5 are the responsibility of both the retailer and wholesaler pair. While there is common responsibility in each activity, the areas of accountability differ. Therefore, it may cause confusion if these three activities are shared between wholesalers and retailers as proposed, especially in the reporting of performance. Therefore, our recommendation is for them to be broken down into distinct activities for each trading party.



<b>Castle Water</b>	Please see our answer to Q10.
<b>Dŵr Cymru (retail)</b>	None.
<b>Everflow</b>	<p>Activities A3 through A5 lack clarity in terms of the allocation of operational responsibilities between wholesalers and retailers. The activity categories do not adequately specify which operational actions are the responsibility of wholesalers and which fall under the purview of retailers. This lack of clarity extends through to the metrics applied to these categories, and undermines the ability of this part of the framework to address and mitigate the specific performance shortfalls that the MPF aims to address within these activities.</p> <p>Noting that all the metrics mapped to the Activities for both wholesalers and retailers are Data related, it is evident that these activities are characterised by issues around data sharing and access to data, which all ultimately affect the quality of data submitted into CMOS. We propose that all metrics mapped to these Activities should clearly designate which parties are responsible for sharing or recording what data, and within what timeframe. We do acknowledge that that this may come with time, as the ongoing Data Cleanse Work reveals where the most pressing needs are.</p>
<b>Pennon Water Services</b>	No
<b>SES Business Water</b>	Any form of Data enrichment should not be penalised. This could be seen as a negative approach. Any data that is facilitating accurate settlement charges and customer bills before the RF window closes should be seen as a positive.
<b>Water2business</b>	No
<b>Water Plus</b>	We believe that the activities established represent a clear and relatively simple approach, which will provide benefit to the market by limiting the complexity of the overarching MPF. We believe that this level of simplicity should be retained throughout the design of the MPF, with limited duplication and simpler metric analysis to ensure trading parties have confidence in what is being assessed and incentivised.

<b>Wave Utilities</b>	No
<b>Other</b>	
<b>CCW</b>	<p>As stated in our answer to Question 10, we agree that all the activities cover areas that have a clear impact on customers, so if the incentives are also right, trading parties' performance in these areas should improve to the benefit of customers.</p> <p>As well as supporting the activities focusing on accuracy of consumption data and asset maintenance, we also welcome the inclusion of A5 – 'market participants improve processes to facilitate new connections'.</p> <p>It is vital that the new connections process is robust to ensure that customers are being correctly identified so they receive the correct services, and are billed correctly. This should help to ensure a good customer journey from the outset.</p> <p>CCW's review of business customers' experience of the water retailer market highlighted that failures in this process have led to some household customers being incorrectly placed in the business retail market, which leads to a poor experience for those affected, and delays in the provision of services that they would otherwise be entitled to as a household. It is, therefore, right that a revised performance framework focuses on what happens at the start of the customer journey, as well as on the services subsequently provided.</p>
<b>TEC</b>	They need to make sure the incentives (penalties) are right to drive the behaviours that improve customer experience.

**Q14: Overall, do you believe that the Activities meet the eight key success criteria (e.g. simplicity, value for money, etc.)?**

Wholesalers	
<b>Affinity Water</b>	Y
<b>Anglian Water</b>	<p>At this stage, with the information available, activities seem to align. However, we recognize that elements such as value for money or simplicity need further detailed work.</p> <p>Throughout the document there appears to be cross over with BR-Mex and it is unclear at this stage how the MPF will provide consistency and compatibility with the Regulatory Regime.</p>
<b>Dŵr Cymru</b>	Yes, we believe that the Activities detailed will meet the key success criteria.
<b>Portsmouth Water</b>	Yes, to a degree, but more activities could be implemented for retailers for further meet the 'aims' section. For examples, please refer to our answer to Q11.
<b>SES Water</b>	Overall, they do meet the criteria set out.
<b>Severn Trent Water</b>	Yes, we believe that they do.
<b>South East Water</b>	The regulatory regime for wholesalers providing water efficiency work should be reviewed, as this can be hindered due to wholesalers holding no contact details from customers, and retailers not allowing contact with their customers. Wholesalers should be allowed to contact customers directly regarding water efficiency work, as long as the retailer is kept informed.
<b>South Staffs Water</b>	Yes – it is a much simpler approach in comparison to the current MPF which differs per activity. The MPF gives room to be customer focused whilst meeting the KPIs of the activities as stated.

<b>South West Water</b>	Improving TP accountability (success criteria 2) is difficult to answer as alongside metrics; having measures and interventions in place will improve their accountability. Otherwise, we agree that the activities meet the success criteria listed.
<b>Southern Water</b>	Yes
<b>Thames Water</b>	Generally, yes, although as discussed above we believe the aim of “transparency” would be better served by providing more detail on the allocation of responsibilities to one or multiple trading parties.
<b>United Utilities</b>	<p>Yes. We welcome the simplicity and clarity that the list of activities provides and, notwithstanding the comments above, clarity regarding responsibilities.</p> <p>There are a number of proposed wholesaler measures where there is a significant affect of or input from others and are not clear measures of wholesaler performance. (e.g. dependent on retailer performance or funding in the case of smart metering)</p>
<b>Wessex Water</b>	<p>We think that this is a question that should be repeated when the design phase is finalised and presented back to the industry for further consultation.</p> <p>The activities can only meet the success criteria if the metrics and interventions are designed in such a way to drive the correct outcomes.</p>
<b>Yorkshire Water</b>	Overall, Yorkshire Water believes that these activities will meet the success criteria. Measuring the end customer outcomes remains a challenge, particularly post-action, and this is something the market needs to continue to press forward with.
<b>Retailers</b>	
<b>Business Stream</b>	As mentioned in our response to Q13, A3, A4 and A5 are the responsibility of both the retailer and wholesaler pair. While there is common responsibility in each activity the areas of accountability differ. Therefore, it may cause confusion and ultimately impact the success criteria of ‘transparency’, ‘improve trading party accountability’ and

	<p>'simplicity' if the activities are not disaggregated. There is also a need to ensure that the costs of administering the reformed MPF are proportionate and provide value for money relative to the anticipated benefits which will be realised. While we appreciate that the costs won't be determined until the final measures have been agreed upon, proportionality and VFM in relation to data and reporting should be key considerations when agreeing on the final set of measures.</p>
<b>Castle Water</b>	No – again please see our detailed answer to Q10, where we determine that the case has not been made for the activities meeting the eight success criteria [indeed, even MOSL admit this for two of the eight, given their words].
<b>Dŵr Cymru (retail)</b>	Yes.
<b>Everflow</b>	Overall, the Activities meet most of the success criteria, but A3, A4, and A5 fall short with regard to their simplicity and ability to improve trading party accountability, as discussed above.
<b>Pennon Water Services</b>	No. The activities themselves are fine and are laudable but these activities technically are not new and exist now. This MPF reform does nothing to address what is really currently not working well in the market and what is leading to the market frictions that we see. The issues tend to be more behavioral and company specific.
<b>Sefton Council</b>	Y
<b>SES Business Water</b>	We see in the majority that the new MPF activities do meet the success criteria. Apart from the points raised above.
<b>Water2business</b>	Yes
<b>Water Plus</b>	Yes.
<b>Wave Utilities</b>	Yes

**Other**

<b>CCW</b>	<p>Generally, we believe the activities meet the majority of the key success criteria as outlined in the Activities document. In particular, we believe that all nine activities should facilitate improved customer outcomes given the fact they encompass meter reading, asset management, and customer service provision.</p> <p>CCW's 2022-23 annual business customer complaints report highlighted that complaints about billing errors, estimated billing and the frequency of meter reads, collectively made up 18% of overall billing and charges complaints from business customers to CCW. Taking action to improve data accuracy and encourage more, timely meter readings are therefore important to reducing customer detriment in this area.</p> <p>We agree simplicity is an important principle as it is important that trading parties focus their efforts on the core activities that most impact customers. However, a balance needs to be struck between this and ensuring that poor performance in all areas is being properly addressed. We do not want to see the top tier of activities kept too condensed to satisfy the simplicity principle, when increasing this number may be warranted if performance in other activities has deteriorated, and results in poor customer outcomes.</p>
<b>TEC</b>	<p>Overall, yes</p>

## Section D: Metrics

### Q15: Are there any Metrics you think should not be included? Please explain why.

Wholesalers	
<b>Affinity Water</b>	<p>M47: We do not believe that adoption of RWG guidance should be used to provide any insight into performance. This does not provide any clarity on how well trading parties ensure customers are supported during an incident and these guidance documents are not mandatory. As a result, we do not believe this should be included, there are not within the codes.</p> <p>M41: We are not clear why the proportion of C1, C5 and C7 service requests is an indicator of wholesaler performance. We receive C1's to clarify already known information such as joint supplies, show known meter locations to customers or attempts to clarify occupancy for vacant properties. Any C1 tasks that generate a charge should be excluded as this suggests the verification was not required. This could drive up rejection rates.</p>
<b>Anglian Water</b>	<p>Currently Trade Effluent meters are privately owned and responsibility for providing reads is down to the end user business customer. We understand that many Wholesalers have a similar approach. This, however, is counted against the Wholesaler performance. This should be considered when aligning levels of accountability.</p> <p>The document does not include Accredited Entities which undertake work on behalf of a Retailer. For example, disconnection for non-payment. At present Wholesalers are accountable for AE performance as part of their metrics. This needs to be considered in metric reporting, alongside having accountabilities in the correct place.</p>
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	<p>M19, M20, M21 – see notes on Q17.</p> <p>M16, M17 – it is being assumed that bilateral requests are deferred for negative reasons. As a company our preference is to accept a bilateral request (even if it is lacking all required information) rather than reject it as we do not feel rejecting a bilateral request is in the best interest of the market and does not deliver a positive outcome for the end</p>

	customer. It would be more beneficial for MOSL to monitor the number of deferrals that occur within the last few days of the OPS SLA as that is more likely to highlight any foul play rather than looking at overall numbers.
<b>SES Water</b>	N.
<b>Severn Trent Water</b>	No
<b>South East Water</b>	M16 & M17: SEW do not believe that we should be measured on the use of deferrals until MOSL have conducted some analysis on whether they believe that deferrals are being correctly used by the market. Deferrals can only be used by a wholesaler where the delay is out of their control. Therefore, if the deferral is long or there are a high number of deferrals required for a certain area or activity, then this is also outside of the wholesaler's control.
<b>South Staffs Water</b>	n/a
<b>South West Water</b>	<p>M02, M08 – we're unable to support these at this time as it seems premature. Following a code change, we would be in a position to support this.</p> <p>M29 – some differences between settlement are a positive thing. It's unclear how this supports correct behaviour.</p> <p>M25/M26 – these double up on LUM metrics and the entry of reads is currently the Retailer's responsibility and should lie with a Retailer activity (however has been assigned to A7). Should the number of W reads that are input but not entered by a Retailer also be compared with G reads?</p> <p>M36 – we can't support this one as it stands. With the removal of Assessed, we would be supportive. Assessed charges are only applied if a premises can't be metered and therefore outside of the TP's control.</p> <p>M43 – it's unclear how beneficial this would be. Whilst we understand what is trying to be achieved, this measure may not necessarily promote best behaviour.</p>



<b>Southern Water</b>	<p>Yes, M47 - Level of published commitment to RWG Good Practice Guidance on unplanned events. This is only a set of guidelines, this feels like it is almost becoming mandated.</p>
<b>Thames Water</b>	<p>We are concerned about the inclusion of KPIs for deferrals, specifically M16 and M17. We believe MOSL need to take account of the fact that deferrals are almost never within the gift of the Wholesaler. In almost all cases, a deferral code represents the reality of a situation such as the denial of access and is not something that can be altered by any amount of work or attention by the Wholesaler.</p> <p>To include a KPI on this, with the aim of reducing the number and length of deferrals, gives the impression that this is something the Wholesaler could achieve if only they devoted more energy to it when in fact this is fundamentally at odds with what a deferral actual represents.</p> <p>To illustrate this point, the deferral codes are as follows:</p> <p>CUSTOMER – Customer unavailable (Outside Wholesaler Control)</p> <p>RETAILER – Retailer unavailable (Outside of Wholesaler control)</p> <p>THIRDPARTY – Third party involvement (Outside of Wholesaler control)</p> <p>CONSENTS – Third party/other agency consents (Outside of Wholesaler control)</p> <p>REGULAT – Other regulatory constraints (Outside of Wholesaler control)</p> <p>WEATHER – Extreme weather (Outside of Wholesaler control)</p> <p>FORCEMAJ – Force majeure (Outside of Wholesaler control)</p> <p>INFOREQD – Further information required from the Retailer to proceed (Controlled by Retailer)</p> <p>If these deferral codes are used properly then, as stated previously, there is nothing the Wholesaler can do to avoid these deferrals, they simply describe an existing obstacle beyond the Wholesaler’s control.</p> <p>We believe it is extremely important that MOSL continue to monitor the usage of deferrals to ensure that they are being used correctly by Wholesalers (a compliance point), but these are not appropriate as key performance metrics.</p>

	<p>Monitoring at a reason code level, with this tracked against both retailers as well as wholesalers (given the greater control that retailers have on deferral reasons) would provide better market-level insight.</p> <p>We struggle to see why M13 LTV should be considered a key performance indicator but occupancy status for the vast majority of vacant premises is not shown as a KPI. The logic behind this is that there are 237,203 vacant premises in the market with 61,415 shown as LTV (ie. 26%). It would seem logical to focus more on the premises which fall outside the LTV definition as they have the larger impact on the wider market.</p> <p>The inclusion of LTV as one of the top market indicators will require a prioritisation of resources to address performance and risks diverting resources away from arguably more critical measures (as there is limited customer, retailer and wholesaler impact from LTVs that are not consuming water) .</p> <p>In developing a measure to address the 74% of vacant premises that are not LTV we recommend MOSL mirrors the approach applied to Wholesalers for LTV to 'assure' that the premises is vacant, with the KPI only relating to unassured vacant premises. Assurance of vacant premises was introduced into Codes in support of the use of Covid-19 temporary vacant status, which demonstrates that this has been deployable in real world conditions. This would better allocate responsibilities and incentivise retailers to maintain accurate occupancy status, given retailers have exclusive rights under the Codes to make changes to occupancy status data.</p> <p>We are not clear why M20 is required as well as M19? We can control the rate and accuracy of reads entered to CMOS but are not in control of the consumption. We note also that most NMM are in a network with other meters read by the Retailers and this further highlights the lack of control Wholesalers will have over this outcome?</p>
<p><b>United Utilities</b></p>	<p>There are a number of KPI's such as 'Percentage of Bilateral tasks completed on time' which appear to be duplicated across the different activities. We do not disagree with their inclusion but do not believe it would be appropriate for the same KPI to impact multiple activities.</p> <p>For A1 Timely and accurate customer and consumption data is provided by the Retailer. A measure based on the proportion of consumption will skew the incentive for retailers leading to a focus on the larger customers. This may lead to a stagnation or even decline in the service to the smallest customers. A timely and accurate bill is as important for a small customer as it is to a large one. (material point)</p>

<b>Wessex Water</b>	<p>We are in support of some of the changes proposed around SMART metering.</p> <p>However volumes of SMART meters that will be subject to capital investment in the next price review period should not be a measure of the framework.</p> <p>The volume of SMART meters, installations to date, pace of upgrade etc are separate to what the MPF should be measuring and are influenced at business plan level.</p> <p>During the design phase, the framework will need to consider how differing volumes of SMART assets amongst Wholesalers could skew overall performance results.</p> <p>This has been a consideration in the past to avoid this effect.</p> <p>Setting the trade effluent sampling OPS to one side in the framework was done to avoid this effect between WOCs and WASCs as an example.</p> <p>The above is dependent on the aggregation of performance and how aggregation will be applied.</p> <p>Volume differences could be offset by the correct design and calculation choice of aggregated scores.</p>
<b>Yorkshire Water</b>	<p>Metric A9 is possibly problematic in its wording. From a Wholesaler perspective, we do not receive direct requests from customers; our 'customer' in this scenario would be a Retailer, for which there are other metrics. The only exception to this is where a customer makes a formal complaint, however this should be recognised as a joint Wholesaler/Retailer responsibility to resolve.</p>
<b>Retailers</b>	
<b>Business Stream</b>	<p>No</p>
<b>Castle Water</b>	<p>We disagree with the premise that metrics should "help identify that these activities are being carried out". It is not about 'identification' but about 'measurement' on a common basis/scale that would allow fair comparison across market participants of "the degree to which prescribed activities are being performed". Metrics provide a numerical measure of performance, not identification of whether something has happened.</p>

	<p>Forty-four metrics is too many to sensibly manage and report, let alone incentivise through a variety of tools. The overhead is too great on all and the resulting metrics are likely too complex for most to readily understand, compare, and contrast.</p> <p>As per our earlier comments, this again supports our fear that this new market performance framework will become a cottage industry. Segmenting these into three types of metrics may recognise that we have too many metrics, but it is unconvincing. The 17 KPIs alone are clearly insufficient and that’s a problem.</p> <p>Indeed, it appears that 17 KPIs and 44 metrics are underestimates of the true number of KPIs and metrics respectively. For example, MOSL advises that metric M01 will be “further segmented by proportion of meters, biannual, monthly, occupied, vacant, internal, external meters”. The mantra of “if in doubt, measure it” would seem to apply. This is a significant proliferation to seven KPIs of what was a single metric/KPI, M01. But, M01 alone was never going to be a credible metric and so we suggest was presented only to make the presentation simpler and artificially reduce the number of metrics.</p> <p>See also our answer to Q17, which questions the merit of some of the metrics proposed.</p>
<p><b>Clear Business Water</b></p>	<p>Level of published commitment to RWG Good Practice Guidance on unplanned events.</p> <p>The level of published commitment does not actually measure the customer support provided and, as outlined in our response to Consultation 2, we do not believe that the MPF should be used as a way to enforce metrics that have already been rejected by Ofwat. CPM046 was rejected by Ofwat as it was not considered that formalising the RWG Good Practice Guidance in the Codes delivered added value for business customers or the market.</p> <p>Metrics which refer to RWG Good Practice Guidance should only be considered if they are introduced as code obligations following a code change.</p>
<p><b>Dŵr Cymru (retail)</b></p>	<p>No.</p>
<p><b>Everflow</b></p>	<p>Yes.</p> <p>M09 - Proportion of transferred SPIDs that have an estimated meter reading:</p>

	<p>This metric is detrimental to both market competition and efficiency, and will not drive better customer outcomes-- in fact, it is likely to precipitate very negative outcomes for the most vulnerable customer set (SME's and Microbusiness). Furthermore, the implementation of this metric will be actively detrimental to addressing the risks and issues associated with the relevant Activity A2 [VC003, VC004].</p> <p>Whilst it is not made clear what risks this metric is specifically attempting to address, we suspect that it aims to support a general commitment to improving data across the market, in order to improve customer outcomes. This is important to do, but estimation on switch is not the appropriate place to target this concern, because estimation on switch does not in and of itself generate poorer customer experiences on switch; Our concerns are addressed in turn below:</p> <p><b>Detrimental to Competition:</b> This metric favours larger retailers with the resources to meet its requirements, and penalises retailers who switch more by increasing the costs associated with switching; these impacts are inherently anti-competitive. Furthermore, by penalising estimated t-reads, incoming retailers are being held accountable for the legacy of poor data left behind by outgoing retailer. We do not consider this to be a transparent or proportionate approach to dealing with the issue of poor data.</p> <p><b>Increases Cost Inefficiency:</b> Transfer reads are inefficient and uneconomical in most cases, but especially so in the case of smaller customers. T-reads can cost 5-10 times more than cyclical reads to carry out, primarily because they must be performed by meter reading service providers in a very short window of time, with very short notice, and at locations that often do not fit into established cyclical read rotas. National retailers with widely dispersed customers must also pay a premium for these services.</p> <p>The associated costs are further exacerbated by the limited capacity of meter read providers—Morrissons Data Services, one of the largest meter read providers in the market, is at present struggling to meet current read demand—and a low success rate overall. Introducing this metric would undoubtedly create more demand for meter reading services than the market has the capacity to deliver. The cost inefficiencies generated here are directly detrimental to VC003.</p> <p><b>Worsens Customer Outcomes, Disproportionately Impacting SME and Microbusiness:</b> This metric increases the cost to the customer without providing a proportionate increase in the quality of the service offering. We consider this to be our primary concern, but it is presented last here because it is impacted by each of the concerns addressed above. For smaller customers (SME's, Microbusinesses) retail margins are already low compared to larger customers. Implementing</p>
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this change will therefore disproportionately increase the cost to serve these customers, alienating them from participation in the market and increasing their bills with little justification. This impact is directly detrimental to VC004.

#### Why Estimate Reads on Switch?

Our business as usual process for transfer reads is as follows:

- Upon receipt of a signed agreement, our customers are provided with a welcome pack which informs them that a customer reading will need to be taken on or around their proposed transfer date.
- In the days leading up to the customer's start date, we issue further communications to provide instructions on how to read the meter and where to send the reading (requesting photographic evidence if possible) in preparation for the transfer.
- As we actively encourage the customer to read their meter, we do not request an operative to attend to read the meter unless the customer requests this due to access issues (e.g., meters located in a road).

Whilst our current process is to send an operative by exception, we have tried sending operatives to site as standard in the past. The success rate (while higher than customer supplied readings) was still low. In our opinion, this is because (a) ad hoc readings are shoe-horned into other read cycles, which often do not match the customer's opening times; and (b) third-party read services lack the incentive to successfully carry out ad hoc reads, seeing as their compensation does not depend on read success. In our experience, despite the high proportion of estimated t-reads that this process generates, customer satisfaction is demonstrably high under these arrangements. Furthermore, under these arrangements customers are never more than 3-4 months out from the previous or next cyclical meter read, which will be a visual read unless exceptional circumstances prevent this.

Where meters are being read consistently and accurately, read estimations on switch do not cause a problem. The root of the issue in this scenario is therefore not read estimation on transfer, but the quality of reading that occurs before transfer-- especially if the meter is a LUM. Meter reading capacity outside of cyclical reading is thus better directed at addressing LUMs.

Finally, it is imperative once again to recognise that it is not within the remit of the MPF to enforce above and beyond code requirements. The WRC allows read estimation in specific scenarios on transfer, and as such the introduction of a penalty for transfer read estimation does not align with the current regulatory regime.

	<p>We believe that, with some adjustment, M30 (the proportion of switches rejected) could serve as a more useful indicator to address the actual problems that occur on switch. The proportion of switches rejected, further segmented by the reason for switch rejection, might offer a more insightful metric here.</p> <p>Whilst we do not strongly oppose any other metrics proposed, please see the attached spreadsheet for further comments regarding in particular M07, M47, M29, and M39, which in our view were unnecessary and effort duplicating.</p>
<b>SES Business Water</b>	<p>M30 – What is the measurement capturing and why.</p> <p>M31 and M32 are subjective, the market has an underlying view that properties cannot remain vacant for a prolonged period of time. This should not be a measurable metric without details and context of what this is actually highlighting.</p>
<b>Water2business</b>	<p>Is it right to include metrics which could be subject to change depending on the outcome of other projects? This could cause confusion and inconsistency across the market.</p>
<b>Water Plus</b>	<p>M37: Whilst identified as a Market Indicator and not a KPI, we remain concerned at the inclusion of Complaints analysis as part of the MPF. Whilst a market wide analysis of the volume and categorization customer complaints data may be useful for inform market risks and issues, there are challenges around this data being used for individual performance analysis. In particular, we would note that this data is typically significantly delayed and therefore not reflective of actual on-going performance. It includes complaints escalated to CCW after a Retailer process is exhausted, as well as complaints that go direct to CCW and are referred to Retailers, which are quite different things.</p>
<b>Wave Utilities</b>	<p>No</p>
<b>Other</b>	
<b>CCW</b>	<p>MO3 – It is important to measure whether or not meter reads are being submitted within the agreed timescales. However, the metric should not create a perverse incentive on retailers to not submit a late read to CMOS in order to avoid a penalty, or any other intervention.</p> <p>We want to encourage more accurate reads into the market, as well as these being timely, as this ensures customers are billed based on actual consumption, and also allows them to monitor leakage, and make water efficiency savings if they</p>

	can. Keeping this metric as it is currently proposed could lead to poor performance remaining unchecked, and a worse outcome for customers. Therefore, this metric needs to be amended to be 'time based', rather than relying on the submission of the read, otherwise we believe there is merit in it being removed.
<b>TEC</b>	Potentially. If M01 to M10 in any way lead to poor behaviours i.e. penalty avoidance then they should be tightened so as not to affect a customer getting an accurate, on time and one time bill.

**Q16: Are there any Metrics that should be added? Please explain.**

Wholesalers	
<b>Anglian Water</b>	<p>There doesn't look to be a specific metric related to consumption on vacant marked properties. To ensure fair charging it is important that charges for consumption are recovered. This should remain as part of the framework, and it is important to have this actioned in a timely manner.</p> <p>Updating CMOS following a bilateral is an important part of closing out a Retailer/Customers service request. Therefore, we believe that this should be included. We would welcome further clarity on the cost-benefit analysis. It would seem a real shortcoming of the bilateral hub/CMOS to be unable to achieve this in a reasonable cost approach.</p> <p>With greater drive to reduce water demand and enhanced levels of water efficiency it will be important that leakage is actioned quickly. On this basis it will be important to flag and capture continuous flow and places where leakage has been identified. Visibility would drive greater water efficiency behaviors. This will be further enabled by Smart Metering data. A metric based approach to actioning flagged leakage would help reinforce behaviour and emphasise the need for the Business Retailer Market to drive down water usage.</p>
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	Please see our answer to Q11.
<b>SES Water</b>	N.



<b>Severn Trent Water</b>	No
<b>South Staffs Water</b>	n/a
<b>South West Water</b>	We have no further metrics to propose (other than raised under M25/26 above).
<b>Southern Water</b>	No
<b>Thames Water</b>	<p>We believe MOSL should be actively working to develop one or more KPIs for activity A4 (incidents and unplanned events) as we currently feel these are conspicuously absent. We believe this issue is related to A1 also since there is an enormous interdependency between the two activities.</p> <p>As a starting point we believe there is a critical need to measure such metrics as coverage and accuracy of emergency contact details for non-household customers held by Retailers as well as the percentage of these contact details that have been shared with the relevant Wholesaler.</p> <p>On A3, as we mention in Q15, we believe it stands to reason there should be a key performance indicator on retailer accuracy of occupancy data and specifically on the proportion of unassured vacant premises. The market has allocated retailers sole responsibility for the data item, and it follows they should have responsibility for the accuracy of this data item. It is worth noting that the concept of 'assured vacancy' was successfully introduced to the market in response to the widespread use of temporary vacancy status during Covid-19. While wholesalers are held to account for premises that are Long Term Vacant, these make up a smaller proportion (26%) of vacant premises overall. The proposed framework does not apply a KPI to the vast majority of vacant premises, to which a status of assured vacant could be applied to recognise those premises accurately identified as vacant.</p>
<b>United Utilities</b>	For A2 'Retailers ensure good data on switch (customer and SPID) – Retailer' a KPI could be added for 'Proportion of transfer reads which are removed and replaced' as these could directly impact customer bills resulting in possible bill shocks on correction of transfer readings.

	For A4 'Customer supported during unplanned events (Retailer & Wholesaler)' a further suggested KPI is the proportion of customers for which emergency contact information has been provided by the retailer. This is one of the most critical components of an effective unplanned event response. (material point)
<b>Wessex Water</b>	We have already mentioned in Q11 and Q12 recommendations for the activities which would naturally result in the requirement for metrics in these areas.
<b>Yorkshire Water</b>	The vacancy challenge process should be considered for an individual metric. Missing SIC codes are a real issue in the market, making water efficiency activity more difficult to target by sector, with only 30% completed despite it being a legal obligation for retailers to maintain accurate data for VAT billing purposes.
<b>Retailers</b>	
<b>Business Stream</b>	It has long been recognised the importance of accurate premises and asset data in CMOS. While there are plans to introduce a KPI on the accuracy of premises data (M12) to support activity A6, there is only a limited KPI on the accuracy/quality of asset data (M14 GIS coordinates). Furthermore, no proposed Market Indicators or Additional Metrics directly assess the quality of asset data in CMOS. Our concerns have been reinforced by the recent MOSL 'Market Audit on Wholesaler Data Accuracy' which highlighted issues across a number of wholesalers on meter serial numbers, meter size, effective from dates and meter location codes. Therefore, we propose additional metrics to assess the quality of asset data in CMOS. Potential candidate metrics could include the accuracy of the name of the meter, duplication of meter serial numbers, incorrect 'leading zeros' associated with meter serial numbers and the quality of location notes/codes. For activity A7, there are no KPIs that measure and therefore incentivise a wholesaler to proactively ensure that its assets are in good working order or that meters are readable. Instead, the assessment is based on retailers submitting a bilateral request only after a (potential) issue is identified. Furthermore, no proposed Market Indicators or Additional Metrics directly assess the risk of a meter not working/unreadable. We would welcome additional metrics that assess how proactive wholesalers are in ensuring their metering assets are working and are readable. Candidates would include the average age of a meter (ideally by meter make).

<b>Castle Water</b>	<p>The consultation text provides an interesting clue by suggesting that there are metrics which are missing, when it states, “It should therefore be stressed that components of the MPF, such as activities or metrics, that are not in focus as part of Consultation 3, may be revisited during future iterations of the MPF”.</p> <p>It is unfortunate that the consultation papers do not adequately explain nor rationalise what is in focus and, therefore, what is not in focus but otherwise might be. That is a significant gap.</p> <p>So, likely there are metrics missing, but determining whether we have included the necessary metrics and discarded the unnecessary metrics becomes an unreasonable question to ask in a consultation, without the supporting rationale and detail. We would argue that this compromises the consultation process and renders the consultation invalid.</p> <p>One possible metric which is not included for cyclic meter reads but which does persist for transfer meter reads (M08) is the number or proportion of reads submitted within SLA. We assume therefore that the future equivalent of MPS15 is no longer deemed necessary, but it is for transfer reads?</p> <p>The above said, for there to remain 44 metrics, we question if that is too many to sensibly monitor, report, and incentivise? We would like to see fewer in total, even if some additional metrics are added, and some others are modified. To us, 44 metrics fails any test of ‘simplicity’ and thereby increases the associated costs of managing this regime – for MOSL and for Trading Parties.</p> <p>See also our answer to Q17, which suggests some additional segmentations (e.g., M22).</p>
<b>Dŵr Cymru (retail)</b>	<p>No.</p>
<b>Everflow</b>	<p>No.</p>
<b>Water2business</b>	<p>No</p>
<b>Water Plus</b>	<p>We believe additional metrics may be required to support on-going MOSL projects, for example in relation to CPW142 additional metrics may be required to ensure Wholesalers are submitting monthly reads as required.</p>

	Our proposal in relation to CPW142 would seek to incentivize W Read uptake, rather than transferring the responsibility. Therefore, we believe it may be appropriate for the MPF to measure the proportion of W reads either submitted by the Retailer as an actual or formally challenged. This would provide a view on the number of W reads that have effectively been ignored, which could inform further action.
<b>Wave Utilities</b>	In activity A6, risk CSE002 highlights meter reads not taken due to asset data issues, however the only metric addressing meter data is M14 that covers GIS coordinates. Asset data (such as; Meter Serial Number, number of dials, meter size etc.) should be complete and accurate upon installation, which it has not been historically, leading the improvement of meter data accuracy to be a Retailer led action identified through inaccurate invoicing, metric(s) should be included to incentivise correct and complete data at the point of installation.
<b>Other</b>	
<b>CCW</b>	We believe that Activity A4 – ‘customers being supported during unplanned events’– needs to be incentivised given the impact on customers. While we agree with using trading parties’ adherence to the RWG Unplanned Events Good Practice Guide as an Additional Metric, the development of a KPI is needed too. As stated in our answer to Q10, a new requirement for trading parties to share customer emergency contact details with each other within set timelines should be developed. While there will be work to ensure the quality of the data is sufficient, this should provide a basis for measuring how well trading parties are supporting businesses during unplanned events.
<b>TEC</b>	A4 KPI metrics as there are none

## Q17: Do you have any specific comments on any of the Metrics?

Wholesalers	
<b>Affinity Water</b>	<p>M25: This is reliant on Retailers submitting service requests in a timely manner, and there needs to be a way to measure this part. We see instances in which a damaged meter is reported to us way outside what we would deem appropriate. We think this is a good metric but needs to recognize the dependance on other trading parties. Similar to those in which if we have an open bilateral the Retailer is not penalized with a charge.</p> <p>M31: We believe understanding average vacancy is important and could indicate performance, but this could also indicate the state of that part of the country for example.</p>
<b>Anglian Water</b>	<p>M33 our data tracking identifies that following the change to market codes that requires Wholesalers to add customer data to the market, there remains a 45% vacancy rate. While this is up from 17% prior to the code change, this remains far too low given that the customer details are being provided from customer details used to provide a new connection.</p> <p>Market average for the proportion of Bilateral Hub SLAs that have been completed by Wholesalers within prescribed SLA periods.</p>
<b>Dŵr Cymru</b>	<p>M14 - Proportion of meters with credible GIS coordinates. We understand that this metric will compare the postcode of the property with the meter GPS and this is suitable for the majority of SPIDs in the market. For wholesalers wholly or mainly in Wales, the eligibility criteria allows co-located premises (only separated by transport infrastructure) to be joined together as on SPID. A consequence of this is that we have SPID's that include multiple properties with different postcodes so even though our GPS details are accurate for the meters in the ground we will always have data that fails this metric.</p>
<b>Portsmouth Water</b>	<p>A3, A5, A6 / M12 – As stated in the document, this metric should not be implemented until the central Data Cleanse is complete and must also allow wholesalers a realistic time scale to work through the data cleanse outputs and allow for outputs to be challenged. It should also consider where a UPRN and/or VOA BA reason code has been used rather than just looking to see if the UPRN and/or VOA BA data field has any entries. A further, and hugely beneficial step would be for MOSL to also measure the accuracy of UPRN and VOA BA. In addition, for premises that are Assured, or have a valid</p>

	<p>reason code, should be excluded from any activity monitoring and should take account of any agreed mechanism to Assure data that is not present for an accepted reason such as non-addressable premise.</p> <p>A3 / M13 – There should be the ability in CMOS for a wholesaler and retailer to highlight why a premise is long-term vacant. This would prevent the need for Trading Parties to assure LTVs as they would be able to enter the information directly in to CMOS.</p> <p>A6 / M19, M20, M21 – For this to be accurately measured there should be the provision in CMOS to add skip code reasons. Currently, retailers pay no penalty for missed cyclical meter reads, but wholesalers do, and the SLA for non-market cyclical reads is shorter than market cyclical reads. In addition, going forward with the new MPF, if there is an outstanding B5 or C1 on a long unread meter then the retailer will not receive a penalty, but bilateral forms do not get raised for issues with non-market meters. It should therefore be considered if this is a fair metric.</p> <p>A6 / M14 – Assured GIS should be excluded.</p> <p>A7 / M10 – These should be excluded where there is a W read, regardless of whether the retailer has adopted that W read.</p> <p>A5 / M33 – Presumably where the wholesaler has provided the Developer details this would mean the wholesaler has met their obligation against this market indicator?</p> <p>A7 / M25, M26 – This should be exclusive of where there is a W read, regardless of whether the W read has been adopted by the retailer.</p> <p>A6 / M41 – The outcome of the C1, C5 and C7 requests should be considered before reporting against this additional metric. We have a large number of C5 requests that do not end in deregistration. We also have a considerable number of C1 requests where our data is proven to be accurate and it is the retailers data or misunderstanding of the customers issue that is the problem.</p> <p>A7 / M43 – The outcome of the B5 request should also be considered. It is not unusual for us to receive a few B5's for the same meter, but there is actually nothing wrong when our Technicians investigate, it is the information the retailer is receiving from their third party meter reading provider that is inaccurate.</p> <p>A8 / M38, M39 – Where there is a W read (adopted or not) should be excluded.</p>
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	<p>A9 / M45 – The reason for the resubmission and the subsequent completed reason should be considered. We have had situations in the past where retailers have resubmitted forms due to an issue occurring on the same SPID unrelated to the initial reason the bilateral request was raised and the retailer should have submitted a new request.</p>
<b>SES Water</b>	N/A
<b>Severn Trent Water</b>	<p>M16 and M17- it should be borne in mind that there is nothing inherently “wrong” with a deferral and by extension there is nothing to say a longer deferral isn’t in the interests of the customer, or the public at large (for example if a job can be done without large scale disruption to traffic by doing it at a specific date/time, that may be preferable to doing it sooner) if we’re not careful this could drive the wrong behavior.</p>
<b>South East Water</b>	<p>M01: We would be interested in understanding how the metric for retailers to carry out cyclic meter reads will be affected by the continued rollout of smart meters, i.e., their portfolio of meters to read will become smaller as more smart meters are installed, and the reading of these meters then becomes a wholesaler metric (M02).</p> <p>M02: There is the possibility that assessing the proportion of smart meters read (as opposed to the percentage of coverage) may disincentivise wholesalers from accelerating smart metering programmes.</p> <p>M11: We currently provide (where we can) the customer details to the retailer, however these are not always used and the SPID remains vacant with no customer details included. As we cannot control this action in the market, it would be ineffective to penalise wholesalers where this information is already provided, as this would not encourage the correct market behaviour of making processes easy for the customer.</p> <p>M13: The vacancy flag on CMOS is currently controlled by the retailer so it is difficult for wholesalers to influence this metric when it is beyond their control. Can MOSL clarify whether the data ownership for this flag is to be amended so that it can be changed by “both” trading parties? Could CMOS be changed so that a property marked as vacant with consumption recorded against it is automatically changed to occupied.</p>
<b>South Staffs Water</b>	n/a

<p><b>South West Water</b></p>	<p>A2 - M9, 4, 6, 5 only cover meter reads (which we support) whilst the activity is for “good data” which should include customer contacts/outstanding issues (e.g., leak allowance/ complaints)/debt at handover (which unfortunately wouldn’t be easily measurable).</p> <p>A4 - Need to consider SLAs for Retailers communicating with customers (already in RWG good practice guide) however we note that M47 is included as an additional measure which is acceptable.</p> <p>M11 – we’re aware that CMOS isn’t always updated with the most recent information and we’re fully supportive of this measure and look forward to a working solution with SIC code data.</p> <p>M12 – makes sense to be included alongside the Data Cleanse work however we would like to understand how MOSL will define address, UPRN, VOA &amp; GIS accuracy to ensure accurate performance results. We’d like to understand how MOSL will be able to state that an individual data item is wrong.</p> <p>M15 – we’re supportive on the whole although it’s not clear how the delays completing a B5 will reflect on the asset’s status (working or otherwise). A B5 request may be completed late with the outcome that the meter isn’t faulty.</p> <p>M10 - whilst supportive this could lead to inaccessible meters (e.g., internal/LTV) having multiple/repetitive B5 &amp; C1 requests.</p> <p>M45 will also include some that are duplicate requests.</p>
<p><b>Southern Water</b></p>	<p>Yes, see below:</p> <p>M19,M21 – We feel there is too great a focus on Non-Market Meters.</p> <p>M16,M17 – For wholesalers that have bilateral agreements with a retailer on an agreed deferral process, we are unclear as to how these will be accounted for in MPF metrics so the wholesaler is not penalised.</p> <p>M02,M08 – We are unclear as to why this metric explicitly calls out smart meters but not other meter types.</p> <p>M25,M26 – We are unclear as to why this is solely a wholesaler metric because it is still the Retailers responsibility to read the meter, and if they are continually failing to read the meter, it is also their responsibility to raise verification requests to the Wholesaler. In the event that verifications are raised, the Wholesaler is then measured via the MPS/OPS mechanisms. Therefore, it is a shared responsibility</p>



<p><b>Thames Water</b></p>	<p>We are not happy with the metrics around smart metering, specifically M02 and M27. M02 pertains to proportion of smart meters read and is a KPI whereas M27 pertains to overall smart meter coverage and is only a market indicator.</p> <p>We are concerned that the emerging performance framework will penalise those wholesalers that are leading smart metering rollout by imposing smart metering performance obligations that are not equivalent to the non-smart base.</p> <p>This runs counter to the strategic objectives of the market that should be incentivising Wholesalers to install smart meters, given the significant customer benefits in terms of bill accuracy, water efficiency and reduced meter reading costs for retailers.</p> <p>As an example it may be worth looking at 2 wholesalers (A &amp; B) that each have 100,000 meters (assumed to all be Group 1), but Wholesaler A installs smart meters and Wholesaler B stays with non-smart meters. You expect meters to break sometimes and smart meters are no exception to this. Using an assumption that 10% break and will need to be investigated, repaired or replaced in any one year.</p>
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	<b>Wholesaler A</b>	<b>Wholesaler B</b>
Obligations under the Code	Obligated to read the meter 12 times a year  Obligated to carry out investigations, repair and replacement work whenever a read is rejected or no reads are available	No obligation to take reads  Obligations to carry out bilaterals when requested to by Retailer
Meter reads obligated to be taken and successfully submitted annually	1,200,000 (by the wholesaler not the retailer)	200,000 (by the retailer not the wholesaler)
Funding to taker meter reads (approx. from REC- £9.74 will rise with CPI)	£0 to Wholesaler £974k to Retailer	£0 to Wholesaler £974k to Retailer
Reads submitted if 10% failure rate	1,080,000	180,000
Penalties to Retailers (using current MPS rates assuming don't meet 200 day requirement)	£0	£200,000

	Penalties to Wholesalers (using current MPS rates for monthly read assuming don't meet 40 day requirement)	£2.4m	£0
<p>The performance framework should both reward companies with higher penetrations of smart metering and ensure an equivalence between smart and analogue performance frameworks in terms of obtaining reads.</p> <p>We appreciate that with smart meters there comes a certain expectation of a higher standard of service given one of their main benefits is that they are easier to read but at the same time we can't see the benefit in disadvantaging companies that are progressing faster with smart meter rollout relative to companies who are not in the way that this proposal does.</p> <p>We are comfortable being measured on our proportion of smart meters read, but we firmly believe this should be in the context (also measured as a KPI) of overall smart meter coverage and that the market framework should establish equivalence between smart and non-smart metering performance frameworks.</p> <p>Specifically, on M02 we note only that, if retained, there should be an equivalence between any late read penalty incentive for smart and non-smart meters. That operational performance to, for example, provide a monthly smart read, should be distinguished for any penalty framework for late smart reads, which is currently set at 6 months for smaller meters based on minimum settlement requirements.</p> <p>On M08, as above, for NMM meters we don't consider this is a measure that we can control the outcome for.</p>			
<b>United Utilities</b>	<p>For A7 activity 'Maintain working and readable assets (i.e. meters) – Wholesaler' KPI 'Number of Long Unread Meters (LUMs) with an outstanding B5 or C1 bilateral transaction request' we do not believe the proposed KPI will add value or drive the right behavior. As we want to encourage the identification of issues and raising of tasks, a more appropriate KPI would be 'Number of overdue B5 &amp; C1 bilateral transaction requests'</p> <p>A7/A9 KPI for 'Average length of deferrals per ORID' needs to consider where deferrals are set where it is the retailer that is responsible for making the next update to the case. For example at info request a wholesaler would set a deferral as standard because they are unable to progress the case without the retailer providing information and updating the</p>		

	<p>status to info provided in the Hub. If the retailer provides information after 14 business days (within 15 business day time-out on retailer raised cases) this impacts average deferral length but is completely outside of wholesaler control. In many cases, deferrals are at the request of the retailer, customer or council and necessary to meet the needs of these parties.</p>
<b>Wessex Water</b>	<p>If deferrals are being applied correctly in that they are for reasons outside of the control of the Wholesaler, it shouldn't be perceived as a negative indicator through a KPI.</p> <p>On this basis, we would suggest that deferral volumes are an API only and subject to audit for correct application and use.</p> <p>We are in strong support of deferrals being part of the framework but we do not feel that a KPI is appropriate.</p> <p>We would also mention in this area, that this should be a measure of both Wholesalers and Retailers.</p> <p>We would welcome the framework representing deferrals at pairing level through an API view.</p> <p>Deferrals can be avoided on a number of occasions and pairings should have joint responsibility to reduce where possible.</p>
<b>Yorkshire Water</b>	<p>Yorkshire Water feel that metrics M16 and M17 should not be included as KPIs. By definition, if deferrals are being used correctly then these are actions that are outside of a Wholesaler's control. As these activities are fully dependent on the actions of a third party it would seem unfair to regard it as something we should be scored against. Where there would be concern about Wholesalers using the deferrals process correctly, this should be identified via audit rather than a formal KPI.</p> <p>Some bilateral hub activities have in-built delays as part of the process, and require retailer actions to resolve manually (or would auto-complete themselves), so judging a Wholesaler on these would appear inappropriate.</p>
<b>Retailers</b>	
<b>Business Stream</b>	<p>M4, M6 and M9: These metrics could have unintended consequences in that retailers may not compete for SPIDs that have long unread meters. Therefore, in the same way that these metrics will exclude a meter with an active C1 or B5 bilateral request, they should also exclude long unread meters. Our view is that if the outgoing retailer has not been</p>

	<p>able to read the meter in over a year it is unlikely the incoming retailer will be able to complete a transfer read in the limited time available.</p> <p>M37: For complaints made to CCW to be included as a Market Indicator, it is important that the reporting is based on upheld complaints only and with clear differentiation made between complaints that have 7 arisen due to wholesaler actions/inactions and retailer actions/inaction. This could mean additional work is required on root cause analysis but without this, the success criterion of improved trading party accountability might not be met.</p>
<p><b>Castle Water</b></p>	<p><b>M01:</b> <i>'Proportion of consumption from cyclic meter reads performed within SLA'</i> is a questionable measure – as it risks being skewed by large consumption meters which are either read or not read. Under this metric, not all failures to read a meter will be treated equally and this could lead to some unfortunate gaming as retailers and their meter readers focus on meters with the largest consumption. Is this distortion intended or desirable?</p> <p>Further on M01, the various segmentations make sense to track separately, as each segmentation has its own unique characteristics/challenges and different degrees of direct control by the retailer who is made accountable. However, why not be honest and give each of these segments a unique metric identifier? Each will need to be defined differently (as is the case today for MPS18 and MPS19) and have their own thresholds. We continue to add layers of complexity and it is already clear that the number of metrics needs to be further culled.</p> <p>As is true for MPS18 and MPS19, two not unreasonable metrics today, the issues are less with the metrics and more with the way in which we implement – e.g., the 25 Business Days target on MPS19 is too tight and denies the reality of contracting with a meter reading provider, whereas 200 Business Days target on MPS18 does allow some flexibility to both schedule but more importantly to work a resulting skip in order to gain a meter read. Likewise, the issues are with the 5% 'fudge factor' rather than explicitly only deeming a failure to read a meter when the retailer has failed to act on the meter reading activities/tasks over which it has direct control (e.g., scheduled a meter read; written to a customer seeking access or customer reads; submitted a bilateral request to a wholesaler; etc.).</p> <p>Again, this illustrates why we say it is difficult to comment on the components of a future framework, when the accompanying detail as to how they will be assembled and operated is not available. One can see better outcomes and bad outcomes, with the downside risk being both more likely and greater than any upside.</p> <p>It is welcome that there is recognition of the issue of 'control' in the proposal to exclude meters with an active C1 or B5 bilateral. That is sensible, although we note that today (to expedite outcomes), retailers may share skip data in bulk</p>

form outside of bilateral hub, which is not designed to manage bulk bilaterals, as one would get from monthly meter read skip data, etc. We would like to understand how MOSL will make allowance for such skips to ensure that they are also excluded from the metric? Or, is the proposal to upgrade the bilateral hub to deal with bulk bilaterals? Some details here would be appreciated; thank you.

One final comment on M01, we question what is meant by “*we aim to allow the data to be further segmented ...*”? Is this just an aspiration or a proposal? What would stop, beyond the complexity of multiple metrics? Indeed, we would argue that to get the insights necessary upon which decisions and actions can be taken, segmented metrics would be necessary.

**M02:** This is problematic – as we need to define ‘complete’ and ‘accurate’. How will MOSL determine ‘accurate’ and why will it have access to more accurate customer and banner names than a retailer? We have already seen issues and errors made in holistic reporting on a similar metric and there is nothing in the documentation that suggests that such errors will be eliminated under a new market performance framework. The addition of SIC codes will just add to the issues. One can measure if a meter has or has not been read, but it is less easy to determine with confidence that data is complete and accurate. The potential for error and dispute is apparent. Under governance there will need to be an effective and accessible challenge mechanism, plus a process for retrospective correction of errors and ensuring that trading parties are recompensed for any charges imposed that prove to be wrongly levied.

**M03:** This metric would appear to complement M01, focusing now on numbers of meters rather than consumption recorded by those meters. Again, we have segmentation, so as warranted as that may be, our concern is raised again regarding proliferation of metrics/KPIs.

As per our comments on M01, it is welcome that there is recognition of the issue of ‘control’ in the proposal to exclude meters with an active C1 or B5 bilateral. This is sensible, although elsewhere there needs to be an associated metric which measures outstanding meters and presumably [for M01] consumption to ensure that the size of this segment is recorded and reported. This could simply be a further segmentation of the data.

Further we note the current issue of ‘hard to read’ or meters which cannot be read for ‘health and safety’ reasons. Until we move from the current standoff between wholesaler and meter reading contractor over what is and is not a meter which is safe to read, then we will find wholesalers refusing to replace/relocate meters which meter reading contractors will not read. This impasse must be broken and the only way to do so is for the retailer (via its meter reading contractor) to define what is unsafe. Otherwise, we must operate with unworkable definitions, such as that which

resulted in October 2022 from the Strategic Metering Review, of *"the meter chamber is situated in the carriageway or in a junction with a 50mph or higher speed limit"*. This deems a meter in a busy, 40mph dual carriageway as not being hard to read, and therefore any B5 request is unlikely to be accepted by the wholesaler.

**M04:** Again, our comment and associated concern regarding a proliferation of metrics applies to M04, given that it is proposed to report eight segmentations of this single metric. Note that we do not have an issue with the segmentation, which is sensible and will offer insights; our issue is with the proliferation of metric numbers which risks making the market performance framework unwieldy, costly to administer, and overly complex. Our goal of simplicity is at risk of being lost at the first hurdle.

A further useful segmentation might be where the customer has denied the meter reader access.

When C1/B5 bilaterals are completed, we'll need to then include those meters but ensure that the associated period excludes the period of the open bilateral. Not difficult but adds further complexity to the calculation.

**M09:** How will 'accuracy' of premises address data be determined by MOSL? What is the process for a wholesaler or retailer to dispute MOSL's address data?

Again, we note under M09 the aspiration to segment the data reported. Whilst again there is sense, the issue of proliferation of metrics must be considered and the challenge to our success criteria of 'simplicity' addressed.

There being **no KPI** identified for **Activity A4** is noted as a potential issue. It seems that we don't yet know whether and how we can measure and track, and yet this is deemed to be one of the key activities for our market performance framework.

**M10:** This metric appears not to be listed. Sorry if we missed it.

**M11-M14:** Similar comments apply for non-market meters to those noted earlier for the corresponding metrics for cyclic market meters. Again, we note the logical case for segmenting reporting of the metrics and the associated tension that we have in effect a proliferation of metrics.

**M15:** Castle must admit to not fully understanding this metric given the lack of detail on SLAs, including how many SLAs are to be averaged, and the differences between those SLAs. Hence, it makes informed comment difficult. However, we would note that whilst averages can be useful measures they also need to be used with caution, especially when being used to compare (say) the performance of parties. Hence, having reference also to the distribution (e.g.,

say through also reporting a standard deviation) can help to better understand a single point average and any comparison with other averages.

**M16 and M22:** Would those meters included in the M16 metric be excluded from the M22 metric count? This would be consistent with the treatment of earlier similar metrics, such as M03 and makes logical sense. However, that is not stated in the definition, and we question why? Is that deliberate (if so, please explain) or an oversight.

We would recommend segmenting M22 by vacant and occupied, to understand how many long unread meters, without an outstanding bilateral, have an impacted customer. Further, when seeking to understand the net problem, we would suggest segmenting the 'occupied' M22 metric further by the most recent skip, as we expect that the majority will have open customer access issues and are therefore outside of the direct control of the retailer. Investigations should then focus on whether the retailer has taken reasonable steps to gain access or procure a customer meter read.

Like many of the proposed metrics and segmentations, we can see merit in MOSL using such metrics to gain insights into potential issues on an ad-hoc basis, to understand the blockers to resolution and to agree actions with trading parties. However, we cannot question the value in reporting such metrics monthly, as our assessment is that this would be overly costly/complex and consequently unlikely to deliver the performance improvements sought.

Further, we would note that M16 and M22 are simple counts, which do not readily lend themselves for comparison in the way that percentages or proportions may be better suited. Unless there is a zero-tolerance policy [unworkable], then metrics which measure proportions of the meter reading population which is long-unread will likely be more useful metrics than those which measure total counts.

M24: Settlement is designed to increase in accuracy as more [consumption] data becomes available over time. M24 could risk denying this process, seeking levels of accuracy for R1 that are unrealistic and costly. Improving estimates might help, but an estimate will only ever be just that. The logical extension is to demand more timely meter reads, which is problematic and will increase costs significantly. In time, with the rollout of smart meters, this dynamic will change. But for now, what's the intention here?

**M25:** Again, the question of the merit for using a total count of complaints vs a proportion of customers complaining should be considered.



	<p><b>M26:</b> Like many of the metrics, it is unclear as to why this has been included? A possible candidate to cull?</p> <p><b>M27:</b> We do not understand the value of reporting the average number of days vacancy. Such averages can easily be distorted when drawing comparisons. Regardless, even for a single pairing, what's the value in reporting this statistic?</p> <p><b>M28:</b> Again, this is not a single metric with variants to be reported of number/proportion; and occupied/de-registered. We could measure everything, but is there merit and how will such additional detail be used? We also question the purpose behind this metric and the period over which it will be measured. For example, if we've had more SPIDs moved to vacant than moved off vacant, what conclusion do we draw? To ask if this is accurate is different to asking if this is desirable. It could simply reflect a deteriorating economy. The purpose here is unclear, and therefore we question the merit in M28.</p> <p><b>M29:</b> Please explain the rationale for this metric. Will this be segmented by external and internal meters?</p> <p><b>M31:</b> Averaging without any weighting or other standardization is likely to be problematic.</p> <p><b>M34:</b> Again, we ask for an explanation of intended purpose for this metric? Each wholesaler starts with a proportion of its metering estate for NHH which is smart and that will grow over time in accordance with its rollout plans for each AMP for investment approved in its PR24 approved plans. What are we measuring and for what purpose? This seems to extend beyond the market?</p> <p><b>M36:</b> Nice to know maybe, but what purpose here? And how often will this data be reported, as it is unlikely to move materially from one month to the next.</p> <p><b>M37:</b> Can we clarify is this is a market average or a wholesaler average? Some of the descriptions of these metrics need greater clarity to understand the definition/calculation which is proposed. Also, the rationale for each metric often could do with being set out and justified.</p> <p><b>M38:</b> Will bulk bilaterals outside of the bilateral hub be included and if not, will the bilateral hub be updated as part of the implementation of the performance framework to handle bulk bilaterals such that they don't need to bypass the hub in future?</p>
<p><b>Clear Business Water</b></p>	<p>M13 – Proportion of unassured long-term vacant (LTV). The definition of and process for assuring long-term vacant sites should be clearly set out in the Codes.</p>

	<p>We understand that LTV is defined as vacant for six consecutive years with no consumption identified for the purposes of Wholesaler holistic reporting. However, this definition is not codified and it is not clear how a LTV would be assured.</p> <p>If this is to be used as a metric for peer comparison across both Retailers and Wholesalers, the definition of LTV and process for assuring a LTV must be clear and consistent for all trading parties involved.</p>
<p><b>Dŵr Cymru (retail)</b></p>	<p>M37 – This appears to be a specific customer input metric. A customer propensity to interpret situations differently could distort similar issues.</p> <p>M37 also excludes complaints not escalated to CCW but managed locally. This appears to challenge each trading parties’ competency to manage complaints before escalation to CCW and therefore may not be a truly accurate measure of Complaints. A retailer with a good /bad wholesaler retailer relationship could also distort this metric. This also applies to M37 being applied to Activity A1.</p> <p>M37 also highlights a retailers’ service competency, which could be deemed to be a market differentiator.</p>
<p><b>Everflow</b></p>	<p>Please see the <a href="#">attached spreadsheet</a> for specific comments on all metrics.</p>
<p><b>Pennon Water Services</b></p>	<p>KPI’s</p> <p>M01: This seems to replicate MPS 18 and 19. As such how does this move the dial forward. Whilst we welcome the fact that meters subject to active C1’s or B5’s would be excluded this creates a complicated metric. We acknowledge that this will help with broken meters however it does not address the issues of inaccessible meters, access issues which could be resolved by installations of smart meters, separation of supplies, relocations etc which remain outside of the control of a retailer. As far as we are aware there is no retailer operating in the market that has installed a meter internally where a read cant be obtained. These non accessible meters were installed by the meter asset owner yet the responsibility and penalties for not reading them lies with a party that cannot change the location. This metric does not fundamentally change anything.</p> <p>M02: We await the development of these KPI’s but welcome the recognition that clarification is needed on the responsibility, obligations and definitions of smart meters and reads.</p>

	<p>M03: This is effectively MPS 15 so is not new to the market. We recognize that timely reads are essential for the market but this measure does not address the fundamental issues around meter reading including responsibility of asset owners. Once a read is obtained then it should be entered into the market within a reasonable time.</p> <p>M04: Again this is a current MPS measure. It does not address issues such as the mis-use of estimates for transfer reads which is a behavioural issue.</p> <p>M05: Again this metric is not new and therefore does not move the dial in terms of changing how the market improves. It however should be measured and reported on.</p> <p>M06: Again similar to existing metrics in the MPF.</p> <p>M07: We are confused as to what this metric is doing as it seems very similar to M01 although this seems to concentrate on consumption of meters. We are concerned that this might lead to double counting or double jeopardy.</p> <p>M08: We do not really understand why this is a measured KPI as it already tracked on published dashboards and is also similar to M02 although looking at consumption rather than meters. Whilst we do not yet understand any sanctions etc that these metrics might have there is a risk of double jeopardy or that behaviors might get influenced (ie. Larger meters might get swapped for smart instead of hard to read smaller meters) as a result of the similarity in metrics.</p> <p>M09: This is a new metric that will address identified poor behaviors in the market and we look forward with interest to see how this will be used moving forward.</p> <p>M10: Again this metric will address Wholesaler behaviors in addressing meters broken or unlocatable meters and is imperative in preventing charges being made to Retailers for meters outside of their control. It should also be looked at hand in hand with metrics M16 and M17 which tackle bilateral deferrals. It should also be said that this makes the whole MPF regime rather complicated and assigning responsibility for meter reading and their assets to Wholesalers in the first place would significantly simplify the whole MPF.</p> <p>M11: We are concerned as to how we will get an agreement on whether a customer name/banner name is accurate and how this will be measured. We recognize that good data is important and that it should be present in the market but variations in this area does not necessarily mean customer issues etc. As highlighted the inclusion of SIC data will depend on the determination of minimum standards but it should be recognized that identifying true SIC codes for all customers is very problematic especially for sole traders and NHH businesses that are not registered on Companies</p>
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	<p>House. Often NHH customers would not know what their SIC code is. This was probably the reason why SIC codes were not mandatory at Market opening and this could lead to significant costs for Retailers to cleanse poor market data provided by the Wholesalers in the first instance.</p> <p>M12: We welcome that accuracy of premise address data is being measured as this can cause significant issues and will help with identification of customers for vacant premises and help with Gap Sites. However we do wonder how this will be checked and audited to ensure that data is correct. For example new connections and or gap sites get entered into the market daily – how will this be checked that it is correct at the time of entry into CMOS</p> <p>M13: We are unclear as to what this metric is actually measuring so cannot comment although we recognize that reducing long term vacant premise (especially those with consumption) is important for all paying customers.</p> <p>M14: GIS co-ordinates (and any other location data) is important for finding meters. How will this metric ensure that GIS co-ordinates are correct at the time they are entered into the market as it appears that it can only be done as part of an audit after the e and will have limited accuracy unless every meter is visited and checked which is unlikely. Ultimately this is the Wholesalers responsibility to get right. Unless you can guarantee that the location co-ordinates are 100% accurate from the time they are put in the market the issue of poor location data remains. Make the Wholesalers responsible for the read in the first place and they will ensure the data is correct as they will not want the penalties for not finding them and not reading them.</p> <p>M15, M16, M17 and M18: These metrics all measure Wholesaler behaviors around bilaterals and is welcomed. We look forward to seeing how these will eventually play out. With respect to M15 we cannot understand why the metric would be averaged across all SLA's as this may mask certain behaviours.</p> <p>M19, M20 and M21: Non market meters are problematic especially to NHH customers in the market and the simplest way to resolve these customer issues is to ensure that non market meters are read at the same time as market meters. Again the best way to achieve this is that Wholesalers are made responsible for all meter reads. Again similar to market meters we are concerned about double jeopardy in M19 and M20 as they look similar.</p> <p>Market Indicators</p> <p>M22: Proportion of LUMs are already available on published dashboards</p> <p>M23: Already available</p>
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	<p>M24: Already available</p> <p>M25 and M26: We are not sure what ultimately this will tell the market but it will be interesting to see if it highlights any particular behavioral trends</p> <p>M27 and M28: Whilst this will be interesting to see, we are not sure how measuring the proportion of Wholesaler smart meter stock will actually address the meter issues. Progressive Wholesalers will have a higher proportion of smart meters as they recognize the advantages this will have for settlement, customer billing, water efficiency etc but how this data will change the behaviors of less progressive wholesalers will yet to be seen.</p> <p>M29: Already available. We would however urge MOSL to ensure that the accuracy of this dashboard and all dashboards is maintained and takes into accounts all corrective runs etc as mistakes can lead to anomalies.</p> <p>M30: We welcome this as a market indicator and will highlight poor switching behaviors. The effectiveness of this of this as an indicator will however be in the robustness of MOSL/MPC in what they do with poor performing market participants in areas where it ultimately affects customers and not just scores on market indicators.</p> <p>M31, M32 and M33: All these market indicators deal with vacant premises. We do not fully understand what this will tell you about market behaviours etc. There will always be vacant premises in the market and some will continue to remain vacant for years with no water or sewerage services being used. The most important aspect in relation to vacant premises is if they are consuming water. This does not appear to be picked up in this consultation. Vacant premises with consumption are the most important vacants which need to be reported on.</p> <p>M34: We do not understand the intention of average premise address data accuracy as a market indicator. Is this a duplicate of earlier KPI's?</p> <p>M35: Again is this a duplicate of previous KPI's measuring completed bilaterals. We would question why an average is used as this may mask certain behavioral issues in certain bilateral processes.</p> <p>M36: Measuring the proportion of the market settling on assessed charges or unmeasured charges is interesting and already measured but we are not sure what value it brings.</p> <p>M37: Complaints are already measured by CCW</p> <p>Additional Metrics</p>
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	<p>M38 and M39: Are these doing the same thing as M22 and M24?</p> <p>M40: Whilst this is effectively MPS 1 and 2 the real measure of quality in this area stems from the quality of data supplied by the Wholesaler in the first instance which is not being measured here.</p> <p>M41: We do not really see what value this brings although it might tease out issues if the data is split into wholesaler retailer pairings as a pseudo measure for poor data.</p> <p>M42: We do not believe that this warrants much measuring as the levels are relatively low.</p> <p>M43: Repeat B5 bilaterals will be interesting and will identify certain behaviors. It should be used in conjunction with cancelled bilaterals. The crux of the matter will however be dependent on what sanctions are put in place for poor performing Wholesalers. Again changing the responsibility for meter reading puts the onus on the Wholesaler to repair the meter at the earliest opportunity. A simple change to the responsibility of meter reading simplifies a lot of the proposed MPF which should be welcome to all.</p> <p>M44: Similar to above M43. It would be better to have the responsibility and cost for requesting broken meters to be fixed with the entity responsible for the asset in the first place.</p> <p>M45: Is this a duplication of similar metrics around deferrals and rejections of bilaterals. How will true resubmissions be treated. What is this really trying to achieve?</p> <p>M46: This will be interesting in the first instance but it might drive other behaviors in the longer term such as cancelling bilaterals on the penultimate day of the request.</p> <p>M47: We are not sure how you can measure the level of published commitment to the RWG Good Practice Guide on unplanned events and what actual value this will bring.</p>
<b>Sefton Council</b>	e.g. M37 Monitoring this is extremely important. Retailers also need to stop making their complaints process so difficult and impeding the route to the CCW
<b>SES Business Water</b>	M13 – How is a spid confirmed as unassured long term vacant? and what assurance will be required for this to be measured.

<p><b>Water2business</b></p>	<p>See above – consideration should be given to metrics which could be subject to change (e.g., M11). M09 – proportion of transfer reads – if the retailer has agreed with the customer in their contract that estimated transfer reads will be used, a retailer should not be penalized for this as this is down to the customer’s choice. This metric could become a barrier to switching and be deemed anti-competitive. We do not believe this is an appropriate measure to recognize success in the market as this is a customers choice.</p>
<p><b>Water Plus</b></p>	<p>M1: Whilst we believe there is value in assessing Trading Parties overall performance against meter reading obligations, we believe that there are significant distinctions that will need to be identified and accounted for. As an example, the same percentage of performance for a small new entrant and an incumbent retailer with a high transferred customer portfolio will represent significantly different challenges and performance.</p> <p>M3 &amp; M6: We are highly concerned around the use of ‘lateness’ as the metric for failed Meter Reads, as we believe such an approach can potentially disincentivize the submission of reads to the market. We do not believe that any incentive structure should lead to a position where a Retailer may be potentially ‘better off’ for not submitting an accurate actual read to the market.</p> <p>A variable ‘lateness’ penalty incurred at the point the read is submitted to the market may risk a position where a Retailer has obtained the read may judge, in terms of performance reporting or fines, it is beneficial to ignore the read. This may be particularly true when there is a potential for an upcoming meter exchange, as it might be possible for a Retailer to ‘wait out’ and avoid any such fine by not submitting any reads they receive.</p> <p>As such, we believe that it would be more appropriate to apply a charge at the point of failure when a Meter Read SLA is missed. This approach should not penalise submission after any such date, to remove the existing incentive against submission experienced in relation to Transfer Read submission measures today.</p> <p>M7: We believe that other metrics included within this proposal already provide the majority of the information this metric will provide, and are uncertain what additional value this metric will bring.</p> <p>M9: We believe that the exceptions listed for active C1 or B5 bilateral requests may need to be extended to include where the meter was previously long-unread. If an issue with a meter has persisted under the previous Retailer, it is not reasonable to penalize an incoming Retailer for not resolving any such issues in the immediate time period considered by Transfer Reads in all cases.</p>

	<p>M11: We support the assessment of 'completeness' of Customer Banner Names and SIC Codes, however we believe there is a significant technical challenge around the assessment of accuracy and validity. We do not currently have confidence in the existing approaches to external assurance, and it is unclear who will be assessing accuracy and validity. We recognize that this metric will be highly dependent on the output of the ongoing Data Cleanse Programme, however we are not yet confident that a reasonable and reliable approach to verification will be possible.</p> <p>M12: In line with our comments related to M11, we believe there is a significant technical challenge around the assessment of accuracy and validity. The existing measurement of the number of populated UPRNs has led to high "population" with a low quality / accuracy. We believe there will need to be validation to ensure the accuracy of any such output, as inaccuracies included within the currently 'populated' fields has led to additional resource pressures and issues.</p> <p>M13: Water Plus would require additional detail on what scale of "Assurance" would be expected from Retailers in relation to Vacant Premises. Due to the significant volume of some Retailers transferred portfolios, with high rates of vacancy, any arduous additional requirement could lead to an exceptionally high resource requirement on retailers with large (transferred) customer portfolios. We would need additional clarity on what the expectation would be before we can comment on whether we believe this metric is cost-effective and value for money.</p> <p>M16, 17 &amp; 18: Whilst we understand any such specification is likely to be developed at a later stage in the MPF Reform, we believe it is critical that any analysis of Wholesaler ORID deferral reflects where an individual issue has been deferred on multiple occasions. As an example, we believe that M17 should reflect the cumulative deferral of an individual instance that has been deferred on multiple occasions rather than each deferral being assessed individually.</p> <p>M37: Whilst identified as a Market Indicator and not a KPI, we remain concerned at the inclusion of Complaints analysis as part of the MPF. Whilst a market wide analysis of the volume and categorization customer complaints data may be useful for inform market risks and issues, there are challenges around this data being utilized for individual performance analysis. In particular, we would note that this data is typically significantly delayed and no longer reflective of actual on-going performance.</p>
<p><b>Wave Utilities</b></p>	<p>M01-7: Active bilateral C1 or B5 exclusion is critical to ensure market fairness, however consideration could also be made to set a minimum % cap threshold for Wholesalers that if a set % of meters fall into active C1 or B5, then</p>



	<p>performance fines are issued to Wholesalers. This would sharpen the incentive to ensure that asset maintenance is of top priority.</p> <p>M11/12: the effectiveness of these metrics are predicated on the success of the data cleanse programme. The quality of this data needs to be assessed upon completion to ensure that the data standards are sufficient for this metric to work.</p> <p>M12: should include complete i.e. Proportion of premises address data complete and accurate.</p> <p>M17: this should to be broken down to see the reason codes and potentially remove some reasons, e.g. one reason for deferral is because the customer has requested a delay, perhaps to wait until school holidays for example. These potentially should be removed from the average length of deferral so that the focus is on the time taken by the market to deliver.</p>
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Other	
<b>CCW</b>	<p>M37 – ‘Complaints to CCW’ – We welcome the proposed inclusion of CCW complaints as an indicator of how well trading parties are performing key activities such as regular submission of meter reads, improving the quality of customer data and responding to customer queries. Given the key purpose of a revised MPF is to produce good customer outcomes, the level of customer complaints in a particular area is a vital indicator of whether or not good outcomes are being achieved. We therefore support using complaints to CCW as an additional metric, as proposed, and will work with MOSL to segment this data so it can apply to all of the nine activities.</p> <p>We are currently concerned that there is inadequate incentivisation for wholesalers to complete bilateral requests in a timely way, with customers being adversely impacted as a result. We, therefore, welcome the metrics against activities A7, A8, &amp; A9, as it is important to measure how well wholesalers are responding to bilateral requests, along with how often they are deferring them, and to incentivise improvements accordingly.</p> <p>Given the impact on customers, it is particularly important to understand why wholesalers are deferring bilateral requests, so we urge MOSL to continue auditing this activity to understand whether these are being used appropriately, and make changes to the process if there is evidence this is not the case.</p>
<b>TEC</b>	No

### Q18: Do you have any comments on which Metrics apply to particular Activit(ies)?

Wholesalers	
<b>Anglian Water</b>	<p>M16 – deferred tasks need to be differentiated on the deferred reason so as not to penalise wholesalers for customer centric actions. Examples would be deferrals to suit customer preference, or other third-party reasons such as traffic management requirements from Local Highways.</p> <p>M11 – until the standards have been defined, there may be little value from this measure, or it could be misleading. There may be opportunity to utilise UPRN to establish consistent classification</p> <p>M35 consideration should be expanded to understand the highest and lowest performance. This will mean Code SLAs can be improved and tightened to provide better service where it is financially beneficial to do this. It is also important to recognize outperformance as it may indicate a performance outlier and provide some further holistic consideration into performance</p>
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	N/A
<b>SES Water</b>	N/A
<b>Severn Trent Water</b>	No
<b>South East Water</b>	<p>M24: The additional metric against activity A3 regarding vacant LLUMs should be picked up during MOSL’s data cleanse work, as if the premises has been vacant since before market opening with no meter readings it could be because this supply no longer exists and needs deregistering from the market.</p> <p>M36: The additional metric against activity A8 regarding proportion of market settling on unmetered and assessed consumption - we believe MOSL need to take into consideration a wholesaler’s own policy on this. It may be that it is</p>

	<p>either impractical or infeasible to fit a meter at a premises so the only tariff the customer can be billed on is an unmeasured or assessed tariff, this will be the usual reason for not installing a meter. To resolve this will take extensive work to relay and separate customer supplies in areas of private land where water companies do not have statutory powers</p>
<b>South Staffs Water</b>	n/a
<b>South West Water</b>	<p>We feel that M10 should be added to activity A3.</p> <p>M17 – the reason for the deferral may need to be factored into the measure. Deferrals are qualitative in nature whilst M16 alone may give more valued insight into the market. The reason for the deferral needs to be factored into the length of the deferral (e.g., a council's summer embargo on roadworks can severely impact the Wholesalers ability to undertake works).</p> <p>M38 &amp; M39 are reliant on Retailers entering reads whilst the metric is assigned to A8 (Wholesaler only activity).</p> <p>M42 applies to A7 on face-value however we see B3 requests when the customer has a leak. This measure should consider the outcome of the request.</p>
<b>Southern Water</b>	No
<b>Thames Water</b>	<p>Accuracy of premises data feature as KPIs under activities A3, A5 and A6. We don't feel that it's very clear whether this means there will be one overall KPI measuring performance on this metric across these three activities or whether this represents three different KPIs and would welcome further clarity on this.</p> <p>We are not supportive of any KPIs linked to outstanding bilaterals. We believe these create a material risk of increasing bilateral friction and assume and impose a simplistic solution (raise a bilateral) to issues associated with unread meters. This is also a totally new measure whose implications have not been tested - we would prefer no measures of this nature but if they are felt essential, we would argue they are not imposed as Key indicators until they are better understood and embedded and can be show to positively rather than adversely impact market outcomes.</p>

<b>United Utilities</b>	<p>For A1 metric 'Settlement on actuals' there is an outstanding issue with the reporting of consumption based on actuals at RF due to the way that G reads and consumption are accounted for. This will need to be resolved before the metric is introduced. MOSL are aware of this issue.</p> <p>We have some concerns and observations about the responsibilities for occupancy management and meter reading. The split of responsibilities in these areas is not clear cut and it is important that metrics are carefully targeted to drive accountability in the right areas. Wholesalers are responsible for maintaining good assets and asset data, retailers are responsible for reading meters and managing occupancy.</p> <p>A3 need assurance for vacant internal meters where evidence has been provided that premises is accurately recorded as vacant. A change could be put into CMOS to flag where this assurance has taken place within an agreed time period, the activity could then be repeated.</p> <p>A3 'Vacancy churn/clearance' as it reads currently this does not feel like a wholesaler measure, this will need to be defined further. Does this measure refer to viable SPIDs in the market &amp; if so as previously stated we need clear market definitions for what constitutes a viable SPID.</p> <p>A3 'Vacancy churn/clearance' needs to be split between pre-market vacancy &amp; post market vacancy. The occupancy status is a retailer data item, the wholesaler ultimately cannot make updates to this data item.</p> <p>A5 'Vacancy performance on new connections' other than providing details for developer / customer at the point of connection it is unclear how wholesalers can have any impact on this measure.</p> <p>A7 'G Reads created each month' should be a joint measure between the wholesaler and retailer. If the meter has all the required data items and is in a readable state then it would be a retailer responsibility to ensure a read is taken and updated in the central market system.</p> <p>A7 'G Reads removed each month' the benefit of this measure is not clear, MOSL need to advise what wholesaler behaviour this would improve.</p>
<b>Wessex Water</b>	No
<b>Yorkshire Water</b>	No additional comments

Retailers	
<b>Business Stream</b>	No
<b>Castle Water</b>	We agree that some of the metrics could and perhaps should be applied to more than a single activity. Some have been noted by MOSL, but others could apply. For example, Metric M01 could also be applied to Activity A6, especially if we are to segment Metric M01 in the ways described. Why not segment according to those meters with an open bilateral request?
<b>Dŵr Cymru (retail)</b>	No.
<b>Everflow</b>	<p>M24 – Proportion of vacant LLUMs – This should be the sole responsibility of the wholesaler (A6), not both wholesalers and retailers.</p> <p>M26 – G-Reads removed each month – G-read removal shows that action is being taken, however it is very late and outside pressures may have caused the action (e.g. customer contact/complaint). This measure could therefore be suitable for use as a trigger for more diagnostic or targeted tools (e.g. audits). As such, it may be more suitably classed as an Additional Metric.</p> <p>M31 – Average vacancy duration – This is not necessary as a performance metric, as neither wholesalers nor retailers have control over how long a property is vacant for.</p>
<b>Pennon Water Services</b>	No
<b>Water2business</b>	No
<b>Water Plus</b>	We do not have any concerns in this area.
<b>Wave Utilities</b>	No

<b>Other</b>	
<b>CCW</b>	Please refer to the answer we provided to Q17.
<b>TEC</b>	A6, A7, A8, A9 have the metrics that will support greater transparency and clarity on wholesaler bilateral performance which should lead to better customer outcomes.

## Q19: Do you have any other comments on Metrics?

Wholesalers	
<b>Affinity Water</b>	With regards to LLUM or LUMS there may be legitimate reasons why these cannot be resolved (vacant internal meter or vacant behind hoarding/gates) but there is no way of removing this from performance and assuring. This applies to several metrics such as GIS, UPRN/VOA in which assurance is already possible. We feel this needs to be looked at for each KPI to ensure those outside a trading parties' control can be tracked correctly.
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	N/A
<b>SES Water</b>	N/A
<b>Severn Trent Water</b>	No
<b>South Staffs Water</b>	n/a
<b>South West Water</b>	M30 seems to make sense however, as a Wholesaler, we're unable to comment further. M31 – the segmentation is vital to this one. When a premises is truly vacant, the duration is irrelevant.
<b>Southern Water</b>	No
<b>Thames Water</b>	N/A
<b>United Utilities</b>	In relation to A5 'Facilitation of new connections (both Retailer and Wholesaler)' KPI 'Complete and accurate



	<p>customer name/banner name and SIC code' it should be noted that upon creation of a new connection the SIC code would not usually be known.</p> <p>For A8 'Assets (inc Smart Meters) to drive water efficiency' KPI (Wholesalers)' – This proportion of smart meters / volume measured through smart meters is not a measures of performance. It relates to individual company strategy and is subject to funding through the price control. MPF is not the appropriate mechanism to incentivise the installation of smart meters.</p> <p>For A9 'Timely resolution of customer service requests' we agree with KPI 'Lateness of overdue tasks' but feel this will need to be better defined</p> <p>The following comments relate to the additional metrics:</p> <p>For A1 'Number of meters that have bilateral tasks raised against them (in total and outside of SLA) – by wholesaler' it is unclear what behaviour this is meant to encourage with the retailer. The activity is a little open to misinterpretation, assume the outside SLA refer to the SLA for meters to be read but could be interpreted as the SLA for the C1 / B5 cases to be resolved.</p> <p>A4 'Level of published commitment to RWG Good Practice Guidance on unplanned events' feels like a weak measure and could be improved upon to include proportion of emergency contact details provided by retailers. This is a critical component of an effective unplanned event response but seems to be overlooked.</p> <p>A6 'Bilateral Hub data for C1, C5 and C7 retailer raised service requests' the metric refers to proportion of requests raised, this should be proportion of requests which have been completed with amendments made as rejected requests or completed requests with no amendment should not be considered because no data has been amended &amp; therefore the request is invalid</p> <p>A7 'Number of multiple B5 requests on the same meter' we agree with the measure however MOSL will need to take into account the reason for multiple requests. For example if the original B5 request was timed-out by the Hub due to the wholesaler requesting information which was not provided by the retailer and the retailer subsequently raises a new request this should not be classified as a multiple request.</p> <p>A7 'Number of, and average accuracy from, meter accuracy tests' is unclear what the measure is looking to achieve.</p>
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	<p>A8 'Percentage of all meters read within 12 months' should be a retailer measure rather than a wholesaler measure as meter reading is a retailer responsibility. Where a smart meter is installed and providing data the Wholesaler should submit that data into the market.</p> <p>A9 'Proportion of rejections on the last day on the SLA' is too specific and could be avoided by wholesalers who are still rejecting cases at a late stage. A better measure would be cases rejected within the last quarter of the SLA rather than just the last day.</p>
<p><b>Wessex Water</b></p>	<p>The framework needs to ensure that KPIs are the least reliant on audit with the exception of standard compliance methodology checks.</p> <p>We do have concerns at this stage that a number of the suggested metrics are reliant on audit or narrative to give a true reflection of performance and that they cannot always be taken at face value.</p> <p>This is a problem of the current MPF that we expect to be resolved at KPI level with a lesser need directed towards API and market indicators.</p> <p>The framework shouldn't generate a performance figure where a legitimate challenge can be made that materially changes the published figure.</p> <p>This is important to get right to give credibility to the results published.</p> <p>We are looking forward to this being improved in detailed design.</p> <p>As a principle, most of the metrics suggested could be used and have been appropriately assigned to the activities but until the design is completed, we cannot commit to a view at this stage and we do expect some of the metrics to be proven as unachievable or inaccurate and changes to proposals at this stage to occur.</p> <p>As an example, we are in support that Retailers have the same capability of a deferral when they are unable to obtain a read through no fault of their own.</p> <p>Process C1 and B5 have numerous mentions in the proposed metrics.</p> <p>Our experience suggests that circa 15-20% of requests do not require an exchange or change to the market dataset.</p>

	<p>Design will need to factor this in and this view is currently available as it is captured in the completion of bilateral requests as to whether an exchange or correction to the MDS took place.</p> <p>We suggested an alternative approach to CPW144 that would achieve the same without the need for discounting C1s or B5s and increased incentive points during a settlement cycle.</p> <p>We expect during design that a wider view is taken for the KPIs associated to cyclical reading for both Wholesalers and Retailers and this should include the current threshold used for LUM classifications.</p> <p>We believe that the current LUM trigger doesn't allow enough time from a missed read KPI (BiAnnual – Circa 10 Months) for a reattempt or escalation to the Wholesaler before the LUM status is triggered (12 Months).</p> <p>We have engaged with MOSL separately on this and part of our suggestion through CPW144 and understand that we will have further opportunity through detailed design to provide further comment on the metrics.</p>
<p><b>Yorkshire Water</b></p>	<p>As highlighted above, there should be metrics allocated to Retailers (M16-17) due to the influence they can have on market performance in this space.</p> <p>As outlined in our overall comments, the metrics listed in the proposals do lean more heavily against Wholesaler performance than Retailer performance. In particular, we would note a lack of major qualitative measure of Retailer services – most of the metrics are qualitative scores of meter readings and settlement or billing. These do not provide a holistic impression of their wider service offering and customer service quality.</p> <p>With this in mind, we would propose MOSL consider measuring activity in the bilateral hub around Retailer response to Wholesaler service requests. Currently there is a significant potential friction relating to automatic closures of service requests, and this activity is not monitored or audited by MOSL or Ofwat. The introduction of a metric to ensure better practice in this space would cover that gap.</p>
<p><b>Retailers</b></p>	
<p><b>Business Stream</b></p>	<p>Participating in industry forums associated with MPF reform, we have observed a number of wholesalers raising concerns regarding the inclusion of deferrals in the list of KPI metrics (M16 and M17). We hold a different view in that we are supportive of deferrals being included. While some deferrals are outside of the control of the wholesaler, the issues that give rise to a deferral are not unique and will be common across all wholesalers. Therefore, as long as the</p>

	<p>metrics associated with deferrals have a suitable tolerance or threshold we consider them to be an appropriate inclusion.</p>
<p><b>Castle Water</b></p>	<p>It is unclear from the consultation #3 commentary, as to how the earlier lists of metrics and other components were whittled down or otherwise amended to form the set of metrics herein presented. The process is missing, as is the accompanying logic for why this is the chosen set of metrics.</p> <p>As our answer to Q20 shows, we question if the metrics collectively meet the success criteria as MOSL claims. Further, we question if when considering the set of metrics, these are the right success criteria to use. They are the success criteria for the performance regime, not for the metrics. Those are not the same thing.</p> <p>It is therefore not apparent from the text why this is the chosen set of metrics, and why in totality this set of metrics is assessed as being an appropriate and complete set of performance metrics. That is a failure of the reform process and of the consultation. We are being asked to provide our view, but without supporting evidence from MOSL to inform that view.</p> <p>It makes commenting difficult, as we don't have a basis upon which to assess and comment. To simply say that the "metrics have been developed from a long list, on which MOSL consulted in April 2023" is inadequate and unhelpful. We know, and MOSL has acknowledged, that it 'threw in the kitchen sink' when listing what it believed to be an extensive list of metrics in Consultation #2. So, how were those earlier metrics subsequently whittled down? What was kept and what wasn't? On what basis was something kept, modified, or discarded? That process and rationale needs to be articulated, but it is missing.</p> <p>Instead, we have the weak and inadequate explanation that "following workshops with the Performance Advisory Group (PAG), a much shorter list of metrics is proposed for Consultation 3".</p> <p>Great, so it is shorter, but is it complete? Is it appropriate? Why were some metrics deleted? Were any modified on the back of Consultation 2 responses? All that detail is missing, as is a framework by which we should assess the package of metrics, etc.</p> <p>Further, from talking to some PAG Members, we suggest it is not a given that all PAG Members agree with the resulting set of metrics or even fully understand why this set of metrics has resulted from the process. So, we question the statement that "the metrics have been endorsed by the PAG".</p>

	We note reference throughout to 'Service Level Agreement (SLA)' but the SLA(s) are not set out anywhere in the documentation. Again, to comment sensibly, details of the proposed SLAs is necessary, as are details of how those SLAs will be embodied in the market codes. For example, will they replace or quantify existing obligations (e.g., on meter reading) or be contained within the relevant code subsidiary document for the performance framework?
<b>Dŵr Cymru (retail)</b>	No.
<b>Everflow</b>	No.
<b>Pennon Water Services</b>	There does appear to be some significant duplications. There are also a significant number of them. The metering metrics have also become significantly more complicated and will be harder to track as open bilaterals and the move to smart will influence the metrics.
<b>Water2business</b>	No
<b>Water Plus</b>	Throughout the review, we have identified that the proposed set of metrics remains complex and difficult to digest. Whilst part of this concern may be due to the fact that these measures remain fairly 'conceptual', rather than a detailed and specific set of metrics with specification, we nonetheless believe the list of metrics is currently too long with some degree of duplication.
<b>Wave Utilities</b>	No

Other	
<b>CCW</b>	<p>We are generally supportive of all the proposed metrics, particularly M37 - Complaints to CCW (as detailed in our answer to Q17), and also the metrics that apply to Activity A2 – ‘Outgoing retailer to ensure CMOS has good quality timely customer data on switching’ (M09, M04 &amp; M05).’</p> <p>When a customer has chosen to engage in the market, it is important that the journey with their new retailer starts as smoothly as possible, which includes having a timely and accurate first bill. Given the level of estimated transfer reads has been historically high, it is positive that retailers will now be incentivised to improve the number of actual reads being taken on transfer.</p>
<b>TEC</b>	No

**Q20: Overall, do you believe that the Metrics meet the eight key success criteria (e.g. simplicity, value for money, etc)?**

Wholesalers	
<b>Affinity Water</b>	Y
<b>Anglian Water</b>	<p>At this stage, with the information available, activities seem to align. However, we recognize that elements such as value for money or simplicity need further detailed working.</p> <p>Throughout the document there appears to be cross over with BR-Mex and it is unclear at this stage how the MPF will provide consistency and compatibility with the Regulatory Regime.</p>
<b>Dŵr Cymru</b>	Yes
<b>Portsmouth Water</b>	We do not feel the metrics meet the key success criteria. Although they seem 'simple' there are a number of considerations that need to be made which we have detailed in our answer to Q17 that would make the metrics complex. Proper and accurate monitoring of these metrics would be costly due to the changes that would need to be made in CMOS.
<b>SES Water</b>	Y
<b>Severn Trent Water</b>	Y
<b>South East Water</b>	Yes, however there needs to be a regular review of these metrics to ensure they do remain "enduring and agile" due to the changing landscape of the NHH market, e.g. smart metering, data cleanse etc.
<b>South Staffs Water</b>	n/a

<b>South West Water</b>	<p>Whilst there are a lot of measures assigned to meter reads and data quality, this is to be expected with the nature of the market (so proportionate under criteria 6). Overall, we believe that the eight key success criteria will be met subject to our comments above.</p>
<b>Southern Water</b>	<p>Yes</p>
<b>Thames Water</b>	<p>In general, yes but we feel there are some areas where they fall short in terms of simplicity, transparency and driving customer outcomes (particularly in terms of the issues over the smart metering KPIs and their potential to disincentivize increasing smart meter coverage)</p>
<b>United Utilities</b>	<p>N – The metrics broadly meet the success criteria but require some refinement in particular in relation to improved outcomes and trading party accountability.</p> <p>There are a number of proposed wholesaler measures where there is a significant affect of or input from others and are not clear measures of wholesaler performance. (e.g. dependent on retailer performance or funding in the case of smart metering)</p>
<b>Wessex Water</b>	<p>N</p> <p>Not at this stage but we expect that we will be able to answer this question after the detailed design phase.</p> <p>This isn't a negative, it's a reserved response pending more detail from later phases.</p> <p>We are concerned at this stage that the current proposals do not meet the criteria of simplicity.</p> <p>We believe that any customer should be able to locate their experience in the framework easily (good or bad) and see where and how that experience is governed.</p> <p>There is a tipping point where too much complexity could compromise the simplicity for the customer.</p> <p>The framework must be relatable to the customer.</p>



<b>Yorkshire Water</b>	<p>Yorkshire Water are generally satisfied with the metrics outlined. We would like to flag to MOSL that under AMP8 Wholesalers will have two additional performance commitments, and wonder whether this has been fully acknowledged within the development of the proposed metrics.</p>
<b>Retailers</b>	
<b>Business Stream</b>	<p>To 'facilitate improved customer outcomes' we consider that there needs to be increased levels of incentivisation on wholesalers to ensure they are more proactive in improving market data and investing in critical metering assets. To this end, we would welcome additional metrics to measure performance in these areas within A6 and A7. Depending on the accuracy of CCW complaint reporting (see response to Q17) the metric may not 'improve trading party accountability'.</p>
<b>Castle Water</b>	<p>No.</p> <p>Our assessment is that MOSL has not delivered the "reduced, simpler metrics" it claims. We disagree that the "number of metrics has been reduced". When one includes the various segmentations proposed, we have a significant increase in the metrics under the current MPF and more than the current MPF and Holistic Reporting combined. On what basis have we reduced the number of metrics?</p> <p>Stating that the metric could 'be flexed' is insufficient to demonstrating agility, and there is no explanation as to how they could be flexed, at what cost, and over what timescale.</p> <p>The cost to run is not just determined by the availability of data; we then need to accurately undertake the calculations, report them, caveat the answers, and ensure that stakeholders are able to interpret the reports without misunderstanding or confusion.</p> <p>The complexities in the current MPF calculation are revealed in the formulae, which we have yet to see with these proposals. Hence, any case for simplicity has yet to be made and we see no inherent reason why this new framework will not suffer from the same complexities which affect the current MPF calculations. That is to be seen, but for now, it is too early to claim the proposed framework is simple, and from the number of metrics and pairings, the initial impression is that it is more complex.</p>

<b>Clear Business Water</b>	Y/N
<b>Dŵr Cymru (retail)</b>	Yes.
<b>Everflow</b>	<p>Overall, we find that the proposed metrics meet the success criteria with regard to improving trading party accountability, consistency and compatibility with the regulatory regime, and transparency/proportionality. However, a few specific metrics fall short of the success criteria:</p> <ul style="list-style-type: none"> <li>• M09 stands out here as being incredibly likely to facilitate worse customer outcomes; actively detrimental to competition; and not aligned with the current regulatory regime. We strongly oppose its inclusion primarily for these reasons.</li> <li>• M07 does not drive competition in any meaningful way, nor does it offer good value for money.</li> <li>• M23 is effort duplicating; it tells us the same information as meter reading metrics in a more complicated way. It is neither simple, nor does it offer good value for money.</li> <li>• M29 and M39 do not offer good value for money.</li> <li>• M11 should be simplified to omit SIC codes; we do not feel that they are necessary or add sufficient value to the metric.</li> </ul>
<b>Pennon Water Services</b>	No. As mentioned above it appears that this MPF is becoming more complicated which will reduce transparency and increase costs. We are not sure that it will have the desired effect on customer outcomes as it does not truly change the way the market works. Will it drive the right behaviour? Will it move the market towards a smarter network which will improve customer outcomes. We are not sure that these reforms will do this.
<b>Sefton Council</b>	Y

<b>SES Business Water</b>	Yes
<b>Water2business</b>	Yes
<b>Water Plus</b>	We are concerned that the current suite of Metrics remains too complex, with some degree of duplication and therefore do not best represent simplicity and value for money. It is critical that the final set of Metrics and aligned intervention tool provide a clear set of responsibilities and assessment, with the appropriate focus to drive the required performance. Additional metrics in similar areas may distort or distract incentives against critical performance areas, so we believe there should be a smaller number of clear and defined metrics.
<b>Wave Utilities</b>	Yes
<b>Other</b>	
<b>CCW</b>	<p>Overall we agree that the proposed metrics meet the key success criteria. As each metric is clear on which trading party's performance is being measured, this should increase accountability and consistency, and is therefore likely to lead to improved customer outcomes.</p> <p>We also agreed with the need to reduce the number of proposed metrics featured in the 2nd MPF consultation, to a more manageable number. Too many metrics may have rendered the revised MPF unworkable which would ultimately fail to lead to improved trading party performance and good customer outcomes.</p> <p>However, while we recognise the benefits of simplicity, another consideration for future reviews is whether or not the proposed metrics are working, and may need adding to or amending, if performance is not significantly improving. MOSL, therefore, needs to be prepared to develop and introduce more metrics if such improvements are not taking place, which a desire for a simple framework should not override. It is vital the incentives are right to improve the market for the benefit of customers.</p>
<b>TEC</b>	Yes

## Section E: Intervention Tools

### Q21: Are there any Tools you think should not be included? Please explain why.

Wholesalers	
<b>Anglian Water</b>	We are unclear if T02 and T03 will be effective, as there is currently other work underway on these. This would be best assessed when this work has been fully completed. It is not clear if these would apply to every Trading Party – the document states that will be regardless of performance. We don't believe that a blanket approach would offer the greatest value. The footnote to the frequency states that the frequency may be changed 'if certain conditions are met'. If being subject to these interventions is determined by these conditions, these should be clearly understood by market participants. Will these conditions be based on a defined level being met on certain KPIs and additional metrics, or based on peer performance levels?
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	N/A
<b>SES Water</b>	N
<b>Severn Trent Water</b>	No
<b>South West Water</b>	Overall, we're supportive of the tools as presented in this consultation and have not highlighted any to remove.
<b>Southern Water</b>	No
<b>Thames Water</b>	N/A
<b>United Utilities</b>	No.

	We welcome the shortlisted and more simple list of tools.
<b>Wessex Water</b>	No
<b>Yorkshire Water</b>	No
<b>Retailers</b>	
<b>Business Stream</b>	T02: this tool may replicate the Certificate of Adequacy that retailers submit each year to Ofwat. If that is the case it could impact success criterion 4 which is 'consistency and compatibility with Regulatory Regime'. If that's not the intention, you may wish to consider reframing the description of the tool.
<b>Castle Water</b>	<p>We welcome the headline reduction in the number of tools from that originally presented in Consultation #2.</p> <p>T05b is too complex and we suggest lacks the necessary objectivity to be able to calculate (e.g., calculation of expected impact, and determining a sound basis for a party being impacted by the failures of another party).</p> <p>Whilst T05a is less offensive and problematic, we question whether it is necessary to persist with what in, all but name, is the current tool. If so, this would suggest that MOSL's belief two years into its reform process is not that the tools under the current MPF are failing, but the failure is instead with the coverage, definition, and calculation of the metrics. Is that true?</p> <p>If T05a (or T05b) are included in the new market performance framework, we suggest that there should be a mechanism by which they are suspended when the defined standard of performance is reached.</p> <p>Care needs to be taken with T08, to ensure some controls on the rectification activities. We are not proposing to drop T08, but to apply appropriate safeguards on its application.</p>
<b>Dŵr Cymru (retail)</b>	No.

<b>Everflow</b>	<p>We do not consider financial incentives and penalties to be either effective (based on the history of the MPF) or appropriate in a competitive market. However, we acknowledge the current necessity of such measures given that wholesalers, unlike retailers, are not subject to competitive pressure.</p> <p>That being said, we stress the importance of designing these incentives and penalties with a forward-looking perspective. Such measures should incorporate a long-term vision that includes a well-defined plan for a gradual phasing-out within the retail market. This approach would align with the goal of cultivating a self-regulating and robust competitive market over time, where financial incentives and penalties become less essential as the market matures and achieves greater stability</p>
<b>Pennon Water Services</b>	<p>T01 should not be included. It is not applicable to the MPF which is designed for current market participants</p>
<b>Water2business</b>	<p>No</p>
<b>Water Plus</b>	<p>Compensatory Payments from Retailers, as we believe the burden of co-ordination will be a significant resource pressure without providing a clearer incentive than alternative financial incentive methods.</p>
<b>Wave Utilities</b>	<p>No</p>
<b>Other</b>	
<b>CCW</b>	<p>We agree that the vast majority of the tools should be included in the revised MPF. It may not be possible to achieve good customer outcomes if the framework is too limited in the type of interventions to rectify poor performance. As customer priorities and market conditions change over time, so too will the appropriateness of intervention tools. It is, therefore, important that a wide range of options are available.</p> <p>In the standard tools, we do not consider that compensatory payments should be a possible alternative to under-performance penalties, and we explain why in our answer to Q24. In addition, there are some tools that will need careful design before implementation, which we elaborate on in our answer to Q25.</p>

<b>TEC</b>	Not at present but an agility to include Tools rapidly as things that impact customers change would be welcomed.
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**Q22: Are there any Tools that should be added? Please explain.**

Wholesalers	
<b>Anglian Water</b>	No
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	N/A
<b>SES Water</b>	N
<b>Severn Trent Water</b>	No
<b>South West Water</b>	As above, we have no further tools to add.
<b>Southern Water</b>	No
<b>Thames Water</b>	N/A
<b>United Utilities</b>	No
<b>Wessex Water</b>	No
<b>Yorkshire Water</b>	No

Retailers	
<b>Business Stream</b>	Our response to Q16 recommends additional metrics for A6 and A7. These may require further tools to be added to ensure wholesalers are more proactive in improving market data and investing in critical metering assets
<b>Castle Water</b>	No additional tools are warranted; the proposed set are more than sufficient and broad in their application.
<b>Dŵr Cymru (retail)</b>	No.
<b>Everflow</b>	No.
<b>Pennon Water Services</b>	No
<b>Water2business</b>	No
<b>Water Plus</b>	We do not think additional tools should be added, as we believe the options listed are comprehensive.
<b>Wave Utilities</b>	No
Other	
<b>CCW</b>	We do not believe that any further tools need adding currently, as the proposed list is already comprehensive, and as stated in our answer to Q21, it includes an appropriately wide range of interventions to deal with varying degrees of poor performance. However, if it becomes clear that additional tools are needed in the near future, we would expect the MPF to be agile to adapt to these changes.
<b>TEC</b>	No, but as in Q21, speed to change is key.



Q23: Are there any scenarios that this set of tools could not be adapted to address effectively?

Wholesalers	
<b>Anglian Water</b>	Not at this time
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	Our comments in response to Q17 need to be considered. If our comments are not considered we do feel the intervention tools will not be applied correctly or fairly.
<b>SES Water</b>	N
<b>Severn Trent Water</b>	We're sure that there might be an edge case where the tools might not be suitable 'out of the box' but we feel that there is enough flexibility to determine what changes would be needed and to adapt what is possible to that situation.
<b>South West Water</b>	We agree the interventions and tools are well thought out and don't have anything to add.
<b>Southern Water</b>	No
<b>Thames Water</b>	N/A
<b>United Utilities</b>	No
<b>Wessex Water</b>	No
<b>Yorkshire Water</b>	No

Retailers	
<b>Business Stream</b>	We agree with having both data audits and targeted audits included as tools. However, we are concerned that MOSL may not have the bandwidth to undertake all the audits required, especially if there are higher than anticipated levels of underperformance. Audits are also an expensive tool to administer when compared to the other proposed tools which may impact the 'value for money' success criterion.
<b>Castle Water</b>	Not if they are applied wisely, but otherwise in the event of a market performing consistently above the prescribed standard, there is a risk that these tools continue to be applied where we suggest they are not necessary and for which they were not designed.
<b>Dŵr Cymru (retail)</b>	No.
<b>Everflow</b>	We are not aware of any scenarios that this set of tools could not be adapted to address.
<b>Water2business</b>	No
<b>Water Plus</b>	The full suite of tools listed provide good coverage, as whilst we are aware of combinations of metric and intervention that may prove to be less appropriate (e.g. providing Retailer Financial incentives or Peer Comparison on Occupancy where there is a reliance on Premise data from the Wholesaler) the remaining available intervention types would enable further analysis and progression.
<b>Wave Utilities</b>	No
Other	
<b>CCW</b>	While intervention tools, such as publishing peer comparison, would result in more information being available to trading parties and customers, it may not result in improved performance. While some trading parties may be motivated to improve in response to poor performance being publically available, this may be limited if business

	<p>customers are not switching away from those poor performers, which would otherwise provide an extra incentive (particularly on retailers) to further improve.</p> <p>Our Testing the Waters 2022 research shows that there remains a lack of motivation, particularly on small businesses, to engage in the market. We do not believe there will be significant improvements for customers without a set of intervention tools that fill the 'natural incentives' gap that currently exists. As such, the T04 peer comparison tool may be limited in its effectiveness while customer engagement in the market remains so low. While this is the case, the T05 tool would be the most appropriate standard tool, with the other discretionary tools also potential options, if trading parties performance does not improve.</p>
<p><b>TEC</b></p>	<p>No, we think they are adaptable.</p>

**Q24: Do you have a preference for compensatory payments or performance charges? Please explain why.**

Wholesalers	
<b>Anglian Water</b>	<p>Our preference would be for performance charges (T105a) – we believe this is more straightforward to implement and less complex to administer, however, we consider that redistribution should not happen for wholesalers as standard. This reflects that there are different drivers between Wholesalers and Retail parties. Direct competition drivers from redistribution of performance charges are likely to be effective in the Retail space. As a principle we don't believe that redistribution across Wholesalers is a meaningful incentive or that it is the right thing to do with customers money. Other aspects could be to contribute to a water efficiency fund which could be drawn down or alternatively a risk pot that could be utilized in the event of a Retailer failure. Alternatively. Wholesaler performance payments could be utilized to operate the MPF. The latter would seem fair in that these are likely to require the greatest management from MOSL &amp; MPF infrastructure.</p> <p>We would support a principle of fines levels progressing the longer performance criteria isn't met. This would drive resolution of issues that remain unresolved over a significant period.</p> <p>We believe there should be a review of the MIF projects which have been delivered so far or which are due for completion shortly, before committing to including this as one of the uses of performance charges. If these continued to be funded this way, there should be some assurance that these are in fact delivering benefits to customers and the wider market.</p>
<b>Dŵr Cymru</b>	<p>Monthly compensation payments as this option compensates the parties affected by the performance rather than other trading parties who are not impacted directly by a failure.</p>
<b>Portsmouth Water</b>	<p>We think that option T05a Performance Charges will be simpler to administer and more transparent for all parties.</p>
<b>SES Water</b>	<p>If we are to take on compensatory payments for SLA's that have exceeded, it would be helpful to understand approximately how long the meter has not had a read entered into CMOS verses the exceedance of the SLA. There</p>

	needs to be clear guidelines of when the fine becomes a Wholesalers, if there have been no reads entered for 2 x years and a Wholesaler has not been made aware, there should be a metric for retailers at this point.
<b>Severn Trent Water</b>	We feel that performance charges are simpler to administer and have the same incentivization effect as compensatory payments, it also avoids making the process unnecessarily adversarial. We feel there is a risk with compensatory payments that it could lead to a certain amount of 'finger- pointing' rather than Retailers and Wholesalers working together to resolve customer issues together. One of the strengths of the current arrangement is that the MPF, as it exists now, is that nobody sees a direct financial benefit from the poor performance of another trading party.
<b>South East Water</b>	Our preference would be for performance charges rather than compensatory payments. This is because we support that these charges could be used for market incentives, such as the Market Improvement Fund, which should bring about general improvements to the functioning of the market. We still feel that this framework of charging would have the right incentive for trading parties to improve their performance. However, if compensatory payments were used for positive customer outcomes, such as reduction of bills for the end customer, we would support this option.
<b>South West Water</b>	Our preference is for performance charges which would be inline with current processes. Compensatory payments are case-by-case and perhaps better managed between Wholesaler/Retailer with good will payments made as appropriate.
<b>Southern Water</b>	No, only that they should be kept separate.
<b>Thames Water</b>	<p>If pushed, we would prefer T05A to B as we have a problem with the use of "compensation" and the precedent that it sets. Aside from being quite loaded language, suggesting a grievance of one party being caused by the performance of another, this doesn't seem in keeping with the principles of market performance tools in general. We believe the purpose of rewards and penalties should be to drive improvements in performance only. If you start to talk about compensation payments, you muddy the waters of what these payments and penalties are for in a way that is not helpful.</p> <p>Our more important objection is that the 'compensation payment' tool itself creates strong perverse incentives. Throughout the development of the MPF to date MOSL has recognised the significant co-dependencies that exist within the market framework. To enable wholesalers to carry out their work effectively there is significant dependency on retailers, for example to have provided sufficient information and evidence on bilateral requests or to provide up to</p>

	<p>date customer contact details or to liaise with their customer to understand their requirements and circumstances. Providing the opportunity to receive 'compensation payments' actively disincentives retailers from providing good quality information and continued support in resolving bilateral requests. For scale, the level of penalties for an OPS failure in the current MPF (£40) would far exceed the allowed net retail margin for Group 1 customers that Ofwat sets out in the REC.</p> <p>Beyond the language, however, we're struggling to see the material difference between these tools from the way they are described in the consultation materials. We think it is important for the differences to be clarified as a matter of urgency, perhaps with some illustrative examples.</p> <p>Currently, we are not convinced why either of these two approaches would be superior to the baseline, as in the way things are currently done, and we don't believe the consultation documents have demonstrated this. It would be useful to have an explanation as to why this wasn't considered as an option and whether it could be considered is enthusiasm for either of these two proposed options prove to be lacking.</p>
<p><b>United Utilities</b></p>	<p>Our initial view is that either are appropriate as long as the mechanism is simple. If compensatory payments are adopted – ideally wholesalers would pay penalty payments to MOSL and MOSL would redistribute to the other party as required.</p> <p>There is a risk, albeit difficult to quantify currently that compensatory payments may lead to some unhelpful behaviors.</p>
<p><b>Wessex Water</b></p>	<p>We strongly believe that the MPF should move away from the current approach of redistribution based on trading party SPID share within the market.</p> <p>This can have a negative impact in devaluing the charge applied and therefore reducing the incentive effectiveness. Again, we will need to reserve judgement until we are presented with a finalised design.</p> <p>We are open to a hybrid approach of direct impact to customers should lead to compensation but impacts between trading parties (no material or very minor impact to customers) should result in performance charges reinvested into the MIF.</p> <p>Reward of good performance could be a simple reduction in the contribution cost to change.</p>

<b>Yorkshire Water</b>	<p>Yorkshire Water would prefer to understand the need for compensatory payments as opposed to performance charges. Currently we see no clear evidence for why this would be preferable.</p>
<b>Retailers</b>	
<b>Business Stream</b>	<p>Our view is that retailer-related activities/metrics should have performance charges applied. Whereas the wholesaler activities should be compensatory payments. This view is informed by the potential impact of the underperformance. Due to the settlement process, wholesalers do have significant protection if retailers are late submitting meter reads into CMOS. However, underperformance by wholesalers in the completion of bilateral tasks or submitting non-market meter reads directly impacts the retailer and the associated customers. Furthermore, performance charges with outperformance redistribution will further incentivise retailers to outperform their peers.</p>
<b>Castle Water</b>	<p>Performance charges are our preference if we must pick.</p> <p>Compensatory payments may initially be attractive, but they can only work if the direct ‘cause and effect’ can be identified, and a value placed on that effect. We think that difficult and unlikely.</p> <p>Questions need to be answered, such as will these payments recompense all costs (i.e., total compensation) or deliver a payment on a defined scale not directly related to the actual impact? Which impacted parties will be compensated (e.g., all, those directly impacted, all indirectly impacted, etc.)? And, to what extent is the failure solely that of the party being asked to make the compensatory payments and to what extent is it the fault of others?</p> <p>The issues are considerable and in our view such a regime, using “codified formulas” to calculate compensation payments will be impractical and problematic. It also will be liable to considerable challenge.</p> <p>As a market, the more familiar ‘performance charges’ are therefore likely to be more acceptable and less likely to be challenged. They are not as problematic as compensation payments.</p> <p>However, we question if the premise of “over performance” is flawed? T05b is presented as “financial reward for market participants whose performance on specific KPIs exceeds a defined standard”, but this is at odds with Trading Parties having obligations under the codes, which are absolute. There is often a good reason why, over many transactions</p>

	<p>(e.g., approaching a million meter read tasks per annum in the case of Castle Water), failures can occur. Nevertheless, we question whether a party be rewarded if [say] it gets above a standard of 95%?</p> <p>Further, to do so by taking money off another party which (possibly for good reason) has not performed to the same standard, likely adversely impacts disproportionately on the customers of that retailer whose scores suggest it has not performed as well. Is that desirable? Don't we want all parties to improve and deliver to a standard, or to penalise those unable to do so? The latter seems to dominate the thinking here and we question if that is appropriate?</p>
<b>Dŵr Cymru (retail)</b>	<p>Whilst appreciating this may fall into the next stages of the consultation, we are highlighting financial penalties which should be proportional, timely fair and reasonable. They should not overly impact trading parties (more likely small retailer) financially putting them at risk. For example, consideration could be given for a monthly penalty to a smaller retailer to pay at an appropriate time or offset against future incentives and/or proportional penalties based on size, SPIDS, revenue (similar to monthly settlement fees).; Similarly, £20 to a larger retailer is not as impactful as for a small / growing retailer.</p>
<b>Everflow</b>	<p>We do not hold a strong preference for either compensatory payments or performance charges. However, we believe that performance charges may ultimately be the more practical and straightforward choice, and as such better align with the framework's success criteria.</p>
<b>Pennon Water Services</b>	<p>Before we comment on this we would need to understand what is being proposed for each activity and metric. Both compensatory payments or performance charges have their merits but until we know where they will be assigned it is difficult to judge.</p>
<b>SES Business Water</b>	<p>Our preference would be performance charges as these are clearer to define and regulate.</p>
<b>Water2business</b>	<p>No</p>
<b>Water Plus</b>	<p>Our preference is for performance charges – compensatory payments add a significant level of complexity to arrange and co-ordinate, the focus should be on changing behaviours rather than compensation. There is a risk that a compensatory payment structure may cost more through complexity than it provides in value and incentive for the</p>



	<p>market. This is particularly true from a Retailer to Retailer (or Retailer to Customer) scenario, as there are no pre-existing structures to facilitate any such payment. The case for compensatory payments from a Wholesaler to a Retailer may be more cost-effective, as this could potentially be handled through the existing settlements process.</p>
<b>Wave Utilities</b>	<p>Compensatory payments. This would allow affected parties to recover some of the additional charges that might have been incurred from the failure of meeting the required activity.</p> <p>One area of consideration for compensatory payments is historical data changes. For example, where a Wholesaler makes a change to historical data going back further than 44 months (which is the maximum time period of recovery through settlement) this triggers a refund in our billing system but we are unable to recover this amount from the Wholesaler because there are no market processes through which to do so. If the data change is made by the Wholesaler then there should be an expectation that any refund due is made to the Retailer, not leaving the Retailer to argue for recovery. This kind of arrangement might be possible to facilitate through compensatory payments.</p>
<b>Other</b>	
<b>CCW</b>	<p>Our preference is for performance charges, as we do not consider that monthly compensation payments should be a possible alternative to these. Out of the two options, a trading party properly accountable for delivering a particular activity, is better incentivised to improve performance if there is a possibility of being penalised for failing to do so. This is also simpler to administer, and is a principle that customers will understand.</p> <p>A compensatory payments tool may be too complex, as it could be difficult to define in monetary terms, how a party has been affected. In addition, there would not be the option of payments funding market improvement initiatives (a proposed option for use of performance charges), if these were being paid to affected parties instead. Even if customers were the beneficiaries of compensatory payments, this is likely to be less preferable for them than the wider benefits of trading parties delivering a high standard of service instead. For these reasons, we want to see the compensatory payments tool removed as an option in the proposed framework.</p>
<b>TEC</b>	<p>Preference for performance charges as this should drive behaviours that improve trading parties and processes that in turn benefit the customer.</p>

## Q25: Do you have any specific comments on any of the eight intervention tools?

Wholesalers	
<b>Affinity Water</b>	T04: We would ask that where possible more regular peer comparison tables are made available, rather than await a monthly table, weekly comparisons are made available to have a better more informed and up to date picture of the market for all.
<b>Anglian Water</b>	See notes above regarding T02 and T03
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	N/A
<b>SES Water</b>	N
<b>Severn Trent Water</b>	No, we feel that the toolset should be able to manage most issues that we have either seen or can foresee in the future.
<b>South East Water</b>	<p>T03: We would like further clarification on how this would be completed and kept separate from the ongoing data cleanse work. Wholesalers are already being charged for this initial phase of the data cleanse work, therefore any data item already included in that scope should be excluded from the MPF for the time being to allow trading parties to make the necessary amendments following the cleanse.</p> <p>T04: We would like to understand if this would replace the current holistic reporting that MOSL currently provide.</p> <p>T05b: As mentioned above, our preference would be performance charges rather than compensatory payments. This is because compensatory payments could encourage the wrong behaviours from market participants which could impact the end customer.</p>

	T06: There could be a risk of implementing too many metrics to the ones already in place if additional ones are added for certain activities. This would need to be constantly monitored by MOSL to ensure that they are still relevant.
<b>South West Water</b>	We're overall supportive however we wish to flag that changes to MPF (T06) may have unexpected reporting knock-ons, especially with year-on-year comparisons.
<b>Southern Water</b>	T04 – We already have peer comparison tools such as holistic reporting in place so this is not an uncommon practice. T105a – Already noted in the webinar MPF v BR-Mex intervention to avoid 'double jeopardy'.
<b>Thames Water</b>	As above
<b>United Utilities</b>	T05A – 'Monthly penalty payments funding annual reward for outperformance' If the key SLA based indicators are included in BR-MeX this may impact on the structure / viability of the market improvement fund. (not enough cash / only retailers funding it)
<b>Yorkshire Water</b>	No
<b>Retailers</b>	
<b>Business Stream</b>	T08: We understand the need for flexibility with this tool but for it to succeed the range of rectification and escalation options should be set out to ensure there is full transparency (one of the success criteria) for trading parties as well as guidelines for the PAC and Strategic Panel (please see the response to Q30).
<b>Castle Water</b>	T01: A sensible tool and, unlike many of the other tools, it is based upon MOSL facilitating a Trading Party to attain the necessary standards to participate in the market. We support.  T02: We would advise caution in the way that this is used by MOSL. It introduces another overhead and MOSL needs to be cognisant of that overhead and should seek to limit it. MOSL also needs to articulate the purpose and value of the assurance statement, i.e., what will it do with the information presented and why is it necessary?

	<p>T03: With MOSL proposed as the auditor, we must be cognisant of the market codes which makes provision for a 'Market Auditor' as being "the person or persons appointed to audit the operation of the market in terms of Section 4.18.1 of the Market Terms".</p> <p>Further, Section 4.18.1 of the Market Terms makes provision for data to be provided relevant to the performance of trading parties under the Market Terms: "The Contracting Wholesaler and the Contracting Retailer agree to provide the Market Auditor with access on reasonable notice, to such of its systems, information, data, staff and sub-contractors that are relevant to the performance of the Contracting Wholesaler or the Contracting Retailer (as appropriate) of its obligations under the Market Terms, including the Code Subsidiary Documents".</p> <p>We disagree with MOSL's statement that "the outcome of the audit may identify the need for other discretionary tools". We suggest that the tools proposed are sufficient to cope with any likely scenarios, without the need for additional tools.</p> <p>T05a: This would appear to be a repackaging of the current market performance charges, with the additional twist that "should performance levels not warrant full redistribution at end of year, penalties could fund initiatives such as market improvement projects." We welcome this twist, whereby monies are not first diverted to a market improvement fund. However, we would ask for details of how "not warrant" full redistribution will be determined and would question why it is necessary?</p> <p>T05b: A highly problematic tool, even if initially attractive, given that those hindering performance would compensate those affected by that underperformance. However, we believe it to be impractical and open to being challenged. We also suggest that the associated compensation payments, based on codified formulas, will be difficult to set and ultimately will need capping.</p> <p>T07: Again, we question if this should be reserved for the Market Auditor?</p> <p>T08: This suite of rectification activities is not defined and risks being too wide/onerous. Governance here and the right to challenge will be key considerations.</p>
<p><b>Dŵr Cymru (retail)</b></p>	<p>None.</p>

<p><b>Everflow</b></p>	<p>T04 (Peer Comparison): It seems obvious that performance information should be published, and relative performance should be compared. We see no reason why information should be deliberately withheld from the public domain. Furthermore, we do not agree that it should be within the PAC's remit to decide what does and does not get published.</p> <p>T05a &amp; T05b (Monthly Penalty or Compensation Payments): Whilst it may be appropriate to incentivise wholesalers in this way because they are not subject to the pressures of competition, wholesalers will be financially incentivised through the ODI framework when BR-Mex is established. Despite the lack of overlap between incentives and penalties informed by BR-Mex KPIs and MPF KPI's, the inclusion of financial tools in the MPF framework constitutes an unnecessary and inefficient duplication of efforts to incentivize compliant wholesaler behaviour. It is our view that one or the other (MPF or BR-Mex incentives) is preferable to both.</p> <p>T03 (Data Audit): The notion of audit feels out of place in a competitive market, and is something that could drive significant costs with disproportionately low returns. Where auditing tools are aimed at the central systems, we believe they can be useful and necessary. Otherwise, and outside of serious licensing breaches, they might be a waste of time.</p> <p>T06 (Additional metric monitoring): Our inclination is to say that additional measurement feels like something that would work against the principle we are seeking to apply to the MPF, which is to keep it simple and focused on the important things. The proposed governance arrangements allow for new measures to be introduced where there is a strong case for this; we believe that this is sufficient.</p> <p>T07 (Targeted Audits): Targeted audits are supposed to supplement metrics which cannot provide an end-to-end understanding of an activity in isolation, and provide more information where metrics would otherwise prove too complicated to develop and implement. We see this as problematic for two reasons:</p> <p>Where metrics fail to capture sufficient information to understand the problem at hand, this is a problem with the metrics. Carefully calibrated and comprehensive metrics should not require additional auditing.</p> <p>If metrics fail to capture sufficient information for understanding the problem, a targeted audit is unlikely to do a better job.</p> <p>We consider this tool likely to lead to wasted time, resources, and money.</p>
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	<p>T08 (Rectification &amp; Escalation): This should be part of the framework, but we must avoid making an industry out of it. It could be very costly, and overuse could actually make it ineffective.</p>
<p><b>Pennon Water Services</b></p>	<p>T01: We do not believe this applicable to a Performance Framework</p> <p>T02: Is an assurance statement an intervention tool?</p> <p>T03: Is a data audit an intervention tool. It is what happens after that becomes the intervention tool.</p> <p>T04: Peer comparison is useful as reputational tool but they often mask issues that cannot be rectified by a singular party that is measured. Trading party pairings have a significant impact on metrics and given customers have no choice in choosing wholesalers relative performance might not give a true picture to customers. It might be better to peer comparison certain metrics in Wholesaler areas to get a true picture of performance.</p> <p>T05 a and b: There are merits for both but we need to understand where they will be used before a meaningful comment can be made.</p> <p>T06, T07 and T08: We have no issues on these but would like some more clarification and rules about when they would be required.</p>
<p><b>Sefton Council</b></p>	<p>e.g. T04 Agreed Peer comparisons should be made public</p> <p>T05a Agreed/preferred annual penalties and they should be meaningfully sufficient to make a difference</p>
<p><b>SES Business Water</b></p>	<p>T05b, Compensation of inaccurate data should only be taken into account where the Retailer or Wholesaler will have missed revenue during a closed settlement period.</p>
<p><b>Water2business</b></p>	<p>Where discretionary tools may be used, it needs to be clearly defined within the codes exactly at which point these could be deployed, to ensure consistency across the market. Peer comparison tables – we feel this is an area which could be defined using the current published holistic tables, however clearer segregation between peer comparisons is needed. Currently retailers with 100,000 SPIDS or more are compared to those with 5,000 when the reality of the challenges faced by those operations are vastly different.</p>

<b>Water Plus</b>	<p>T07: We support the inclusion of Targeted Audits as an intervention tool, as we believe greater understanding of an issue is critical for driving improved performance. We do however wish to raise a note of caution that Market Participants, notably Retailers, have limited resources and as such any significant regulatory burden to comply with audits may reduce performance elsewhere. We would encourage MOSL to ensure that the development of any such audit is considerate of the resource challenge it will provide to any recipient, to ensure there is not any undue resource requirement.</p>
<b>Wave Utilities</b>	<p>T05a: There is a concern that a substantial annual financial reward for out performance of Retailers could provide a competitive advantage making it easier for further out-performance in subsequent years. Setting financial awards at a level worth having but not so substantial as to distort the market is needed.</p> <p>T06-8: The inclusion of these interventions shows an understanding that this market will continue to develop. Being proactive at this stage and including these mechanisms will enable smoother adaptations to market performance monitoring in the future.</p>
<b>Other</b>	
<b>CCW</b>	<p>T05a – We do not believe that any performance charges should be redistributed to trading parties, unless they have qualified for them as part of an out performance payment tool (which would need to be very carefully designed). Where no trading parties have qualified for an out performance payment, any under-performance charges should be used instead to fund market improvement initiatives, for the benefit of customers. An automatic redistribution of charges ultimately reduces the incentive to improve performance, so we do not want to see this as a feature in the new MPF, and urge its removal.</p> <p>T05a – Any use of an out performance payment tool needs to be carefully designed so the defined standard that needs to be exceeded is genuinely stretching for trading parties, and encompasses innovative service offerings that have clearly benefited customers. Currently, the basics are still not being delivered properly for large numbers of businesses in the retail market, so it would not be appropriate for the defined standard to be set at a level that is effectively rewarding trading parties for improving performance in their core functions. We would not expect rewards for ‘getting</p>

	<p>the basics' right, so we would welcome seeing the design of this tool in the next phase in order to ensure it is meeting our desired objective.</p> <p>T08 – If the intention is to base this tool on the current rectification and escalation process, then improvements need to be made. While the existing tool is fairly clear on the circumstances in which a trading party can be escalated for poor performance (which includes a positive focus on how this is impacting customers), it is less clear on what should happen in the event there is a failure to improve. While escalation to Strategic Panel and Ofwat is mentioned in the proposed tool, the circumstances in which this would take place need to be clearer, alongside the potential actions that may be taken. We would therefore urge MOSL to develop this tool before implementation, as otherwise it may prove ineffective in improving performance.</p>
<p><b>TEC</b></p>	<p>T05a: not sure that redistribution is the right approach but funding market improvement projects could be; projects that clearly benefit the customer.</p>



## Q26: Do you have any comments on the way the metrics are mapped to different tools?

Wholesalers	
<b>Anglian Water</b>	M15 & M18 – these are both indicated as being subject to financial penalties - would this result in double charging for some activities as there could be tasks which fall into both of these categories?
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	N/A
<b>SES Water</b>	N
<b>Severn Trent Water</b>	No.
<b>South West Water</b>	Some activities and measures have no tools assigned to them (for instance A4) however those that are mapped, we agree with.
<b>Southern Water</b>	No
<b>Thames Water</b>	N/A
<b>United Utilities</b>	No
<b>Wessex Water</b>	No
<b>Yorkshire Water</b>	We note that the penalty items under 'service request' KPIs in particular appear to be quite similar, and M15 and M18 could be seen as overlapping or duplicated. Both carry a financial penalty, and there would remain a question about duplication of that penalty for similar potential failures (noting, as above, that these are purely Wholesaler penalties).

	These metrics should be clearly differentiated as covering different KPIs or should be merged into one to avoid the risk of 'double penalties'.
<b>Retailers</b>	
<b>Business Stream</b>	Of the eight metrics associated with retailers five of them are proposed to have a financial tool applied. This compares to four financial tools associated with the 13 wholesaler-related metrics. Given that retailers already face natural incentives but wholesalers are monopolies we have concerns that the reformed MPF will still not appropriately incentivise wholesalers to ensure improved customer outcomes. There are no proposed financial penalties associated with the critically important areas of market data KPIs or market meter KPIs for wholesalers. In our view, tighter regulatory incentives and enforcement are needed on wholesalers to improve market data, reduce market complexity and invest in critical metering assets.
<b>Castle Water</b>	Not currently.
<b>Dŵr Cymru (retail)</b>	None
<b>Everflow</b>	<p>We disagree with the notion of applying financial penalties and rewards (T05a/b) to metrics and activities that are exclusively mapped to retailers.</p> <p>Our perspective is rooted in the belief that retailers should primarily be incentivised by competition rather than regulation. Therefore, the application of financial penalties and rewards to retailer-specific metrics and activities may not be suitable in the long term. In the interest of fostering a more sustainable and market-driven approach, we suggest reevaluating this aspect of the framework to align better with the long-term objectives and principles of competition in the retail market.</p>
<b>Pennon Water Services</b>	No

<b>Water2business</b>	No
<b>Water Plus</b>	<p>M1, M4, M9: We are concerned that it will not be functionally possible to design an appropriate financial incentive structure when performance is assessed at an overall level. Trading Parties operate at different scales within the market, which will lead to two significant issues in incentivization:</p> <p>The performance of differently sized Retailers, in different scenarios, cannot be fairly compared at a pure percentage level. A high percentage of completion can reasonably expected of a new entrant Retailer who has held direct communication with each Customer (whilst contracting), whereas this does not hold true for larger retailers with an incumbent (transferred) base.</p> <p>Setting the level of financial incentive will be difficult, as the scale of any incentives must appropriately incentivise retailers without creating an undue risk/exposure.</p> <p>We will need further specification on the metrics and expected performance in addition to the level of penalties before this assessment can be fully made.</p>
<b>Wave Utilities</b>	No
<b>Other</b>	
<b>CCW</b>	Given how those metrics that are key performance indicators will be used to incentivise performance, it is vital that trading parties and stakeholders are clear on which tools they are mapped to. It is therefore positive that Appendix 2 in the metrics consultation document clearly shows this, and displays the proposed framework very clearly.
<b>TEC</b>	No, we think these are clear.

## Q27: Do you have any other comments on the intervention tools?

Wholesalers	
<b>Affinity Water</b>	Our only comments would be to make sure that there is no doubling up with other performance commitments.
<b>Anglian Water</b>	There do not appear to be any new intervention tools. We believe there should be further detail around the Rectification plans and the impact of these. Where this mechanism has been used in the past as part of the current framework, it is not clear whether these resulted in significant performance improvements by the relevant parties or in a timely matter.
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	N/A
<b>SES Water</b>	N
<b>Severn Trent Water</b>	No.
<b>South West Water</b>	Nothing further to add
<b>Southern Water</b>	No
<b>Thames Water</b>	N/A
<b>United Utilities</b>	Whilst it is important to monitor the KPIs - "Discretionary" Intervention tools are not required for any KPIs that are used to inform BR-MeX. The financial implications of BR-MeX will result in a trading party "self-governance" approach i.e. the outcome based incentive will ensure that trading parties actively manage each component of BR-MeX. For D-MeX - there are multiple (Water UK) SLAs that companies are measured against - there is no intervention required regarding a

	company's performance against these individual SLAs. Managing performance and interventions against these measures would not be a good use of MOSL/MPC/TP time.
<b>Wessex Water</b>	No
<b>Yorkshire Water</b>	Yorkshire Water suggest MOSL be extra mindful of any tools where there are financial penalties for trading parties. These metrics need to be very clear and detailed so as to avoid misunderstanding or practices that go against the overall principles of the MPF.
<b>Retailers</b>	
<b>Business Stream</b>	No
<b>Castle Water</b>	Not currently.
<b>Dŵr Cymru (retail)</b>	None.
<b>Everflow</b>	Internal discussion with our data teams revealed that the auditing tools (T03, T07) lacked clarity in terms of the activities that trading parties will be expected to undertake as part of these. Otherwise, it is difficult to provide a holistic assessment of the proposed tools at this stage; our assessment will largely depend on the scale and appropriateness of the associated targets, incentives and penalties that underpin the final design of these tools.
<b>Pennon Water Services</b>	No
<b>Water2business</b>	No
<b>Water Plus</b>	We do not have any further views in addition to those raised above.
<b>Wave Utilities</b>	No

Other	
<b>CCW</b>	We broadly support the structure of tools that have been proposed. In particular, it is important that tough intervention tools are used where it's obvious that natural incentives on trading parties to improve performance are currently lacking. This is not only the case for wholesalers, but also retailers too. The current low level of customer engagement in the market means there is insufficient competitive pressures on retailers to deliver good customer outcomes, so other incentives are needed to fill the gap. However, it should also be an active list of tools that can react to changes in priorities for the market and customers. For example, if there was evidence that customers were engaging more in the market, then reputational tools may have more impact at incentivising retailer performance, which could enhance, or eventually replace, more regulatory ones.
<b>TEC</b>	None, we see this as a use and learn opportunity, providing that is done and tools are adaptable we should see improvements.

**Q28: Overall, do you believe that the Tools meet the eight key success criteria (e.g. simplicity, value for money, etc.)?**

Wholesalers	
<b>Affinity Water</b>	Y
<b>Anglian Water</b>	Yes, but we believe there is another level of detail to be explored to ensure there is value for money, but in principle we think this is fine.
<b>Dŵr Cymru</b>	Yes
<b>Portsmouth Water</b>	Yes provided our comments in response to Q17 are considered.

<b>SES Water</b>	We agree.
<b>Severn Trent Water</b>	Yes
<b>South East Water</b>	We believe that overall these tools meet the eight success criteria, however we would encourage MOSL to ensure that the addition of metrics doesn't over complicate the process, therefore removing the "simplicity". We would also suggest that any tools are reviewed regularly to ensure that they are still relevant to the market, therefore remaining "enduring and agile". The metrics need to consider the end customer, rather than using the MPF as a tool to reprimand trading parties on their performance, therefore "facilitating improved customer outcomes".
<b>South West Water</b>	We believe the tools meet the success criteria listed.
<b>Southern Water</b>	Yes
<b>Thames Water</b>	For the most part, but the financial penalty options fail on simplicity as it is unclear either how they will operate in practice or what the relative advantages of each of them are. We are also not convinced talk of compensation is particularly transparent, proportionate, or compatible with the existing regulatory regime, especially given the significant risk of creating powerful perverse incentives.
<b>United Utilities</b>	Regarding 2 'improves trading party accountability' & 4 'Consistent and compatible with regulatory regime' - For BR-MeX measures - accountability will be driven through the material financial risk/reward associated with performance against the measures - Other than tracking and reporting, MOSL intervention is not needed.
<b>Wessex Water</b>	No
<b>Yorkshire Water</b>	Yes

Retailers	
<b>Business Stream</b>	No. It is our opinion that there needs to be a rebalancing of financial penalty tools to ensure that wholesalers improve market data, reduce market complexity and invest in critical metering assets. Without further strengthening of the tools for wholesalers, it is likely success criteria 1, 2 and 6 will not be met.
<b>Castle Water</b>	<p>Possibly, but not convincingly.</p> <p>We are not convinced by MOSL's view on many of the tools, but we do agree that the tools if appropriately used and not abused/overused could contribute towards fulfillment of the key success criteria, certainly numbers 1-3. However, we are not convinced that success criteria #6 would be delivered (proportionate), nor #7 (value for money) and #8 (simple). We suggest that the tools are largely moot regarding success criteria # 4 and 5. There is no good reason based on these two criteria to either implement or not to implement.</p>
<b>Dŵr Cymru (retail)</b>	Yes.
<b>Everflow</b>	As discussed above, the proposed Tools may fall short in their ability to provide sufficient value for money and their ability to support competition.
<b>Pennon Water Services</b>	It depends on which ones are used for which metric and activities.
<b>Sefton Council</b>	Yes
<b>SES Business Water</b>	The Intervention tools meet the key success criteria
<b>Water2business</b>	Yes



<b>Water Plus</b>	<p>We broadly believe the suite of Intervention tools listed provide a valuable tool kit that can be adapted and utilised to improve performance. Whilst the exact application of any one intervention type will individually need to be assessed against the aims of the MPF, the broader set of tools appears appropriate.</p> <p>We would however separately comment that the “Compensatory Payment” retains a clear risk of adding additional complexity and cost to market participants, and as such there should be a clear benefits case threshold before inclusion in the MPF.</p>
<b>Wave Utilities</b>	<p>Yes</p>
<b>Other</b>	
<b>CCW</b>	<p>Overall, we agree that the proposed tools meet the key success criteria. If and when customer priorities and market conditions change, there should always be an appropriate intervention option as a result of the wide range being proposed.</p> <p>We agree that the MPF should be agile, and in this respect, it should support competition by changing if competitive pressures increase. However, while these pressures remain largely absent at this current time, greater intervention is appropriate with respect to both retailer and wholesaler activities in order to ensure that parties are properly incentivised to improve performance for their customers.</p>
<b>TEC</b>	<p>Yes</p>

## Section F: MPF Governance

### Q29: Do you agree with the four levels of Governance as detailed?

Wholesalers	
<b>Affinity Water</b>	Y
<b>Anglian Water</b>	Broadly the governance looks relatively similar to that that exists today and we cannot identify material differences We note, as outlined, that the Strategic Panel have a considerable role in the MPF (similar to the now retired panel) and would suggest that the Strategic Panel take a more consultative role and offer the PAC and associated performance entities more responsibly when it comes to market performance. The Strategic Panel members in ongoing operation and management of MPF does not feel like a good use of time. In addition, the appointed representatives to the PAC, who may be interviewed as part of selection, should have expertise required to oversee and operate the performance framework. This combined with other members, notably independent and customer representatives, would likely add to the overall value of this group. This would be complimented by credible MOSL experience operating a performance framework.
<b>Dŵr Cymru</b>	Yes
<b>Portsmouth Water</b>	Yes
<b>SES Water</b>	Y
<b>Severn Trent Water</b>	Yes
<b>South East Water</b>	Yes
<b>South West Water</b>	We agree with the four levels of Governance as detailed in this consultation.

<b>Southern Water</b>	Yes
<b>Thames Water</b>	We believe the four levels of governance are logical and we agree with them.
<b>United Utilities</b>	Yes
<b>Wessex Water</b>	Yes
<b>Yorkshire Water</b>	Yes
<b>Retailers</b>	
<b>Business Stream</b>	Yes
<b>Castle Water</b>	<p>No.</p> <p>There are too many levels, and we would limit to G1 and G2. We question the need for G3 and would suggest that any necessary code changes could be brought forward by MOSL or the PAC, which would be governed by the existing code change process.</p> <p>Further, Ofwat already would 'intervene' in the case of potential licensing breaches, why therefore does it require a governance level to be introduced in the new performance framework, when it already has the necessary powers?</p>
<b>Dŵr Cymru (retail)</b>	Yes.
<b>Everflow</b>	<p>Our perspective is nuanced. While we do not hold strong opposition, we do have some reservations and concerns.</p> <p>Firstly, there is a potential issue of overcomplexity in the governance structure. As the market matures, it is essential to recognize that the MPF should ideally become less and less instrumental in driving retailer behaviour. This recognition should be established from the outset to avoid a situation where the framework is clung to unnecessarily. We are</p>

	<p>concerned that these governance arrangements begin to create an industry of governance, accompanied by unnecessary levels of bureaucracy that will be difficult to decommission when they are no longer needed.</p> <p>Additionally, it is imperative to ensure that the composition of the market groups that participate in this governance structure genuinely represent the market's interests. While the PAC will be subject to scrutiny by the strategic panel, we need to guard against a scenario in which both the PAC and the Panel essentially serve the same vested interests, undermining the purpose of having two separate bodies. There needs to be a comprehensive and transparent process associated with the checks and balances between these bodies, which would only add further levels of bureaucracy that may not ultimately work to benefit the market or the MPF's agility in the long-term.</p>
<b>Pennon Water Services</b>	Yes
<b>Sefton Council</b>	Y
<b>SES Business Water</b>	Yes, these levels seem appropriate
<b>Water2business</b>	Yes
<b>Water Plus</b>	Yes
<b>Wave Utilities</b>	Yes
<b>Other</b>	
<b>CCW</b>	We agree with the four levels of governance as it is important to have a process that clearly distinguishes between strategic and operational decisions. As the body responsible for setting the strategic direction of the market, it is sensible that the Strategic Panel makes the strategic decisions, with the regulator retaining ultimate authority within the governance model.

	We also agree in principle with the Performance Assurance Committee, as a market led governance model, allows both trading party expertise, along with customer and independent voice, to guide decision making.
<b>TEC</b>	Yes

**Q30: Do you agree with the authority being proposed for each level? If not, please explain.**

Wholesalers	
<b>Affinity Water</b>	Y
<b>Anglian Water</b>	As per comments in question 29
<b>Dŵr Cymru</b>	Yes
<b>Portsmouth Water</b>	Yes
<b>SES Water</b>	We agree.
<b>Severn Trent Water</b>	We think that it may make sense for some of the more strategic decisions to be within the remit of the proposed PAC- strategic panel may not be close enough to the issues to be able to make a more effective decision than the PAC would be able to. We also note that Strategic panel currently meets only quarterly, and this might introduce unnecessary delays in the consideration of some issues which a monthly meeting might suit better. In the past, MPC has been effective at making decisions about performance level changes and it would make sense for PAC to take on this responsibility rather than defuse this to Strategic panel- the principle of decision being made at the lowest level of governance that still provides good oversight and responsibility should prevail here.
<b>South East Water</b>	Yes
<b>South West Water</b>	We agree that this is a natural progression of decision making.
<b>Southern Water</b>	Yes
<b>Thames Water</b>	We agree with the authority for each level.

<b>United Utilities</b>	<p>Yes with the exception of the PAC responsibilities in respect of KPIs used for public and/ or industry peer comparison.</p> <p>Decisions re. what should be published are potentially quite critical due to the sensitive nature and possible implications of some measures. Feels like this is something that the PAC should recommend to the strategic panel (or even Ofwat).</p> <p>Elsewhere it is proposed that Ofwat have the decision re what is published so perhaps the word "agrees" should "recommends"</p>
<b>Wessex Water</b>	<p>Yes</p>
<b>Yorkshire Water</b>	<p>Yes</p>
<b>Retailers</b>	
<b>Business Stream</b>	<p>The area of responsibility for the Strategic Panel is not set out within the consultation documents. The PAC (G2) has a responsibility to escalate performance to the Strategic Panel if required. However, it is not clear what the role will be for the Strategic Panel in dealing with these escalations because it is not commented on within the documentation. We note that the proposed governance arrangements will reduce the responsibility of MOSL in performance management. Currently, MOSL has responsibility for many aspects of performance management including setting APIs but this will pass to both the PAC and Strategic Panel under the proposals.</p>
<b>Castle Water</b>	<p>No. We are concerned by and disagree with the proposal that "less material changes ... could be approved through a bespoke, defined process that is authorised by the codes, but which doesn't require the market codes to be changed each time." This is potentially dangerous. If the code change process is insufficiently agile, then we should change it, not again seek to bypass it.</p> <p>This is bad practice and dangerous.</p> <p>The scale of tasks and responsibilities suggests an increase in MOSL's staff and budget. Has this been costed and how is it proposed to limit MOSL's costs?</p>

<b>Dŵr Cymru (retail)</b>	Yes
<b>Everflow</b>	Overall, yes. Our only concern is to do with the PAC's remit to make decisions about performance publication; we do not believe this should be within their remit (see Q33).
<b>Pennon Water Services</b>	Yes
<b>Sefton Council</b>	Y
<b>SES Business Water</b>	Yes
<b>Water2business</b>	Yes
<b>Water Plus</b>	Yes
<b>Wave Utilities</b>	Yes
<b>Other</b>	
<b>CCW</b>	<p>We largely agree with the authority proposed at each level, particularly as it is clear on the different responsibilities, and strikes the right balance between a level of agility that allows the MPF to respond to changing market priorities, but also ensuring that any major framework changes (e.g. to KPIs) would need a code change.</p> <p>As well as having the proposed responsibilities at Level G4, we also believe that Ofwat needs to be able to intervene on a more operational level if deployed interventions are not significantly improving performance and customer outcomes. In practice, such regulatory intervention should only be as a last resort, as we support a market led governance model. However, it is important to preserve the option of greater regulatory involvement if performance is not improving, or if the model is not working.</p>



<b>TEC</b>	Yes
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**Q31: Do you agree with the principle of operating on a multi-year 'Performance Period'? If no, please explain.**

Wholesalers	
<b>Affinity Water</b>	Y
<b>Anglian Water</b>	Yes, but this should be aligned with AMP periods to ensure consistency, alignment of drivers and business planning. It would also link in with regulatory reporting and annual performance. We believe that anything outside of this would cause issues with alignment across the industry and additional costs.
<b>Dŵr Cymru</b>	Yes
<b>Portsmouth Water</b>	Yes
<b>SES Water</b>	Y
<b>Severn Trent Water</b>	We agree with the principle of this as long as it doesn't delay necessary changes to ensure the market delivers for customers.
<b>South East Water</b>	Yes, as long as they are reviewed regularly (annually or 5yearly) to ensure they are still fit for purpose.
<b>South West Water</b>	We agree with the multi-year performance period, laid out in section 5.6, of three to five years.
<b>Southern Water</b>	Yes
<b>Thames Water</b>	Y We do not have a problem with a multi-year performance period but are unsure how this would work in relation to the MPF, This is an area for which the programme may want to develop examples for both categories of Trading Party in order to bring this to life. There are complexities should a multi-year approach be followed, such as what year any

	rewards or penalties are paid (affecting TP business plans) and VAT issues related to redistribution of excess penalties (as seen under the current annualised system).
<b>United Utilities</b>	Yes It is important that the performance period starts and ends to align to the reporting year. Performance reporting should be annual.
<b>Wessex Water</b>	Yes
<b>Yorkshire Water</b>	Yes
<b>Retailers</b>	
<b>Business Stream</b>	Yes
<b>Castle Water</b>	No. Unnecessary. Adds complexity and cost.
<b>Clear Business Water</b>	Y/N
<b>Dŵr Cymru (retail)</b>	Yes
<b>Everflow</b>	Yes.
<b>Pennon Water Services</b>	Yes
<b>Sefton Council</b>	Y

<b>SES Business Water</b>	Yes, but the point made about aligning against AMP periods is paramount due to the nature and scale of expected smart meter rollout expected by different wholesalers which will have a material effect on performance for those retailers within wholesale regions seeking to roll out quicker.
<b>Water2business</b>	Yes – this will allow time to identify if improvements to the NHH market have been seen and give sufficient time to make changes as necessary.
<b>Water Plus</b>	We believe there is some benefit to be achieved by the operation of a multi-year 'Performance Period'. That said, we do not hold a strong opinion on the inclusion of this process and do not view it as critical for the operation of an effective MPF.
<b>Wave Utilities</b>	Yes
<b>Other</b>	
<b>CCW</b>	We agree with this proposal, in principle, as it is important that performance is subject to periodic review as this aligned with the revised MPF being agile enough to respond to the changing priorities of customers and the market. However, it may be more appropriate to have fixed review periods as it may be undesirable for too much variance given the uncertainty around performance expectations that this may create. In addition, a constant revision of performance targets is unlikely to lead to sustained improvements, and therefore will leave customers worse off. A balance therefore needs to be struck between that greater certainty of what is expected from trading parties, and allowing the MPF to change according to priorities.
<b>TEC</b>	Yes

**Q32: Do you agree with the deliverables proposed within the Performance Period, including allowing a code-mandated provision to change or adapt the components (activities, metrics, etc.) as necessary? Is there anything you would add or remove?**

Wholesalers	
Affinity Water	Y
Anglian Water	We believe this would allow for flexibility, as long as there is a consultation process for this. Any changes should be assessed against success criteria to ensure changes add value rather than frequent changes not providing benefit or improvement. It may be beneficial to have a stage gated process to develop, trail, refine and implement changes and benefits.
Dŵr Cymru	Yes. No we wouldn't add or remove anything.
Portsmouth Water	Yes
SES Water	Y
Severn Trent Water	We see this as an appropriate scope of deliverables.
South East Water	We do agree with allowing a code-mandated provision to change or adapt the components, as we appreciate that this is an easier change than following the full code-change process. However, these changes need to be reviewed in case there are situations where they should become mandated within the codes to allow a consistent future approach.
South West Water	We agree with deliverables proposed within each performance period. We have nothing to add or remove.
Southern Water	Yes, we agree

Thames Water	Yes we're satisfied with the performance period deliverables, we particularly welcome the performance framework report that will give us the opportunity towards the end of a given performance period to be consulted on the length of the next and any KPIs that need to be introduced or retired. It is important to keep KPIs stable to allow TPs to formulate business plans and deliver improvement activities with the certainty of the benefits case arising from a stable MPF. With this in mind we support that any changes to MPF metrics or related tools needs first to go through the Code change process and that there is less discretion to alter scope and methodologies outside of Codes.
United Utilities	It is important that the performance period starts and ends to align to the reporting year. Companies may develop scorecards and targets (internal and externally communicated), objectives and bonus structures internally which generally run from 1 April to 31 March. If the period were to start "mid-year" it may present challenges to trading parties.
Wessex Water	Yes
Yorkshire Water	Yorkshire Water appreciate the flexibility of the current proposals, and feel they are agile enough to adapt to changing circumstances.
<b>Retailers</b>	
Business Stream	Yes
Castle Water	Sorry, we have not had time to answer with the submission deadline beckoning.
Dŵr Cymru (retail)	Yes
Everflow	We acknowledge the need for flexibility within the MPF to accommodate changes in the market. However, we disagree with the notion that changes to target performance levels are 'less than material,' as any adjustments to target performance levels will significantly impact the operations of all trading parties. As such, we are concerned by the vague proposal for the 'bespoke process' intended to govern these changes.

	<p>The 'bespoke process' requires more detailed specification. The PAC appears to deliver this process, raising questions about how exactly the Strategic Panel holds them accountable. While the Panel has the authority to approve or reject PAC decisions, it is imperative to define the grounds and criteria for such decisions to ensure a fair and transparent decision-making process. It is also necessary to pre-emptively define the materiality threshold being referenced when defining change decisions are designated as 'less than material' and therefore not subject to a code change or consultation. It is important that these decisions are not made arbitrarily and are subject to stakeholder input, otherwise we run the risk of introducing an overactive and intrusive MPF, which was never the goal.</p> <p>Otherwise, we are pleased to see that alterations to KPI's will require code changes, as these changes need to involve market-wide consultation to ensure comprehensive stakeholder input. We also hold no strong opposition to the other deliverables proposed within the Performance Period.</p>
Pennon Water Services	Yes
Water2business	Yes with a caveat! Any changes will need to be sufficiently consulted on before implementation, all trading parties would need to fully understand the impact of any changes and be fully informed before changes agreed.
Water Plus	We are broadly supportive of the deliverables proposed and remain keen to engage as these are developed.
Wave Utilities	Yes
<b>Other</b>	
CCW	<p>We agree with the proposed deliverables as it is important to both undertake a review of the performance period, and then change according to new risks and issues, if necessary. This is an essential part of an agile MPF that can respond to changing priorities.</p> <p>We also agree that the code change process should be followed for changes to key components, such as the list of incentivised activities and KPIs. While we want the MPF to swiftly change according to revised priorities, it is still important for major changes to be subject to the additional oversight that the code change process brings. In addition, proposed revisions to the current code change process will mean that the customer impact will be a key consideration</p>

	of whether or not a code change proposal is able to progress through the process. Including a code mandated provision in the way described should help to ensure that any revisions to key MPF components are being made in the best interests of customers.
TEC	Yes we agree, nothing to add or remove



**Q33: Do you agree with the proposals for a Performance Assessment Committee and its composition? Is the balance right? Is there anything you would change?**

Wholesalers	
<b>Affinity Water</b>	Y
<b>Anglian Water</b>	<p>We believe that it would be appropriate for an independent member to chair the PAC. Independents offer valuable external input and most likely experience from other markets.</p> <p>The quorate needs to have a minimum of one Retailer and one Wholesaler, rather than 2 of the same.</p> <p>We would recommend maintaining the principle of observer where appropriate. This affords market participants the opportunity to get closer to these matters and would provide greater levels of attendance at meetings as an observer. We also believe this may help with continuity.</p> <p>It would be appropriate for the MPF to be self-funding therefore performance fines could directly contribute to fund the activities around the MPF. This would send a positive signal and as required provide dedicated capacity to deliver.</p>
<b>Dŵr Cymru</b>	Yes
<b>Portsmouth Water</b>	Yes
<b>SES Water</b>	We agree.
<b>Severn Trent Water</b>	<p>We feel that an aspiration towards quarterly meetings is admirable, however we consider it likely that better value would be extracted from monthly meetings would lead to faster rectification of issues of poor performance. We feel that MPC experience to date indicates that even with monthly meetings it can takes several sessions to gain the right information from trading parties, if this were across a number of months, we can envisage this causing issues with customers being impacted for a very long time before poor performance could be addressed.</p>

	<p>We also feel strongly that there is a need for wide representation from a number of different trading parties as this represents the basis of the understanding that the current MPC has of the real issues experienced by trading parties and has made it so effective. While we agree that additional independent members would be a great asset, it is clear from experience at the Code Change Committee that Trading Party views are very helpful in bringing those independent members up to speed with the realities of TP operations and the way they the market works. We would propose that 3 people from each of Wholesalers and Retailers would represent a more useful mix. We feel that this level of trading party insight would also ensure trading parties felt engaged with the process and function of the PAC, without adding significant cost. We would also suggest that the PAC should be chaired by an additional (voting) independent member. This is primarily as there may arise conflicts between the PAC's collective requirements and the position of MOSL, which would put the chair in a difficult position should they be a MOSL employee. Current panels and committees are chaired by independents, and this seems to work very well. We would welcome the Customer representative presence in a PAC as a valuable contribution to the group. We would also like to see a minimum quoracy for each group of TP's setting the quoracy as suggested means decisions could in theory be made without any insight from either a Retail or Wholesale point of view and that seems risky- we would suggest modifying this to at least representation of both types of trading party.</p>
<p><b>South East Water</b></p>	<p>We agree with a PAC as this would provide an independent panel to govern the MPF, which is needed to have the focus on all the varying components.</p>
<p><b>South West Water</b></p>	<p>We agree with the proposed committee (PAC) and the composition. The quoracy may lead to voting concerns, for instance should two Wholesalers or two Retailers be the only TPs present. We recognise that the stipulated quoracy shouldn't be too extensive so as stifle decision-making and welcome the use of alternates.</p>
<p><b>Southern Water</b></p>	<p>Yes</p>
<p><b>Thames Water</b></p>	<p>Yes we think the composition of the PAC is fine, equal numbers of Wholesaler, Retailer and Independent representatives strikes an appropriate balance with a customer representative offering valuable insight. We are not aware that there has been any problems with the functioning of existing governance bodies such as the MPC whose voting members comprise an equal split of retailers and wholesalers, with a customer representative, under an</p>

	<p>independent chair. There is a question whether there is a need for additional independent members, that would justify increasing the cost to operate for the PAC vs the MPC.</p> <p>The non-voting members also seem appropriate (Ofwat and MOSL).</p>
<b>United Utilities</b>	Yes we agree with the existence of the PAC and its composition.
<b>Wessex Water</b>	Yes
<b>Yorkshire Water</b>	No changes required
<b>Retailers</b>	
<b>Business Stream</b>	<p>We appreciate the value that independent members bring to the Strategic Panel and Code Change Committee. These committees benefit from the thinking and views of those who come from outside of the industry. However, we consider there is less value for independent members in the PAC. With a clear interdependency between retailers and wholesalers in the market and therefore the criticality of their performance we consider the PAC would benefit more from the cross-trading party challenge i.e. retailers holding wholesalers to account and vice versa, rather than having an independent view. This will also reduce the cost of operating the PAC. As proposed, the nomination committee will be comprised of the Market Operator, Ofwat and the PAC Chair; with the PAC Chair also being a MOSL employee. The inclusion of two MOSL employees as members feels excessive and may have an undue influence on the selection of the trading party nominees.</p>
<b>Castle Water</b>	<p>We agree that the Market Performance Committee has been largely ineffective. We therefore welcome a clean break, but the case of replicating the structure of the Strategic Panel has perhaps not been sufficiently articulated. Further articulation and reasoned explanation are needed as to the need for a PAC; how it differs from the MPC; how it will operate; how it will have the necessary skills and experience to assess performance; and why it will succeed where the MPC has failed.</p>

	<p>Regarding composition, MOSL chairing might have merit rather than a member of the Strategic Panel, but we can't see the accompanying rationale detailed in the documentation, which is disappointing. Make the case, so that we may consider and support.</p> <p>Also, if MOSL does chair, why do we need an additional Market Operator representative, especially when we assume that the Subject Matter Experts are also likely to be MOSL representatives?</p> <p>Transparency is key to any governance framework and the MPC has suffered by conducting too much of its business behind closed doors. Where we have issues, they may impact one party more than another, but likely to some extent they will impact all trading parties. Better to discuss such issues in the open, revealed by reporting of key metrics, rather than focus on individual performance at the PAC. We want to gain insights and improve the market overall, not just focus on penalising those with the lowest scores.</p> <p>Finally, we note that the case for the PAC and moving away from the MPC is one element of this package which could and perhaps should be made sooner. We could implement now and allow the PAC to play a valuable role in the development and implementation of the new market performance framework, including ensuring that the consultation comments are adequately considered and addressed as the detail is added to the framework.</p>
<p><b>Dŵr Cymru (retail)</b></p>	<p>Yes. However, consideration should be given to smaller trading parties contribution (Retailers). Commitment and time is a factor but this should not prevent their contribution. Consideration should be given to a mechanism which facilitates their input – perhaps widening Wholesalers/ Retailers to include a Small Trading Party or allowing this Group to nominate their spokesperson from within the nominated Group.</p>
<p><b>Everflow</b></p>	<p>In general, we agree with the proposals for a Performance Assessment Committee (PAC) and its composition. However, we do have some concerns that we've previously mentioned in our responses. To summarize:</p> <p>Potential Equity Issue: There is a potential equity issue with the PAC, as smaller retailers may not actively participate. This can perpetuate anti-competitive practices, as we have observed with the current Market Performance Committee (MPC). While checks and balances between the PAC and the strategic panel are intended to mitigate this concern, it is crucial that the processes are transparent and well-constructed to ensure fairness and inclusivity.</p> <p>Responsibility for Deciding Information Availability: The PAC's responsibilities are generally acceptable. However, our primary concern revolves around the PAC's authority to decide what information is available for public peer</p>

	comparison. We believe that this goes beyond performance monitoring and involves changing incentives, which should not be within the PAC's purview. This responsibility should lie with the Strategic Panel, with the PAC having the ability to make recommendations.
<b>Pennon Water Services</b>	We believe that the PAC should not only be nominated by respective trading parties but also voted on to the PAC and not appointed by a Nominations Committee
<b>SES Business Water</b>	Yes the balance is correct, there is enough coverage from all aspects of the market.
<b>Water2business</b>	Yes – although should consideration be given to splitting the retailer category down to associated/unassociated? Should there also be equal representation of small/large retailers and self-supply?
<b>Water Plus</b>	<p>We support ensuring a customer representative is present on any such Committee to ensure focus on driving customer outcomes. That said, we would note that the internal mechanisms that drive performance in the Non-Household Market can be complex, requiring relevant expertise to fully understand. We maintain some concern that any movement towards more non-trading party members will represent a trade-off between independence and subject matter expertise.</p> <p>We believe that achieving positive market outcomes requires understanding the underlying drivers of performance.. As such, it is our view that a reduction of Trading Party representation relative to the existing MPC would not be beneficial to the market.</p> <p>We would once again highlight that whilst the MPF should be targeted to enable Market Participants to drive improved customer outcomes, its remit should remain focused on performance against WRC requirements.</p>
<b>Wave Utilities</b>	Yes, although the independent members need to have good knowledge of the water industry.
<b>Other</b>	
<b>CCW</b>	We largely agree with the proposals for a Performance Advisory Committee (PAC) as it is important that there is a market body that continues to oversee performance, and hold trading parties to account. We also support this

	<p>replacing the current Market Performance Committee as we agree with the need for a 'clean break' with the previous MPF.</p> <p>Given the key role that this Committee will play in the revised MPF, we particularly agree with the need for a market led governance model, as it is important for independent and customer voices to be part of the decision making process, as well as trading parties. However, given the primary beneficiaries of an improved MPF will be customers, it is important they have equal representation with other parties. We, therefore, would like to see the number of customer representatives on the PAC increased to two members.</p> <p>It is also vital that the PAC acts in the best interests of customers, and that the revised MPF delivers genuine improvements for them. A barrier to this could be trading parties acting in accordance with vested interests, rather than in the best interests of customers and market improvement, as was noted in Ofwat's Project RISE report. For the PAC to be effective, it needs to also be a requirement of the PAC Chair to uphold the impartiality principle, and robustly challenge members on this where appropriate.</p>
<p><b>TEC</b></p>	<p>We agree, reinforce impartiality as it is key to positive customer outcomes and trading party improvement.</p>

**Q34: Overall, do you believe that the Governance framework meets the eight key success criteria (e.g. simplicity, value for money, etc.)?**

Wholesalers	
<b>Affinity Water</b>	Y
<b>Anglian Water</b>	Yes, but we believe there is another level of detail to be explored to ensure there is value for money, but in principle we think this is fine.
<b>Dŵr Cymru</b>	Yes
<b>Portsmouth Water</b>	Yes
<b>SES Water</b>	We agree.
<b>Severn Trent Water</b>	Overall, we believe so.
<b>South East Water</b>	Y
<b>South West Water</b>	The Governance framework meets the eight key success criteria.
<b>Southern Water</b>	Yes
<b>Thames Water</b>	Yes, we believe the Governance framework appears to meet the success criteria based on the detail we have seen so far.
<b>United Utilities</b>	Yes
<b>Wessex Water</b>	Yes

<b>Yorkshire Water</b>	Yes
<b>Retailers</b>	
<b>Business Stream</b>	With reference to our response to Q33, there is less value in a PAC composition that includes independent members, when compared to other committees such as the Strategic Panel. Having no independents will of course improve 'value for money' of the Committee as well as improve 'trading party accountability', both of which are key success criteria.
<b>Castle Water</b>	No. We disagree with MOSL's assessment of this being 'agile governance' and, hence, its view on governance against the eight success criteria is invalidated.
<b>Dŵr Cymru (retail)</b>	Yes.
<b>Everflow</b>	The governance framework as proposed lacks the necessary detail to be assessed as transparent and proportionate (see Q32). We are also concerned that it may be detrimental to competition in the long-term. We find it to be somewhat overcomplicated, and we are not convinced that it will provide good value for money.
<b>Pennon Water Services</b>	Yes given the above.
<b>Sefton Council</b>	Yes
<b>SES Business Water</b>	Yes
<b>Water2business</b>	Yes
<b>Water Plus</b>	Yes



<b>Wave Utilities</b>	Yes
<b>Other</b>	
<b>CCW</b>	<p>We agree that the governance framework meets the success criteria. The revised MPF should be flexible, and be able to react to different challenges, and changing customer priorities. The proposed framework recognises this, and therefore should deliver improved customer outcomes. We also agree that the aforementioned agility allows interventions to change depending on the level of competitive pressure existing in the market. If competition is working, and naturally driving improved outcomes for customers, we believe the MPF has to be agile enough to adapt.</p> <p>Similar to our comment on the components of the MPF, we agree that the framework should be as streamlined as possible, but simplicity should not necessarily override the need for any future changes to the governance that may result in there being additional layers and interventions.</p>
<b>TEC</b>	Yes

## Section G: Other

### Q35: Would you like to see the reformed MPF implemented in one go (a 'big bang' approach) or launched in phases?

Wholesalers	
<b>Affinity Water</b>	We believe it should be implemented in one go.
<b>Anglian Water</b>	We would prefer full implementation rather than launched in phases, which could be difficult to manage.
<b>Dŵr Cymru</b>	Launched in one go subject to answer to Q36
<b>Portsmouth Water</b>	Our personal preference would be for a big bang but with a period of shadow operations. However, we have also consulted with one of our Third-Party providers and their preference is for a phased roll out due to trading parties carrying out reconciliation of current and future Market Performance and the detrimental impact it could have on all systems involved for across internal systems, suppliers and the Market Operator
<b>SES Water</b>	We believe it would be better to be implemented in one go as phasing will probably cause confusion if we are running 2 x performance metrics, there's currently elements of confusion now with Holistic, MPS and OPS.
<b>Severn Trent Water</b>	All in one go would be our preference to avoid running two systems of performance management, although this would require a shadow period to work effectively.
<b>South East Water</b>	SEW would like to see the implementation carried out in one go as we believe this will be easier from a staff/training point of view, as well as involving fewer system updates and therefore reducing any associated costs.
<b>South Staffs Water</b>	Similar to the implementation of processes in the bilateral hub – MPF to be segmented in various phases to ensure internal process is being transitioned effectively in line with the new MPF.

<b>South West Water</b>	For the new MPF to be productive, it would need to be implemented in one go (the big-bang approach). There are two areas under development (Wholesaler responsibility of reads in defined circumstances and Smart () metering) that may impact a one-off implication and shouldn't hold up the implementation of the revised MPF. Should CPW142 be approved, this would not be in line with the reformed MPF.
<b>Southern Water</b>	Launched in phases
<b>Thames Water</b>	It may be confusing to be operating to the old MPF and the new MPF simultaneously. For this reason we believe that, following a significant shadow period (see Q36), it would be better to implement in one go.
<b>United Utilities</b>	We are minded to support a phased approach to account for those measures which are easy to implement and those which may require trading party process, system and reporting changes.
<b>Wessex Water</b>	As a wholesaler, we have experienced in recent years the transition from self reported OPS to centrally calculated results through the bilateral hub.  This has resulted in the management of two regimes and has increased training and the extension of change projects.  We would prefer an implementation in one go following a shadow period.  If the framework meets the objectives, we should realise the benefits as soon as practically possible.
<b>Yorkshire Water</b>	A phased approach would be preferred. The approach taken in the Bilateral Hub rollout has shown that this is effective and suitable for all trading parties.
<b>Retailers</b>	
<b>Business Stream</b>	Although we can see the benefits of the 'big bang' approach, our preference would be for phased launches. This is assuming that the redundant sections of the outgoing MPF are switched off at the same time as the launch. Our thinking may change depending on the final solution; however, as a principle we consider that we should move to the more risk-based and focused MPF as soon as possible.

<b>Castle Water</b>	<p>When we collectively agree the details of a new fit for purpose market performance framework, then we suggest it should and can only be implemented in one go.</p> <p>In practice, we should be implementing a single framework of internally consistent and coherent measures; one cannot implement it piecemeal. And worse, we cannot introduce piecemeal a new framework whilst persisting with remnants of the old MPF. That is a recipe for confusion and disaster. In summary, there are too many dependencies in the effective operation of our market to implement it in phases. This is not adding additional layers or functionality, which can be done in stages. This is a single framework, to be implemented in a single operation.</p> <p>Finally, we question the use of the term 'big bang' in this context, as it could have negative connotations and therefore, we suggest it is inappropriate in a consultation. We raised this point in the MOSL webinar, and therefore it is disappointing that the language remains unchanged.</p>
<b>Clear Business Water</b>	<p>Launching the reformed MPF framework in phases would not achieve the aim of setting out clear performance periods. We have supported the interim improvements currently being considered, but believe that the reformed MPF should be implemented in a 'big bang' approach.</p>
<b>Dŵr Cymru (retail)</b>	<p>No preference.</p>
<b>Everflow</b>	<p>We would prefer to see the MPF implemented in one go (a 'big bang' approach), with a 12 month shadow period. We feel that this approach would allow trading parties time to adjust during the shadow period, whilst minimising the amount of time it will take the market to realise where the framework may need further adjustments and where it is working well.</p>
<b>Pennon Water Services</b>	<p>Given that some measures mirror existing MPS measures it probably makes sense to implement in phases. However our overall thought is that this MPF reform will not achieve the real changes that the market needs.</p>
<b>SES Business Water</b>	<p>We feel it is more beneficial for this to be a big bang approach in implementing the new MPF. e</p>

<b>Water2business</b>	Launched in phases – too much change too quickly could cause negative impacts to customers and cause disruption across the market.
<b>Water Plus</b>	<p>We believe a phased approach to implementation, combined with a ‘shadow’ period that enables Trading Parties to understand their own performance would be beneficial for the market. Such an approach would enable Trading Parties to recognize issues that may suggest poor performance even when there is no failure and adapt their systems and processes to reflect actual performance.</p> <p>There are however many factors that must be considered throughout any such roll-out, as it is critical there is not duplication of Performance Assessment. Any phased roll-out must be considerate of existing performance assessment</p>
<b>Wave Utilities</b>	<p>A phased approach would be more suitable with such a fundamental change to market performance, there could be unintended issues/consequences and these would be easier to mitigate in smaller batches instead of all at once. However, there are a lot of interdependencies and attention needs to be given to transitioning from the ‘old’ MPF to the new MPF such that there isn’t duplication of costs or effort or confusion.</p>
<b>Other</b>	
<b>CCW</b>	<p>While we acknowledge there may be challenges for trading parties concerning the scale of the changes, we have concerns that launching the reformed MPF in phases would result in a possible conflict between new and existing performance requirements, which could lead to confusion in accountability, and ultimately a worse outcome for customers. Due to extensive consultation, and industry participation through the Performance Advisory Group, we believe trading parties have had sufficient time to understand the direction of travel, and what is expected of them in terms of areas of focus.</p>
<b>TEC</b>	<p>Whilst we prefer speed and getting it right first time i.e., big bang, it may be prudent for a phased approach with the phases being prioritized on positive customers outcomes.</p>

**Q36: When switching over from the current MPF to the new MPF, would you prefer to have a ‘shadow’ period in which you can see your organisation’s performance under the new MPF, but without them yet being applied?**

Wholesalers	
<b>Affinity Water</b>	<p>In general, we do not believe a long shadow period should be implemented, the market has been going for some time now and many of these activities are already being measured in some way. We believe it would be best to all begin with the same starting point and it will then be down to trading parties to show their progress, rather than allow another period for trading parties to then focus ahead of a live period.</p> <p>That said we do recognize that time may be required for everyone to get used to the new/changed measures and potentially could see the need for a short 3-month period to allow trading parties to get used to this and ensure they are clear on the understanding of how this will work.</p> <p>We do not believe any longer should be required than this.</p>
<b>Anglian Water</b>	<p>We believe this change will have a large impact on the market, so would be of benefit in a shadow period. This would allow any emerging issues/clarifications etc., to be handled, and mitigate unintended consequences. We believe the shadow period could run for a full 12-month cycle, with the possibility of a period within this where no fines apply, bringing in different elements through the shadow period. This would provide adequate operational analysis and ensure that there are no unforeseen consequences or behaviours emerging.</p>
<b>Dŵr Cymru</b>	<p>Yes we think it would be beneficial to have a shadow period</p>
<b>Portsmouth Water</b>	<p>Yes, we would prefer there to be a shadow period.</p>
<b>SES Water</b>	<p>We would be supportive of a shadow period for a quarterly period, so we and the rest of the market better understand how they work and what they look like.</p>

<b>Severn Trent Water</b>	Yes, we feel this was effective in the opening of the market and is a prudent way to operate in the early stages of such a seismic shift in performance management.
<b>South East Water</b>	SEW would have no objections to a 'shadow' period.
<b>South Staffs Water</b>	Yes – this would be a good approach to ensure that the new MPF has a smooth transition period from the old metrics into the new metrics.
<b>South West Water</b>	A shadow period would allow TPs to implement the changes internally, updating board members and revising reporting in preparation for the new MPF.
<b>Southern Water</b>	Yes
<b>Thames Water</b>	Yes we think this is a good idea, as stated above this would give us a chance to fully gauge the impact of reward/penalties and the policy and process changes required to operate effectively under the new framework.
<b>United Utilities</b>	Yes we feel a shadow period would allow trading parties time to organise activities appropriately.
<b>Wessex Water</b>	Yes
<b>Yorkshire Water</b>	A shadow period is preferred. A significant lead-in period for trading parties would be recommended to allow for sufficient resource allocation and quality assurance as well as the technical systems changes.
<b>Retailers</b>	
<b>Business Stream</b>	For retailers, CPW144 is already moving us closer to the proposed A1-associated metrics. However, the unknown is the tools that will be applied, especially the value of any financial payments. For that reason, depending on the final solution, we consider a shadow period to be prudent.
<b>Castle Water</b>	Any shadow running should be unnecessary, unless we do not have the necessary confidence in the framework that we have developed! That would suggest that we may have the wrong framework and certainly should not have committed

	<p>so much time and money to implement a market performance framework in which we do not have the necessary confidence to switch on without first shadow running.</p> <p>Plus, this makes the basic error of failing to understand the market codes and seeing the performance framework as being the thing to which parties react. The codes, with any changes that prove necessary to introduce this market performance framework, will be effective. Shadow running makes no sense under that contractual structure.</p> <p>Perhaps a more pertinent question here might relate to how we move from the current market performance framework to a new one. That will need some serious consideration and planning to ensure that the sequencing is appropriately managed in rules, processes, systems, and reporting.</p>
<b>Dŵr Cymru (retail)</b>	No preference.
<b>Everflow</b>	As above, we would most certainly like to see a shadow period implemented.
<b>Pennon Water Services</b>	Yes
<b>SES Business Water</b>	This is important as is give time to understand and digest what the new look like and enable trading parties the ability to be ready for go live, whilst also removing the opportunity for any unexpected questions to be raised post go live.
<b>Water2business</b>	Shadow period
<b>Water Plus</b>	<p>Yes, we support the usage of a 'shadow' period to assess performance prior to the application of incentives and comparison externally. This approach enables Trading Parties to engage with the new structure and identify issues that may suggest poor performance when there is no failure, aswell as providing a clear opportunity to improve performance prior to any penalization.</p> <p>There are however many factors that must be considered throughout any such roll-out, as it is critical there is not duplication of Performance Assessment. It is important that any such 'shadow' period does not duplicate the operation of the existing MPF, leading to trading parties being simultaneously assessed against two different standards.</p>



<b>Wave Utilities</b>	A short shadow period would be beneficial to check understanding and develop new root cause analysis of any performance failures.
<b>Other</b>	
<b>CCW</b>	As stated in our answer to Q35, we do not want there to be any 'crossover' between the existing and revised MPF given the possible conflicts this could cause. Therefore, a 'shadow period' would be undesirable as the existing MPF would need to end, but the new framework's interventions would not apply until the conclusion of this period. This would therefore leave an incentivisation gap that could cause an unacceptable impact on customers if performance deteriorated. MOSL's extensive consultation with the industry means that trading parties know the key customer and market priorities, so it is vital the MPF is fully launched as soon as it is finalised.
<b>TEC</b>	Our preference is for no shadowing but rather a swift implementation and deployment of the new MPF.

### Q37: If so, how long do you think the shadow period should be?

Wholesalers	
<b>Affinity Water</b>	3 months
<b>Anglian Water</b>	12 months
<b>Dŵr Cymru</b>	We believe the shadow period should be for a minimum of 6 months data
<b>Portsmouth Water</b>	6-12 months.
<b>SES Water</b>	6 months.
<b>Severn Trent Water</b>	Given the outlines shown, we believe a 6-month period would make sense.
<b>South East Water</b>	6 months
<b>South Staffs Water</b>	6-12 months
<b>South West Water</b>	We recommend a year, similar to that of market opening, as a beneficial period.
<b>Southern Water</b>	12 months which aligns to the introduction of other service and experience metrics, such as C,D & BR-Mex.
<b>Thames Water</b>	Ideally this should last for a year, but if the final MPF does not contain measures that are likely to have significant cyclical or seasonal variation then a period of 6 months may be suitable.
<b>United Utilities</b>	3 months

<b>Wessex Water</b>	We recommend a period of at least 6 months. The MPF should not be subject to constant change and this period would allow for slight modifications. The changes to the MPF are quite considerable therefore a bedding in period is probably appropriate to manage the change switch over period.
<b>Yorkshire Water</b>	An absolute minimum shadow period of six months would be needed, with a preference for 12 months, depending on the size and depth of changes required.
<b>Retailers</b>	
<b>Business Stream</b>	Six months
<b>Castle Water</b>	Not applicable given our answer to Q36.
<b>Dŵr Cymru (retail)</b>	N/A
<b>Everflow</b>	As above, we suggest a shadow period of 12 months.
<b>Pennon W Services</b>	One year
<b>SES Business Water</b>	3 months
<b>Water2business</b>	12 months
<b>Water Plus</b>	We do not have any specific views as to how long any such shadow period should be maintained.
<b>Wave Utilities</b>	3 months

Other	
<b>CCW</b>	We do not believe there should be a shadow period for the reasons we provided in our answer to Q36.
<b>TEC</b>	N/A

**Q38: At its [workshop](#) on 18 August, Ofwat suggested for discussion that some of the MPF activities and metrics could be candidates for Business and Retailer Measure of experience (BR-Mex) interventions. Do you have any comments about these, including regarding how they may interface with, or work in relation to, the MPF?**

Wholesalers	
<b>Affinity Water</b>	<p>We want to make sure that we are not covering areas which are already being covered by other performance commitments, such as interruptions to supply in relation to unplanned event support.</p> <p>We are supportive of the inclusion of MPS activities being included within the BR-Mex measure.</p>
<b>Anglian Water</b>	<p>Throughout the document there appears to be cross over with BR-Mex and it is unclear at this stage how the MPF will provide consistency and compatibility with the Regulatory Regime.</p> <p>We also note weakness in RMEX, having now had this measure for several years. There appears to be mixed appetite from Retailers to engage. Approaches also appear inconsistent across Retailers.</p>
<b>Dŵr Cymru</b>	No comments
<b>Portsmouth Water</b>	<p>Provided there is no risk of double jeopardy, we see no issues with included some of the MPF activities and metrics as part of BR-MeX, however we would like our answer to Q17 to be strongly considered before any of the new MPF becomes part of BR-MeX.</p>

<b>SES Water</b>	We strongly believe it would be preferable to have MPF built in as it will give the full story of performance.
<b>Severn Trent Water</b>	We feel that it makes sense to incorporate some of the MPF metrics and activities within the BR-MeX measure as a more holistic view of wholesaler performance related to ODI's. As we have seen in the past, ODI's are an excellent way to motivate Wholesalers to deliver and this is a way of integrating the MPF and those ODI's. We feel that where this is the case, the only concern would be a "double jeopardy" situation in which the same performance was charged for or rewarded via both an MPF system and an ODI, but we're sure this can be sensibly avoided. We would like to see some of the core deliverables for wholesalers included in the BR-MeX calculation as a very visible way to represent NHH Market operations, and the impact good (or bad) performance can have on customers, within the wider Price Review and AMP system.
<b>South East Water</b>	We believe there is merit in including some quantitative measures within the BR-Mex to balance out the qualitative scoring. However, we are concerned about the possibility of "double jeopardy" between the penalty payments within the revised MPF, and those involved with BR-Mex. There is a similar risk with any compensatory payments to be made under the two performance frameworks.
<b>South Staffs Water</b>	<p>Whilst activities such as deferrals, long unreads and unplanned/planned events where key areas of activities wholesalers would like to be considered as part of the BRMEX survey, there needs to be consideration on how to implement these areas within the customer's survey as their views may vary at points.</p> <p>We would like to see how these activities can build the performance measure holistically.</p>
<b>South West Water</b>	There are certainly some activities that would fit in a BRMeX framework however we suggest that where there is duplication, an activity and/or tool should only be included in one (either MPF or BR-MeX, not both).
<b>Southern Water</b>	T105a – Already noted in the webinar MPF v BR-Mex intervention to avoid 'double jeopardy' and that if incorporated into BR-Mex then this is accounted for in the MPF.
<b>Thames Water</b>	We agree that some MPF metrics may be suitable for use within a new BR-MeX measure. It should be noted that the BR-MeX carries significant penalties and rewards (for Thames Water the impact of BR-MEX is likely to be in the range of +£3m to -£6m annually). Given this powerful incentive impact it is important that such metrics are limited to those with

	<p>the biggest impact on the market and NHH customers, that they are wholly within the control of wholesalers and that they are not subject to change. In addition in previous communication Ofwat and MOSL have indicated that they would ensure that there is no double jeopardy. While it is likely to make sense to include such performance metrics within MPF related monitoring and reporting it is vital that there is no doubling up on rewards and penalties.</p>
<p><b>United Utilities</b></p>	<p>Whilst it is important to monitor the KPIs - "Discretionary" Intervention tools are not required for any KPIs that are used to inform BR-MeX. The financial implications of BR-MeX will result in a trading party "self governance" approach i.e. the outcome based incentive will ensure that trading parties actively manage each component of BR-MeX. For D-MeX - there are multiple (Water UK) SLAs that companies are measured against - there is no intervention required regarding a company's performance against these individual SLAs. Managing performance and interventions against these measures would not be a good use of MOSL/MPC/TP time.</p>
<p><b>Wessex Water</b></p>	<p>There are current considerations being given in relation to unplanned events in CMeX.</p> <p>We see this area as a potential for BR-MeX but there is a dependency for Wholesalers in terms of keeping customers informed that Retailers provide the required contact data.</p> <p>We have mentioned in our reply one area where we believe responsibility sits with both Retailer and Wholesaler (time impacts) and believe there may be others that need to change in the proposals.</p> <p>We are very keen to introduce the customer voice and opinion where possible into the framework but until we agree any accountability questions it is difficult to make recommendations of what could be included in a survey of Wholesale service provision.</p>
<p><b>Yorkshire Water</b></p>	<p>In principle, Yorkshire Water would be happy with this overlap as it would unify the measures applied across the market. However, the overlapping of penalties for poor performance need to be considered, as duplicate penalties would be unfair for all trading parties. If this would not be possible to control, then the BR-MeX interventions should be kept entirely separate. We would prefer MOSL and Ofwat to clarify this as soon as possible.</p>

Retailers	
<b>Business Stream</b>	We are supportive of BR-MeX and for it to include MPF activities and metrics as part of the overall measure. We note some concerns regarding double jeopardy with tools in the MPF. However, we do not agree, especially if the financial tools are to be compensation-based in the reformed MPF. As an outcome delivery incentive, BR-MeX will directly impact the end customer whereas compensation payments, if introduced, will compensate retailers for wholesaler underperformance.
<b>Castle Water</b>	No comments currently.  This needs considerable work to consider and sensibly answer. It is not the sort of question to throw in at the end of a forty-question consultation and with no supporting documentation to assist the consultee!
<b>Clear Business Water</b>	We have no specific comments on the activities/metrics proposed for BR-MeX interventions at the workshop on 18 August (A.9, A.6 and A.7).  However, in addition to the above metrics, could the BR-MeX be used measure wholesaler performance for A.4 supporting customers during unplanned events, which does not currently have any assigned metrics?
<b>Dŵr Cymru (retail)</b>	Difficult to comment without knowing more about BR-Mex.
<b>Everflow</b>	Any duplication of effort between MPF activities and metrics and BR-Mex interventions should be avoided. If we must have them both, we might like to see BR-Mex focus on more qualitative assessments, to complement the quantitative assessment that the MPF provides.
<b>Pennon Water Services</b>	Not at this time but will consider as part of the BR-Mex work
<b>SES Business Water</b>	There should be no collaboration between other performance related surveys.

	The MPF is a measurement against key KPI's, running along side the BR-Mex affords the opportunity for results to be judged against anecdotal incidents as opposed to measurable data.
<b>Water2business</b>	Consideration should be given to how much detail of the activities/metrics should be included within BR-Mex as there is a real lack of understanding of the market from NHH customers. Including questions around these activities/metrics could cause confusion and additional (unnecessary) contact from customers and increased complaints.
<b>Water Plus</b>	We are supportive of Wholesaler MPF measures being included in BR-Mex, to help ensure Wholesaler performance is sufficiently incentivised, via inclusion in Wholesaler ODIs. We do not have any specific views on the mechanism for MPF measures to form part of BR-MeX..
<b>Wave Utilities</b>	The new MPF needs to ensure that sufficient incentives are in place to really drive a step change in Wholesaler performance in order to deliver for customers. It seems that BR-Mex has the potential to deliver that incentive more effectively than the MPF, given the focus that Wholesalers place on ODIs which are embedded into their businesses and the scale of the incentives. Therefore, potentially the Wholesaler activities (A6-A9) should form part of BR-Mex. The metrics for each would form an overall score which becomes part of the ODI. The incentive has to be of sufficient scale though to be effective. Part of the problem with the current MPF is that the incentives for Wholesalers are far too small to be effective.
<b>Other</b>	
<b>CCW</b>	Given how BR-MEX is currently intended to be based on business customers and retailers specific views of how well wholesalers are delivering services, this is different to how the MPF intends to measure how well wholesalers are performing key activities. It is important that customer and retailer views in this area are given full representation. We therefore believe that while the MPF and BR-MEX are both intended to incentivise improved performance, the differences between the two may warrant them remaining separate, which would also avoid any uncertainty and lack of clarity for wholesalers if the two were interfaced.
<b>TEC</b>	They should remain separate.



## Section H: Any other comments?

**Q39: If you have any other comments, please add them here.**

Wholesalers	
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	I do feel there are some areas of this MPF that are not properly considered and do not take in to account the variants that could apply to data items. We have detailed these in our answer to Q17. If these points are not considered, I am concerned that the new MPF will not be as successful as it could be in terms of improving end customer outcomes.
<b>SES Water</b>	It would be prudent to include in this discussion, a review of de-registrations and a cut-off point now we are over 6 years into the market split.
<b>Severn Trent Water</b>	None
<b>South East Water</b>	It would be helpful to understand if there would be an appeals process should a trading party want to challenge any intervention they received.
<b>South Staffs Water</b>	n/a
<b>South West Water</b>	We're satisfied that our comments are covered in the above sections.
<b>Thames Water</b>	N/A
<b>United Utilities</b>	We found the workshops helpful & believe trading party feedback has been taken into account from the previous consultation.

	The publications of individual papers has also been well received as this has allowed for focused reviews.
<b>Wessex Water</b>	<p>We are in overall support that the program is moving in the right direction to meeting the scope and objectives.</p> <p>We are looking forward to the design phase where a number of our thoughts and ideas will come into play.</p> <p>This phase will be a critical part to ensure that performance is accurately represented, fair and consistent and ultimately drives the right outcomes and behaviors for the prioritised activities.</p> <p>We are very keen to maximise the opportunities that the Bilaterals project has introduced. There has been a significant increase in the capture of data and as a market we need to capitalise on this opportunity to provide informed views and data driven decisions and interventions.</p>
<b>Retailers</b>	
<b>Business Stream</b>	N/A
<b>Castle Water</b>	We would kindly refer MOSL to Castle Water’s response to the second consultation, which we do not think has been adequately acknowledged, nor considered in the development of the thinking set out in the pre-reading for this third consultation. Many of our answers remain pertinent.
<b>Dŵr Cymru (retail)</b>	An observation is that aside from M37 there is very little direct customer feedback and most areas appear to be industry led (Activities, Metrics and Tools). Appreciating the acid test for retailers is new/lost customers and so revenue/profit.....will the penalties /incentives for wholesalers be reflective of similar risks.
<b>Everflow</b>	<p>We appreciate the quantitative nature of the overall framework, which provides a structured approach to assessing performance.</p> <p>We also acknowledge that wholesalers may not be as incentivised by competition as retailers and that there is a need for regulation in certain areas. However, we encourage the market to continue to focus on addressing these concerns. In our view, it is essential to pose and answer the following critical questions:</p>

	<p>Where is the market overly reliant on wholesalers, and how can this reliance be reduced or diversified to enhance competition and market dynamics?</p> <p>In what specific areas is competition being stifled, and what measures can be taken to foster a more competitive environment?</p> <p>While we recognise the efforts made by the proposed Market Performance Framework (MPF), we are not entirely convinced that it adequately addresses these questions or goes far enough in solving the associated issues.</p>
<b>Pennon Water Services</b>	None
<b>Water2business</b>	No
<b>Water Plus</b>	At this stage, we do not have any additional comments beyond those made throughout the questionnaire. We do expect, however, that we will have additional comments as the design phase provides further clarity and specification.
<b>Wave Utilities</b>	No
<b>Other</b>	
<b>CCW</b>	None.

### Q40: Would you like a call to discuss any of your comments in more detail?

Wholesalers	
<b>Affinity Water</b>	N
<b>Dŵr Cymru</b>	No
<b>Portsmouth Water</b>	No but we are happy to have a call with MOSL if further clarity or additional discussion on any of our answers would be beneficial.
<b>Severn Trent Water</b>	No.
<b>South East Water</b>	No
<b>South Staffs Water</b>	Yes
<b>South West Water</b>	N/a
<b>Southern Water</b>	No
<b>Thames Water</b>	Yes please
<b>United Utilities</b>	No thank you but we are happy to if needed.
<b>Wessex Water</b>	Happy for MOSL to contact on any of the comments submitted.

	We have provided examples to support our views throughout. We are happy to conduct a more thorough review of each of the metrics at a design level (how things are calculated, nuances in the data etc) if requested to do so or in advance of the design phase commencing.
<b>Retailers</b>	
<b>Business Stream</b>	I am happy to discuss our response if MOSL requires clarity or would like more detail.
<b>Castle Water</b>	Castle Water remains happy to discuss further and to work with other parties to develop the minimum necessary market performance framework, ideally as part of a material overhaul of our market codes.
<b>Everflow</b>	Yes.
<b>Pennon Water Services</b>	We are always happy to discuss our views with MOSL
<b>Sefton Council</b>	Not necessarily, but please get in touch if a discussion would help
<b>Water Plus</b>	If MOSL wish to discuss any aspect of our response in any greater detail, we would welcome further communication. That said, we do not believe there is any aspect of our response that requires immediate further discussion and will continue to share our perspective through representation on the Performance Advisory Group.
<b>Wave Utilities</b>	No