

Market Performance Framework (MPF) Reform Programme

M01 - Cyclic Meter Read metric

Outputs from 21 November 2024 webinar

1. Introduction

As part of the programme to reform the Market Performance Framework (MPF), MOSL is working with members of the Performance Advisory Group (PAG) to develop metrics for each of the nine activities the new MPF will monitor.

The proposed design of the M01 metric, which is for cyclic meter reads, was developed through a series of iterations with PAG in April, June and July, before being published in [summary form](#) in August.

Trading parties then had an opportunity to give their feedback as part of [Consultation 4](#), which ran from 8 July to 2 August 2024. A face-to-face meeting was held in September to discuss the key themes that were raised.

Following feedback on the design for M01, MOSL agreed to review the proposals and held a workshop with PAG members and other trading parties to ensure all concerns and their implications had been captured and fully understood.

Following further consideration, MOSL presented the design it would be taking forward – i.e. recommending to the Code Change Committee - at a [webinar on 21 November](#).

The webinar focused primarily on how MOSL proposed to handle five key concerns, i.e. whether they would be addressed within the MPF, outside the MPF, or not taken forward.

This document summarises MOSL’s approach to each of the five key themes and the additional themes raised by trading parties at the workshop.

1.1. Key feedback themes

#	From	Theme summary	Approach
1	PAG w/shop	Request for Retailer deferrals	Not taken forward
2	PAG w/shop	No central visibility of why meters can't be read	Address outside MPF
3	C4	Proposals do not sufficiently account for factors outside parties' control	Address within MPF
4	PAG w/shop	Not enough time for Retailers to take rectification action when a meter cannot be read	Address within MPF
5	C4	Increase in erroneous/spurious bilateral requests	Not taken forward

Theme 1: Request for Retailer deferrals

Trading party feedback:

- Request for mechanism allowing Retailers to highlight when a meter read cannot be taken for reasons outside their control
- The solution would remove the highlighted meters from performance monitoring and charging for a set period until the meter can be read again
- Parties identified an inconsistency in the Market Codes whereby Wholesalers can defer bilateral requests, delaying charges, but the same mechanism does not exist for Retailers
- There were multiple suggestions for how the proposed MPF might incorporate this mechanism, one of which was a technical solution that would look to incorporate skip codes into CMOS and use them to initiate a deferral; another was a non-technical solution that would allow parties to 'self-assure' by submitting a list of meters that could not be accessed

MOSL's proposal

- **'Not taken forward'**, i.e. no proposed adjustments to the existing model
- Not to include a Retailer deferral mechanism in the MPF

Reason for decision:

- If at any point a deferral mechanism was used incorrectly, this would result in worse outcomes for the customer
- As per the rationale to other feedback themes, MOSL's view is that the reformed MPF will look to introduce a more transparent view of which meters are being read across the Market. The MPF will not, however, look to address the reasons why a meter read cannot be taken
- Any deferral solution would likely require additional audit activity, which would add additional cost and complexity
- Any technical solution will be much more costly to implement than the proposed model
- We believe that the performance standard within the proposed model recognises a proportion of meters that cannot be read and acts as a simpler and more cost-effective solution
- It is noted that members of the RWG developed and published a list of [standard skip codes and recommended process](#).

Theme 2: No central visibility of why meters can't be read

Trading party feedback:

- There is currently no central view of data capturing why meters can't be read
- This means that Performance Assurance Committee (PAC) can't take mitigating factors into account when assessing Retailers' meter reading performance
- Having access to this information would allow Retailers to identify which meters are harder to read and address these issues more widely
- The lack of data also prevents potential other solutions from being considered as they are uninformed

MOSL's proposal

- Address **outside** the MPF Reform programme
- We propose to explore a potential code change that to introduce a central data solution outside of the MPF reform
- This work has already begun and a request for information was shared with trading parties in November

Reason for decision:

- We agree that having this data stored centrally would lead to better customer outcomes and help inform improvements across the market
- Having this data stored centrally may also lead to an improvement in company performance
- While we recognise this issue and the potential benefits, it cannot be resolved within the scope or timeline of the MPF Reform programme
- The Marke Codes do not currently require reasons why meters are not read to be captured

Theme 3: Proposals do not sufficiently account for factors outside trading parties' control

Trading party feedback:

- Under the proposed MPF model, a Retailer could make every effort to read a meter, but still be penalised if the meter cannot be accessed
- If charges were increased under the new MPF, this would not increase performance and would only increase the charges on Retailers, which would then be passed onto customers
- Some meters are harder to read than others and this is not accounted for in the proposal (e.g. internal, vacant properties and regional differences)
- Different standards should be considered for monthly and biannual meters

MOSL's proposal

- Address **within** MPF Reform programme

- At Consultation 4 we confirmed that the MPF cannot take account of all regional variations
- However, we are adjusting the proposed model to include different performance standards for:
 - Monthly and biannual
 - Internal and external meters
 - Smart meters
- The model includes a performance standard that will be set below 100% (% to be agreed at Consultation 5) to recognise meters that cannot be read
- The proposed model will also include the same performance exemption for bilateral requests as was introduced by the interim improvements to the MPF [CPW144](#)

Reason for decision:

- Regional differences are too complex to implement. Many customers operate nationwide
- However, introducing separate metrics and performance standards acknowledges where some meters are more difficult to read
- The proposed model introduces a tolerance, accepting that there will be a proportion of meters that cannot be read and therefore parties will not be charged
- Retailers can receive an exemption from charges/performance for meters that cannot be read, while the following bilateral transactions are outstanding with the Wholesaler: C1 (meter verification), B5 (repair/replace faulty meter, performed by the Wholesaler) or C5 (deregistration of supply point)
- While the reformed MPF cannot take account of all regional variations, this solution provides a simple, market-wide approach that recognises not all meters can be read

Theme 4: Not enough time for Retailer to take rectification action when a meter cannot be read

Trading party feedback:

- Where a meter reading cannot be taken, a follow up action is usually required
- The current process does not offer any break from charges while rectification work is carried out
- Despite knowing a meter cannot be read, Retailers are nevertheless required to attempt a read and incur the cost of doing so

MOSL's proposal

- Address **within** MPF Reform programme

- To move forward with the existing proposal
- The proposed model considers a seven month 'lookback' period for a biannual meter, giving trading parties an extra month to address issues preventing a read
- The model will also look at a charging mechanism that would cost trading parties less if a meter reading is taken within a shorter period, but cost more the longer a meter is unread

- The proposed performance standard for M01 will be below 100% to recognise meter read failures. Parties meeting or exceeding this standard will not be charged for any unread meters
- Nb: a mechanism is already in place that allows an exemption from performance monitoring or charges where a bilateral request is raised against a meter.

Reason for decision:

- We recognise that not all meters can be read, and that rectification action might need to be taken to maintain a meter reading
- The rectification action that may need to be carried out may involve: raising a bilateral request, speaking to the customer/carrying out further investigation, or working to de-register supply point(s) as necessary
- We believe that there are sufficient tools within the proposed model to account for these situations
- We acknowledge this does not address the costs Retailers incur from attempting to read meters where a known issue exists, but disincentivising the obligation to read meters presents a risk to the customer

Theme 5: May increase instances of erroneous/spurious bilateral requests

Trading party feedback:

- Both the current and proposed model include an exemption from performance monitoring and charges where a bilateral request has been raised
- There are different views on the impact adjusting incentives may have on the number of bilateral requests that are raised
- While some Trading Parties suggest they may need to significantly increase the number of bilateral requests to offset the reputational damage this may have, others do not expect this to be the case and suggest that it will be down to Retailers' individual processes
- Some of this risk was related to a lack of information around the proposed charging model and an increased reputational incentive under the new MPF

MOSL's proposal

- **'Not taken forward'**, i.e. no proposed adjustments to the existing model

Reason for decision:

- From discussions with trading parties, we have had mixed views on whether the number of bilateral requests is likely to increase
- An increase in the number of bilateral requests can represent a positive change and an increase in the number of issues being addressed
- The performance exemption where a bilateral request is open was introduced to recognise where the accountability shifts from Retailer to Wholesaler, appropriate investigation should still be carried out as to whether a request should be raised
- Any increase in erroneous bilateral requests, represents an incorrect process by a Retailer as well as a potential non-compliance that would be reviewed

1.2. Other themes

In addition to the five themes identified above (Section 1.1), this section outlines 11 further themes from the PAG workshop and webinar, and MOSL’s proposed approach to each.

A summary of each theme is provided in the table below. Each theme is outlined in more detail from page 7 onwards.

Summary of themes

#	Theme	Approach
6	Lack of guidance regarding the processes that should be followed when a meter can't be read	Address outside MPF
7	Need for all site data to be captured, not just 'skip' codes	Address outside MPF
8	Problems related to gaining reads from vacant properties with internal meters	Address within MPF
9	The introduction of minimum performance standards may not reflect Retailers' true effort, risking reputational damage from perception that a proportion of meters are not being attempted.	Not taken forward
10	Need to monitor and determine a process for what happens when a bilateral request is not resolved successfully	Address outside MPF
11	Regional differences can cause variances in performance	Address within MPF
12	Bilateral requests are being rejected because of a lack of customer details at a vacant property	Not taken forward
13	Monthly and biannually read meters may need different performance standards	Address within MPF
14	If a meter can never be accessed, then the Retailer should not be charged for not being able to read the meter	Not taken forward
15	The proposed approach does not consider customer access issues (e.g. refused access)	Not taken forward
16	For issues where Retailers and Wholesalers are unable to gain access to a meter, there are increasing costs on both sides in attempting to resolve the issue	Not taken forward
17	The proposal does not consider variances in the speed of the smart meter rollout	Address within MPF

Theme 6: Lack of guidance regarding the processes that should be followed when a meter can't be read

Trading party feedback:

- This theme was raised by parties during the workshop held with PAG when expanding on Theme 2
- Parties highlighted challenges in the lack of consistent process and guidance in cases where a meter read cannot be taken

MOSL's proposal

- Address **outside** the MPF Reform programme

Reason for decision:

- As per Theme 1, MOSL's view is that the reformed MPF will look to introduce a more transparent view of which meters are being read across the market. It will not, however, look to address the reasons why a meter read cannot be taken within the MPF.
- As per the solution proposed for Theme 2, MOSL is proceeding with a code change that looks to identify the reasons why meters cannot be read and potentially capture this within a central database
- Once more information is understood about why meters cannot be read, there may be more scope for additional solutions that can address these issues

Theme 7: Need for all site data to be captured, not just 'skip' codes

Trading party feedback:

- This point was raised by parties during the workshop held with the PAG when expanding on Theme 2
- Several parties suggested that having greater visibility of reasons why a meter reading is not taken successfully (i.e. 'skipped') would be a benefit.
- Some parties suggested that the requirement would not stop at skip codes, but that all site data should be captured, including where a Wholesaler may have visited a property.

MOSL's proposal

- Address **outside** the MPF Reform programme

Reason for decision:

- Similarly to Theme 6, we believe that this theme will be tackled under the code change solution that is being proposed for Theme 2
- As MOSL works with parties to progress the code change and introduce a solution to capture why meters can't be read, the level of data that should be captured will be considered in the design
- It is noted that members of the RWG developed and published a list of [standard skip codes and recommended process](#).

Theme 8: Problems related to gaining reads from vacant properties with internal meters

Trading party feedback:

- At multiple stages of the design for M01 cyclic meter read metrics parties have emphasised the difficulty of reading different meter types
- Parties have identified both vacant properties and internal meters as instances where a meter read may be difficult to obtain
- The most challenging cases are when a property is both vacant and the meter is located internally.

MOSL's proposal

- Address **within** MPF Reform programme

Reason for decision:

- We believe the proposed model goes some way to acknowledging and addressing the challenges raised
- The proposed model will contain separate performance standards that recognise a different level of expected performance for internal and external meters
- The performance standards will introduce a solution where a party will not be charged at all if the standard is met
- Vacancy will also be factored into the proposed performance standards and the expected performance level

Theme 9: The introduction of minimum performance standards may not reflect Retailers' true effort, risking reputational damage from perception that a proportion of meters are not being attempted.

Trading party feedback:

- The proposed model is likely to result in a perceived reduction in the overall reported level of performance across the market compared to the current MPF for some trading parties
- Some trading parties raised concerns that this change will cause reputational damage among stakeholders and customers
- Parties have also highlighted that the proposed approach doesn't accurately reflect the effort of the Retailer in trying to read a meter, as it will only show a performance failure

MOSL's proposal

- **'Not taken forward'**, i.e. no proposed adjustments to the existing model

Reason for decision:

- One of the key success criteria for the programme is to ensure a consistent, transparent and proportionate approach to performance reporting
- We believe that the new framework will introduce a simpler, more accurate view of how many meters are being read, which is relatively difficult to determine under the current framework
- We recognise that there will be a change in the overall levels of performance across the market under the new framework
- In our implementation plan for the new MPF, we are keen to communicate and explain how and why performance has changed to all external stakeholders, including the Performance Assurance Committee (PAC) and customers

Theme 10: Need to monitor and determine a process for what happens when a bilateral request is not resolved successfully

Trading party feedback:

- Parties suggested that in some instances where a meter read cannot be taken, a bilateral request is raised in the Bilateral Hub, but then the Wholesaler is not able to resolve the request
- In those instances, parties have suggested there are cases that may go unresolved for long periods of time where the customer would not have a meter read taken

MOSL's proposal

- Address **outside** the MPF Reform programme

Reason for decision:

- As per Theme 1, MOSL's view is that the reformed MPF will look to introduce a more transparent view of which meters are being read across the Market, the MPF will not look to address the reasons why a meter read cannot be taken
- We trust that Retailers and Wholesalers can work together to identify and resolve issues where a meter read cannot be taken
- As per Theme 2, MOSL will be progressing a code change to capture skip codes or reasons why a meter cannot be read centrally, which may lead to further solutions in the future

Theme 11: Regional differences can cause variances in performance

Trading party feedback:

- This is something that was raised multiple times throughout the design process, at Consultation 4 and at the workshop with the PAG
- Parties raised that some areas have different levels of vacancy as well as a higher proportion of meters that are located internally, meaning that performance would be lower

MOSL's proposal

- Address **within** MPF Reform programme

Reason for decision:

- In the feedback summary for Consultation 4, MOSL and parties acknowledged the differences in performance that may occur across different regions, but agreed that introducing a framework that looked at setting different performance standards regionally would be too complex
- However, since Consultation 4 MOSL has introduced different performance standards into the model that will be different for internal/external meters, as well as metric that will look specifically at smart meters, separating them from the M01 (cyclic meter read) metric
- We believe that separating these meters into different performance standards will address many of the concerns raised by trading parties regarding regional factors and variations that can affect meter reading performance.

Theme 12: Bilateral requests are being rejected because of a lack of customer details at a vacant property

Trading party feedback:

- During the workshop with the PAG, some parties highlighted an issue where a bilateral request may be rejected due to a lack of customer details, even if the property is vacant
- This would then lead to a circular process with the Wholesaler in attempting to get a meter read.

MOSL's proposal

- **'Not taken forward'**, i.e. no proposed adjustments to the existing model

Reason for decision:

- As per Theme 1, MOSL's view is that the reformed MPF will look to introduce a more transparent view of which meters are being read across the Market. The MPF will not, however, look to address the reasons why a meter read cannot be taken
- The MPF will not be able to address all issues and will require trading parties to continue to work together cooperatively via the Bilaterals Hub.

Theme 13: Monthly and biannually read meters may need different performance standards

Trading party feedback:

- During Consultation 4, trading parties suggested that MOSL considers different performance standards for monthly and biannually read meters

MOSL's proposal

- Address **within** MPF Reform programme

Reason for decision:

- This is something that has been considered in the design for M01 (cyclic meter reads) and will be implemented in the new MPF

Theme 14: If a meter can never be accessed, then the Retailer should not be charged for not being able to read the meter

Trading party feedback:

- During the workshop with the PAG, some parties expressed the view that the MPF should not charge Retailers for being unable to read a meter if the property cannot be accessed at all by the Retailer or the Wholesaler, i.e. incur the cost of visiting a customer's property, knowing that it cannot be accessed.

MOSL's proposal

- **'Not taken forward'**, i.e. no proposed adjustments to the existing model

Reason for decision:

- We recognise that there will always be some meters that are harder to read or locate than others
- Taking the different regional factors into account when designing the M01 metric is not practicable and would lead to a considerable increase in complexity (and cost) and make it harder to report on a like-for-like basis
- MOSL therefore proposes to take a consistent, market-wide approach to recognise meters that cannot be read by setting a minimum overall performance standard (e.g. 80%) (see Theme 9). Trading parties will not be charged for any unread meters if they have met the minimum overall performance standard for the relevant metric
- While the proposed model includes this recognition for meters that cannot be read, the MPF should still incentivise appropriate action to be taken by the Wholesaler and Retailer to identify, locate, replace or de-register a meter.

Theme 15: The proposed approach does not consider customer access issues (e.g. refused access)

Trading party feedback:

- When discussing Theme 3 with the PAG (i.e. considering factors outside trading parties' control), one party raised an example of a situation where a Retailer attempts to read the meter but the customer refuses access
- The example was used as a scenario that was not accounted for in the new MPF
- It was also mentioned under this theme that these issues would not be resolved by a bilateral request either as the Wholesaler would not be able to gain access.

MOSL's proposal

- **'Not taken forward'**, i.e. no proposed adjustments to the existing model

Reason for decision:

- As per Theme 6, the new MPF will look to introduce greater clarity around how many meters are being read, it does not look to address the reasons why meters can't be read
- It is important that any issues that relate to the relationship with the customer are addressed by the Retailer and continue to be incentivised under the new MPF
- Additionally, the new MPF will introduce performance standards that allow for a proportion of meters that are unread.

Theme 16: For issues where Retailers and Wholesalers are unable to gain access to a meter, there are increasing costs on both sides in attempting to resolve the issue

Trading party feedback:

- This theme came from a discussion involving multiple other themes (i.e. 3, 4 & 14) during the workshop session with the PAG
- Parties raised concerns about cases that cannot be resolved by either the Wholesaler or the Retailer, causing an increase in costs for both parties, on top of performance charges

MOSL's proposal

- **'Not taken forward'**, i.e. no proposed adjustments to the existing model

Reason for decision:

- As per Theme 14, we recognise that there will always be some meters that are harder to read or locate than others
- Within the proposed model, a party will not be charged if they have met the minimum performance standard for the relevant metric, allowing a tolerance for some meters where read cannot be taken
- Whilst the proposed model includes this acknowledgement for meters that cannot be read, the MPF should still incentivise appropriate action to be taken by the Wholesaler and Retailer to identify, locate, replace or de-register a meter.

Theme 17: The proposal does not consider variances in the speed of the smart meter rollout

Trading party feedback:

- Parties raised feedback on the proposed model during the workshop session with the PAG, suggesting that the model does not consider the speed of the smart meter rollout across different regions
- Given their nature, the success rate for reading smart meters is significantly higher than traditional (non-smart) meters, and this should be considered in the new MPF

MOSL's proposal

- Address **within** MPF Reform programme

Reason for decision:

- We recognise the challenge raised by parties and have adjusted the design of the proposed model to acknowledge different performance standards for different meter types
- In the proposed model, there are different performance standards for cyclic meter reading that separate:
 - Internal and external meters
 - Monthly and biannually read meters
 - Smart and non-Smart Meters (under M02 – proportion of smart meters read)
- We believe that this separation addresses the challenge raised regarding the smart meter rollout but also acknowledges other challenges raised around regional differences.

END