

# Market Performance Framework

*Consultation 5 webinar*

[Link to recording](#)

19 February 2025

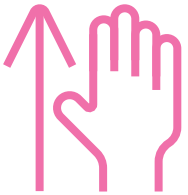
MOSL



# Housekeeping



1. Please mute your microphone



2. There will be time for questions at the end



3. Today's session will be recorded and shared

# Agenda

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Item	Presenter	Time
<b>MPF consultation recap</b>	<b>Evan</b>	<b>5 mins</b>
Consultation 5 introduction and documentation	Evan	10 mins
A closer look at <ul style="list-style-type: none"><li>- Performance standards</li><li>- Performance charges</li><li>- Performance charge cap</li></ul>	Oli/Janet	40 mins
Consultation timetable	Miles	5 mins
Responding to the consultation and next steps	Miles	5 mins
Questions	Miles	25 mins

**90 mins**

# Starting point: Consultation 4

Following Consultation 4, which presented proposals for the design of financial tools, it was:

Agreed to **take forward**:

- Performance standards
- Performance charges

Agreed **not to take forward**:

- Compensation payments

Agreed **to possibly revisit** in future MPF iterations:

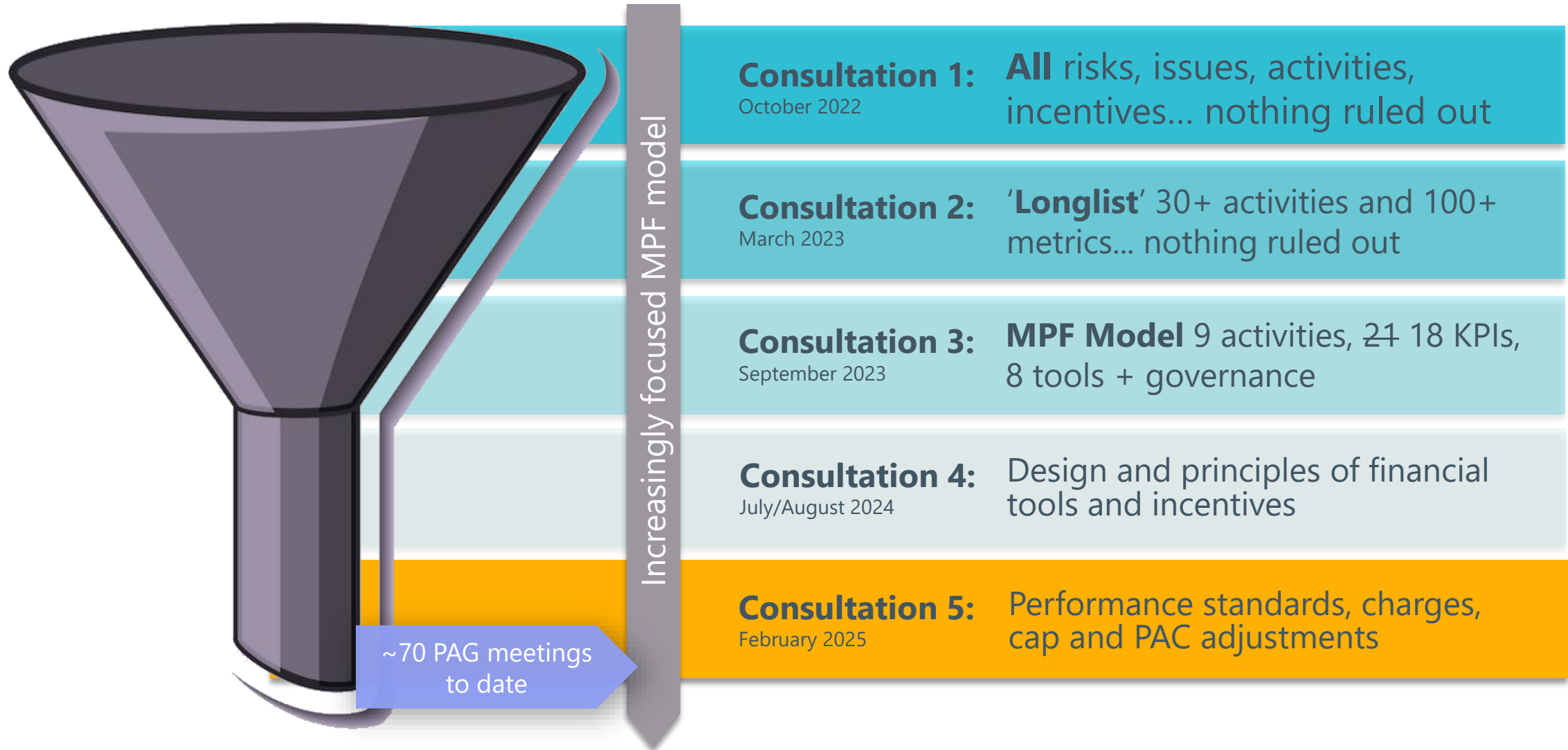
- Outperformance payments

To take **factors beyond TP control** into consideration:

- By having performance standards that are below 100% (except M04) and which can be adjusted by PAC
- Having separate standards and charges for:
  - Biannual/monthly meters
  - Internal/external meters



# Consultation overview



MPF 2.0

# Agenda

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# Consultation 5

- Focus remains on key success criteria, particularly impact on customers
- Seeking to agree proposals for Phase 1 KPIs:
  1. Performance standards
  2. Performance charges
- Plus:
  3. Overall performance cap
  4. PAC ability to adjust KPI performance standards +/- 5 percentage points annually



# Key points

- Proposals contained in Consultation 5 are subject to your feedback
- Outcome of consultation will represent the initial starting point for the reformed MPF
- Our analysis is based on current market performance
- Performance at a trading party level will be visible during shadow
- Standards can be refined by PAC in future to ensure they remain “stretching but achievable”
- Costs have been modelled at market level based on current performance for a representative sample of meters
- **Today is to help provide guidance to consultation – we are not looking for feedback on the proposals today**



# Data statement

## Consultation 5 uses anonymised February 2024 performance data for new KPIs

- For biannual KPIs, this equates to one 7-month lookback
- Data is for one performance month (and 20% of meters in the case of biannual M01 only) as the KPIs are still being tested and assured prior to shadow implementation

## The data is not predictive

- Data refers to a period where parties were assessed against different measures
- Assures that the proposals should not put the financial stability of the market at greater risk than historic MPS charging, even if performance does not change

## Final values to be confirmed after Consultation 5

- Feedback will help to determine final proposals to present to the Code Change Committee in July 2025, at which point there will be additional data from the first shadow period
- If this additional data suggests an urgent need to update any values prior to code change, this will be worked through in advance with the Performance Advisory Group.

The final proposals need to be based on what is best for customers and the market in general.

We recognise that trading parties may have their own performance data, and welcome any feedback based on that data that trading parties are willing to share.

# Phased delivery

## Phase 1: priority KPIs & BR-Mex

- **M01** - Cyclic meter reads performed within SLA (biannual/ monthly)
- **M02** - Proportion of smart meters read
- **M04** - Proportion of transfer meter reads performed/ submitted within SLA
- **M06** - Lateness of missing transfer meter reads
- **M09** - Proportion of transferred SPIDs with estimated reading
- **M12\*** - Proportion of premises address data accuracy
- **M15\*** - Average lateness of failed SLAs for bilateral Requests
- **M18\*** - Proportion of SLAs for bilateral requests completed on time
- **M19** - Cyclic non-market meter reads performed within SLA (biannual or monthly)

To go live: November 2025

## Phase 2: enhancement KPIs

- **M07** - Proportion of consumption from cyclic meter reads performed within the biannual or monthly Service Level Agreement
- **M08** - Proportion of consumption settled on actuals vs estimates for smart meters
- **M10** - No of Long Unread Meters with outstanding B5 or C1 bilateral
- **M11** - Proportion of complete and accurate customer name/banner name and Standard Industry Classification (SIC) code
- **M13** - Proportion of unassured long-term vacant (LTV) premises
- **M14** - Proportion of meters with credible GIS coordinates
- **M16** - Proportion of deferred ORIDs
- **M17** - Average length of deferrals per ORID
- **M20** - Proportion of consumption from cyclic non-market meter reads performed within the biannual or monthly SLA

To go live: April 2026

\*BR-Mex metrics – to go live in April 2025

# Phase 1 KPIs

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Consultation 5 covers proposals for six KPIs:

## Cyclic Meter Read KPIs

- **M01** - Cyclic meter reads performed within SLA (biannual/ monthly)
- **M02** - Proportion of smart meters read
- **M19** - Cyclic non-market meter reads performed within SLA (biannual or monthly)

## Transfer Meter Read KPIs

- **M04** - Proportion of transfer reads performed/submitted within SLA
- **M06** - Lateness of missing transfer meter reads
- **M09** - Proportion of transferred SPIDs with estimated reading

# Consultation 5 Documentation

- Consultation 5 is based on these documents
- All documents available at MOSL > MPF > Key Documents > Consultation 5



## Document 1

- Introduction
- Context
- Performance standards



## Document 2

- Summary of proposals for Cyclic Meter Reads M01, M02, M19



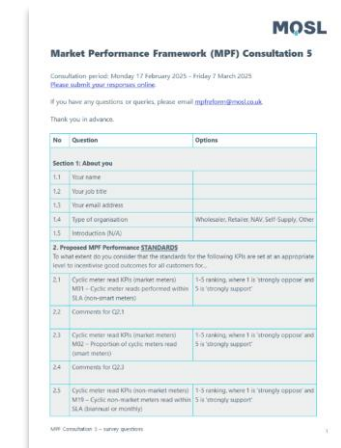
## Document 3

- Summary of proposals for Transfer Reads M04, M06, M09
- Cap



## Document 4

- Supplementary info/appendices for docs 2 & 3



- Word version of consultation questions (please submit online)

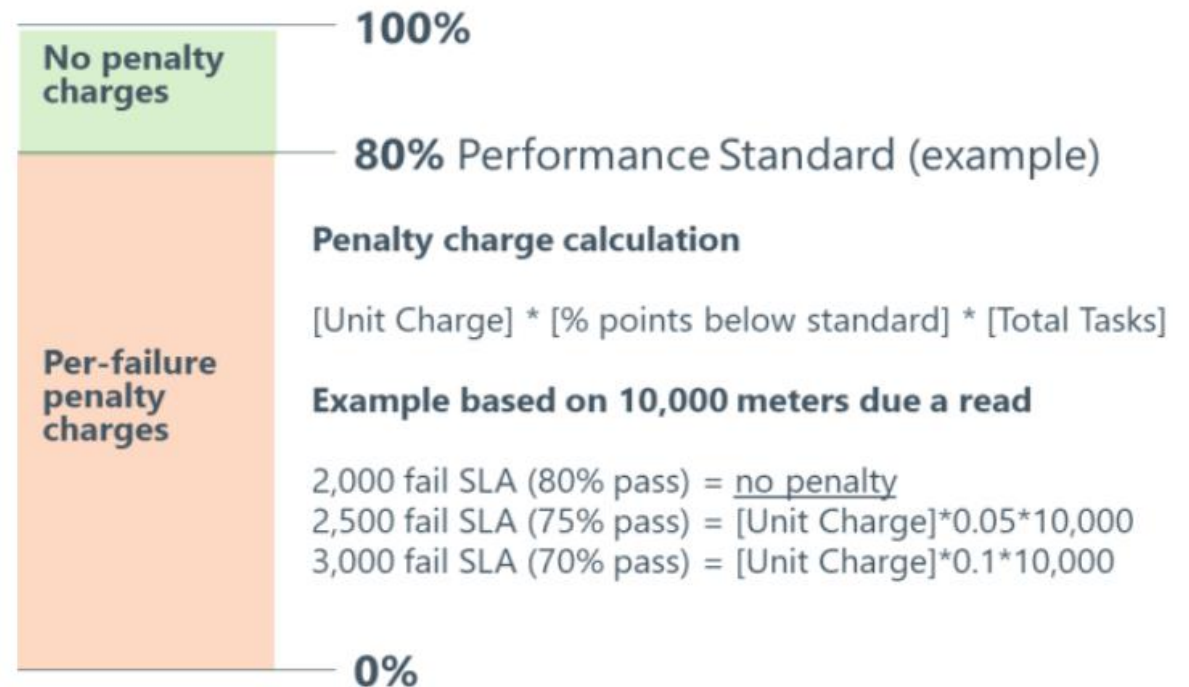
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		<b>90 mins</b>

# Performance standards overview

- Each Phase 1 metric except M06\* will have a % performance standard
- Consultation 5 proposes the standard at which each KPI will be set initially. The PAC can raise or lower standards within a = +/-5% tolerance per 12-month period.
- **Companies achieving this standard on average for a given KPI will not be charged**
- Performances below this standard will be charged on a per-failure basis
- Performances above the standard will be subject to peer comparison – helping encourage further improvement

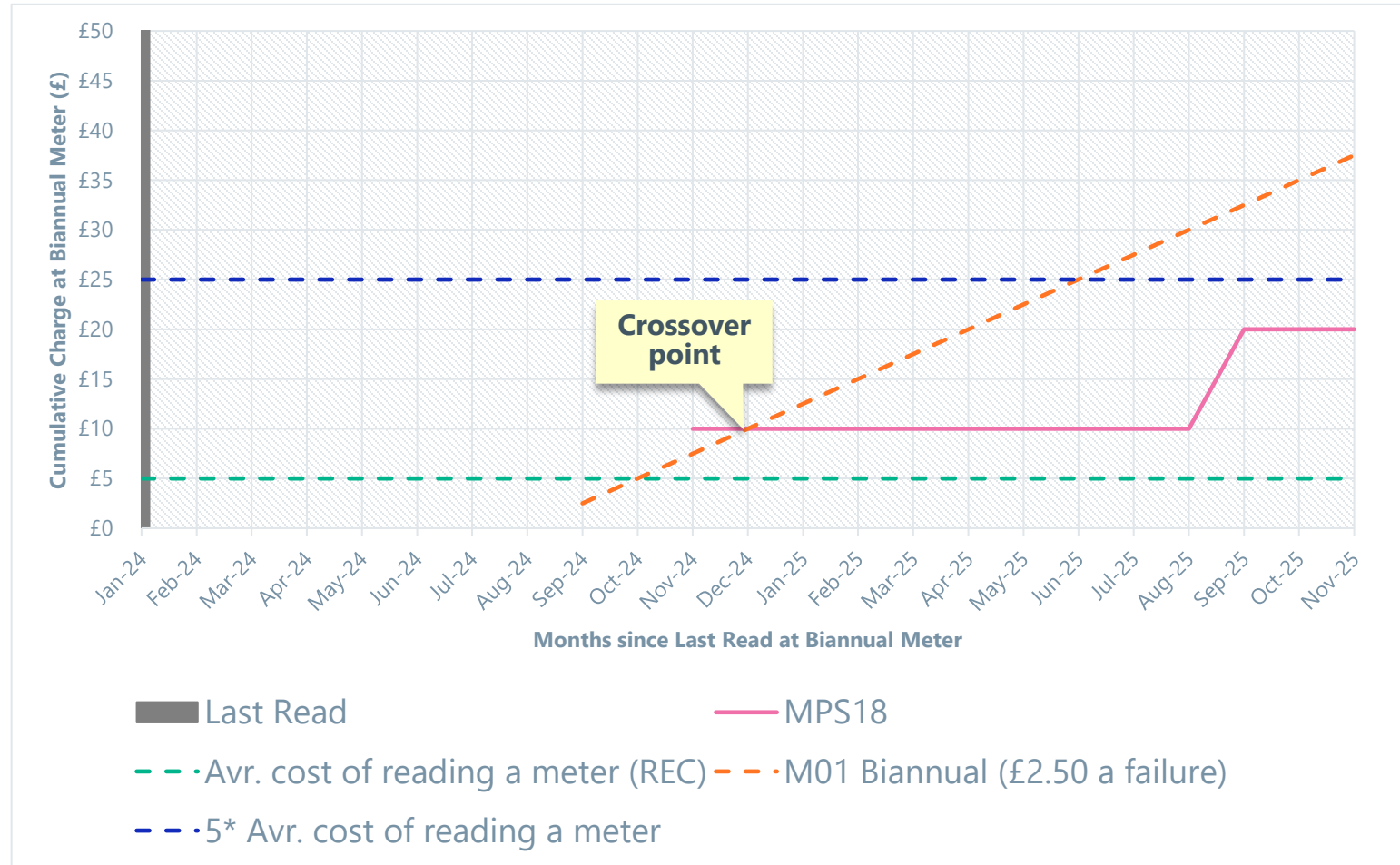


\* Lateness of missing transfer meter reads

# Performance charges overview

- Each Phase 1 metric will have an associated performance charge
- Consultation 5 proposes the level at which each charge will be set initially
- **Companies have window of opportunity to act before charges reach the same level as the current MPF**
- In most cases, charges begin lower than current MPF, incentivising companies to resolve more quickly and receive lower charge
- After this charges continue to be applied, increasing quicker than current MPF

Example – Biannual M01



# Performance charge cap

- Proposal to remove charge cap withdrawn following feedback to Consultation 4
- Analysis shows performance cap no longer having a material impact on the market and is not expected to under the proposals
- **Consultation 5 proposal therefore to maintain cap at its current level**
- Recommendation that PAC monitors suitability of cap through strategic performance review periods



# Overview of performance standards and charges: cyclic read KPIs

Theme	KPI	KPI variants	Unit Charge	Initial standard
Cyclic meter reads	M01 Cyclic meter reads performed within SLA (non-smart market meters)	Biannual Internal	£2.50	75%
		Biannual External	£2.50	85%
		Monthly Internal	£17.50	80%
		Monthly External	£17.50	85%
	M02 Proportion of smart meters read (smart market meters)	Biannual Internal	£2.50	96%
		Biannual External	£2.50	98%
		Monthly Internal	£17.50	86%
		Monthly External	£17.50	88%
	M19 Cyclic non-market meter reads performed within SLA	Biannual Internal	£17.50	90%
		Biannual External	£17.50	98%
		Monthly Internal	£17.50	90%
		Monthly External	£17.50	98%
		Biannual Internal smart	£17.50	90%
	Biannual External smart	£17.50	98%	
	Monthly Internal smart	£17.50	90%	
	Monthly External smart	£17.50	98%	

[Link to Consultation 5 document 2](#)

# Overview of performance standards and charges: transfer read KPIs

[Link to Consultation 5 document 3](#)

Theme	KPI	KPI variants	Unit Charge	Initial standard
<b>Transfer meter reads</b>	M04 Proportion of successful transfer meter reads	N/A	£5	100%
	M06 Lateness of missing transfer reads	N/A	£1	0 Business Days (BD) late
	M09 Proportion of actual (not estimated) transfer meter reads	N/A	£0	60%

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**90 mins**

# Post-consultation

Adopting a similar approach to Consultation 4:

March 2025						
M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April 2025						
M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

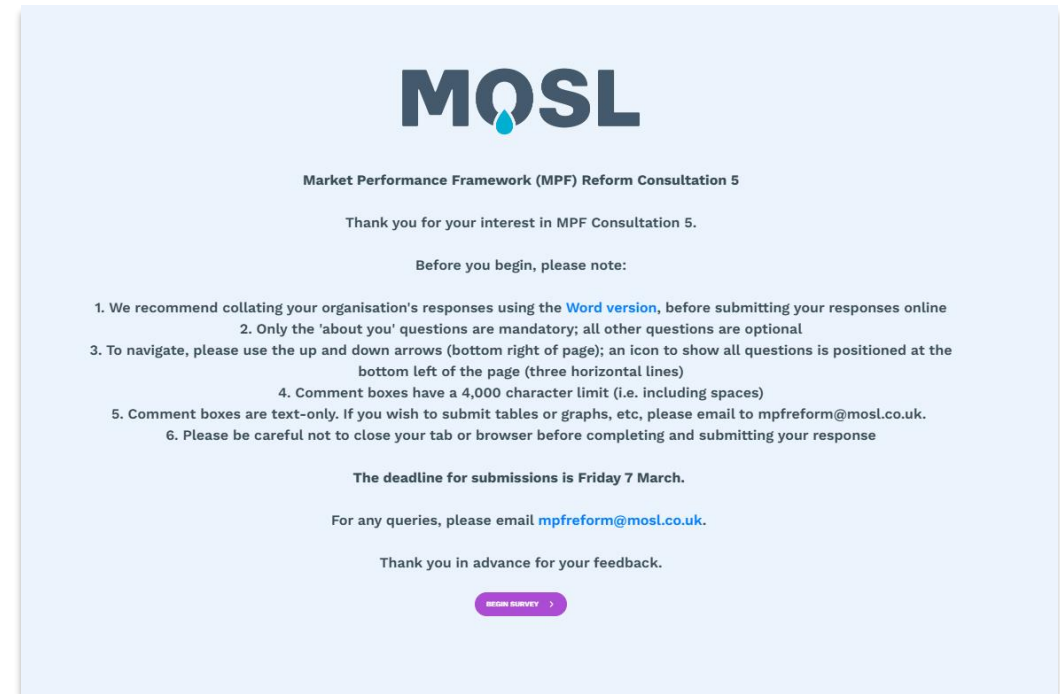
- Friday 7 March - Consultation closes
- Friday 14 March - Quantitative results
- Mon 10 – Mon 31 - Analysis

- Thursday 3 April - Qualitative feedback
- Thursday 17 April - Publish key themes
- Thursday 24 April - London event

# Responding to Consultation 5

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- Hard deadline Friday 7 March
- All main questions are optional
- We recommend using the Word template to collate response before pasting into online form
- Text boxes allow approx. 1,600 words
- All documents available at MOSL > MPF > Key documents > Consultation 5
- Links: [documents](#), [online survey](#)
- Queries: [mpfreform@mosl.co.uk](mailto:mpfreform@mosl.co.uk)
- **Contact us if you would like a one-to-one**



Links: [documents](#),  
[online survey](#)

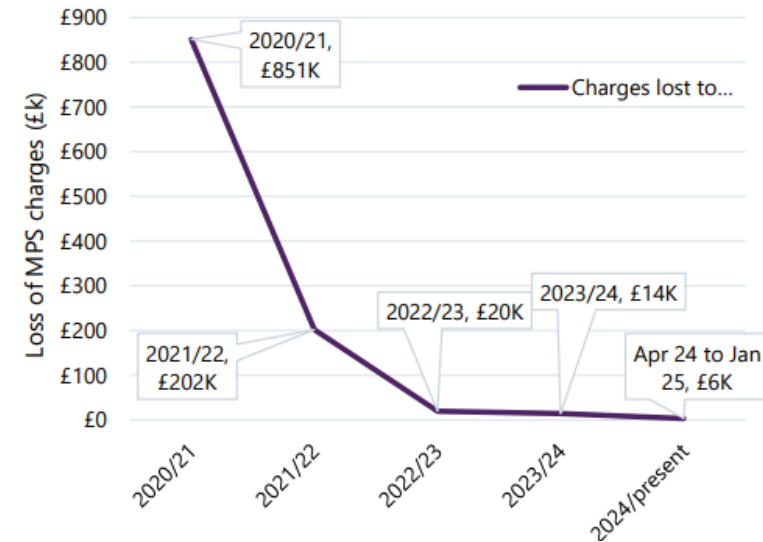
**MOSL**

**Questions?**

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Effect of current MPF performance charge 'cap'  
2020/21 - present



Retailer type	Modelled charge as a % of cap value (February 24)		% of parties whose charges		
	Average	Range	Reach the cap	Are 50% to 100% of cap	Are <50% of the cap
Large retailers (>50K SPIDs)	37%	3% to 83%	0%	29%	71%
Small Retailers (<50K SPIDs)	43%	3% to 106%	25%	17%	58%
Self-Supply and NAV Retailers	52%	2% to 668%	10%	5%	86%
Wholesalers	31%	0% to 127%	5%	11%	84%




# Expectation setting and feeding back




































- Please remember MPF Reform is not a 'MOSL programme'
- We want as many responses as possible
- We do not expect absolute consensus
- The 'bottom line' is the impact on the market and customers
- We will play back the key response themes at a face-to-face event in London on Thursday 24 April





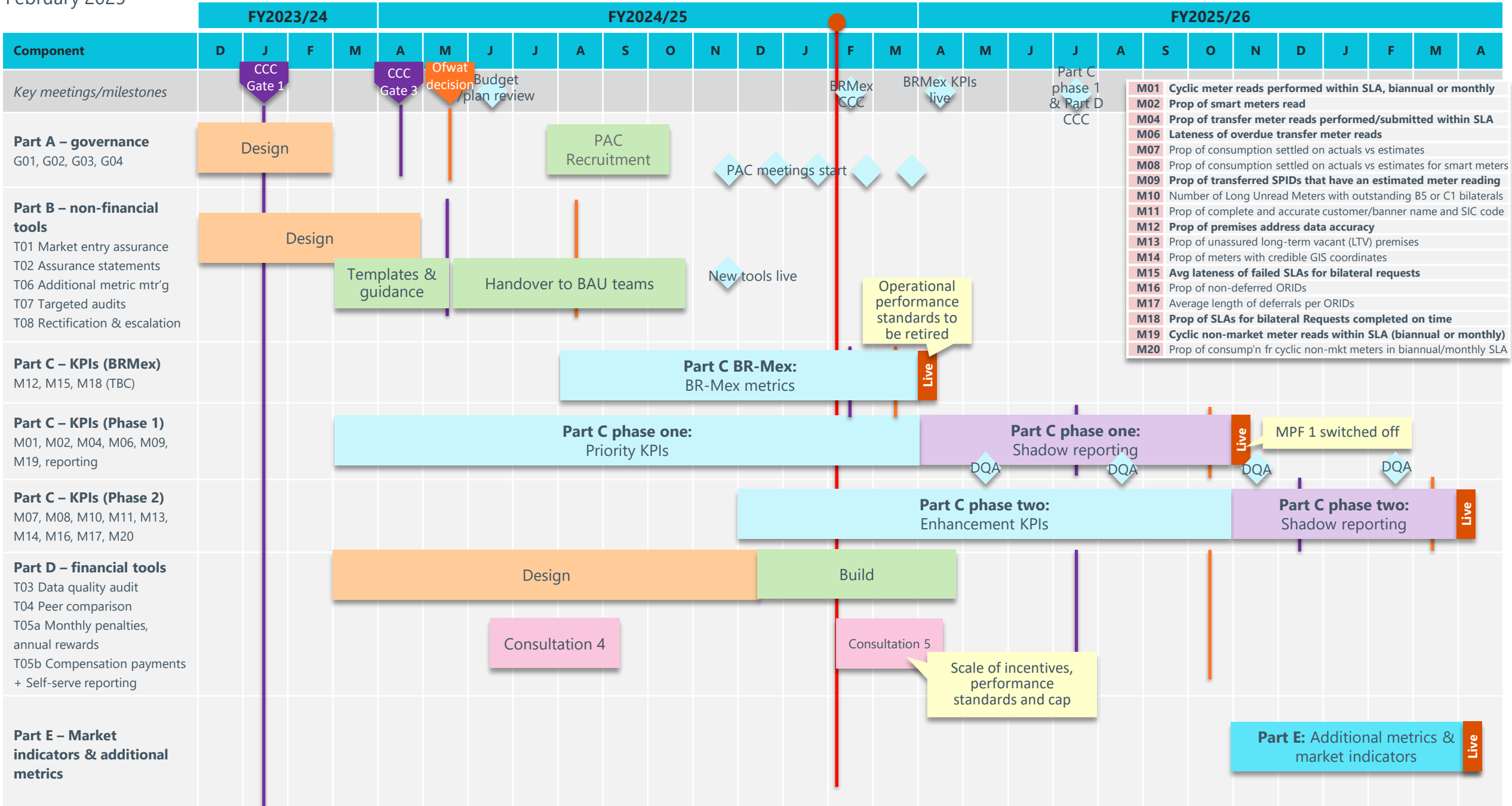
# MPF progress overview

-  Completed
-  In progress
-  At risk

Part	Deliverables	MOSL	PAG	CAG	Doc Issued	Web-inar	Pre-CCC	CCC	Build	Test	Ofwat	Implement
Part A	Governance								N/A	N/A		
Part B	Non-financial tools									N/A		
Part C	<b>BRMex</b>										Mar 25	April 25
	<b>Phase one:</b> Priority KPIs							July 25			Oct 25	Nov 25
	<b>Phase two:</b> Enhancement KPIs							Dec 25			Mar 25	April 26
Part D	Financial tools							July 25			Oct 25	Nov 25
Part E	Market indicators & additional metrics							N/A			N/A	April 26

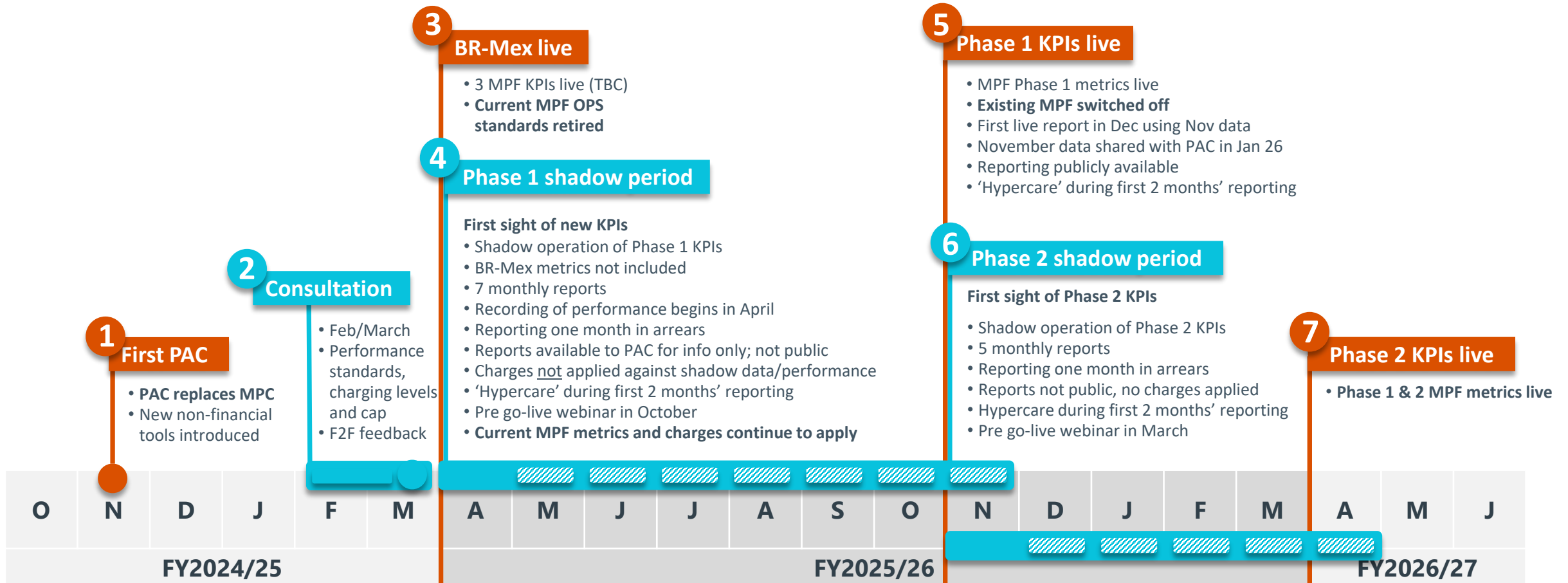
# Programme plan

February 2025



- M01 Cyclic meter reads performed within SLA, biannual or monthly
- M02 Prop of smart meters read
- M04 Prop of transfer meter reads performed/submitted within SLA
- M06 Lateness of overdue transfer meter reads
- M07 Prop of consumption settled on actuals vs estimates
- M08 Prop of consumption settled on actuals vs estimates for smart meters
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- M10 Number of Long Unread Meters with outstanding B5 or C1 bilaterals
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- M17 Average length of deferrals per ORIDs
- M18 Prop of SLAs for bilateral Requests completed on time
- M19 Cyclic non-market meter reads within SLA (biannual or monthly)
- M20 Prop of consump'n fr cyclic non-mkt meters in biannual/monthly SLA

# MPF delivery plan overview



Operational performance standards (OPS)

BR-Mex

Market performance standards (MPS)

New MPF