

Market Performance Framework

Performance Advisory Group – PAG04

Pre-read :

- Activities that support market outcomes

Non – PAG members are welcome to comment via mpfreform@mosl.co.uk

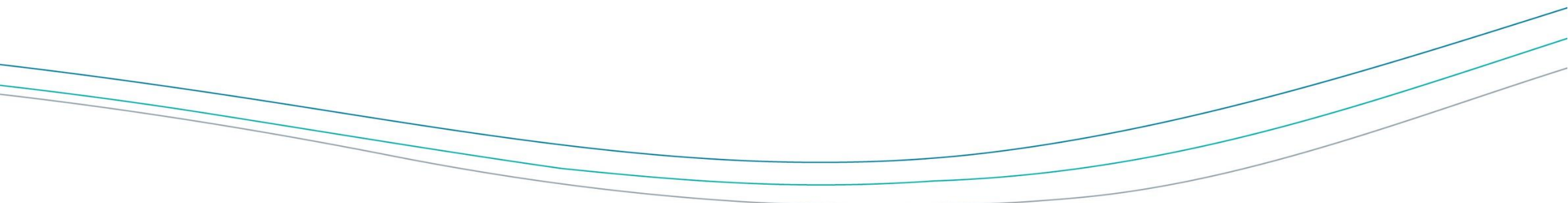
26 July 2022

PAG04 - Activities that support market outcomes

- ◆ At PAG 04 we will revisit the steps of the programme to clarify the process and discuss request for workshop and content
- ◆ We recognise covering Activities and Activities and Risk Alignment in pre-reading and the session itself was perhaps too ambitious
- ◆ At this stage our aim is to identify the list of Activities (to drive successful outcomes in the market including those within and outside of a MPF, “full universe”) that could **potentially** be in a MPF. It does not mean all Activities will be part of the MPF
- ◆ Key risk at this point is missing Activities e.g. if we failed to include meter reading the MPF would not cater for this
- ◆ We are seeking your feedback in advance on any **major omissions** from the list of Activities, as modified for feedback from PAG 03

Feedback from PAG Members

Feedback is requested via email in advance by close of business on Friday 29 July – with focus on:

- Any **major** omissions identified in activities
 - With a view to **Endorse** in PAG 04 (3 August), subject to any material changes being made based on PAG feedback
 - Note: The list of Activities is as modified for feedback from PAG03 (see slide 4 for details)
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Activities that support market outcomes – reminder of changes made from PAG 03

Activities:

- Removed CV.14, identified as erroneous duplicate of CV.16, Market Participants work collaboratively to ensure vacancy classification is accurate
- CV.5 Removed “Incumbent” from Activity name to read “Suppliers make customers aware of their ability to switch

Objectives:

- Objective for CV.1, CV.2 and CV.3, “Improved switching process efficiency & Improving data quality and transparency in the market” been split in two. CV.1 “Retailers to handover good quality timely customer data on customer switching” allocated to “Improved switching process efficiency” and CV.2 and CV.3 allocated to “Improving data quality and transparency in the market”
- Objective for GS.5 to GS.7 and GS.9 incorrectly stated as “Wholesalers better reflect the needs and requirements of their NHH customers in the provision of NHH services” been corrected to “Improved wholesaler performance on NHH services”

Activities that support market outcomes - content being shared for review

- ◆ **Next slides set out the list of activities to be reviewed for feedback**
- ◆ Identifies activities at this point in time that could potentially be addressed through MPF – this does not mean that ultimately it has to be. It also does not mean that the activities are set in perpetuity. They could change over time
- ◆ In compiling the activities, we have identified some that are more about behaviour we aspire to see, rather than market activities to be completed. These have been flagged on the summary
- ◆ Activity references used are linked to the primary related market outcome
 - ◆ CV - Value Creation
 - ◆ GS - Customer Service Excellence
 - ◆ UWE - Water Efficiency is Core

Activities that support market outcomes - purpose of PAG 04 review - reminder

Feedback is requested via email in advance by close of business on Friday 29 July – with focus on:

- Any **major** omissions identified in activities
- With a view to **Endorse** in PAG 04 (3 August), subject to any material changes being made based on PAG feedback
- Endorsement will enable it to be used in MPF Reform Programme

Activities that support market outcomes

Market activities linked to risks and outcomes - Value Creation (1 of 8)

REF	Activities and Behaviours	Behaviour	Rationale	Panel Strategic Outcomes	Outcomes	Objectives
CV.1	Retailers to handover good quality timely customer data on customer switching		A customer's former retailer needs to provide good quality data to the new retailer so that systems can be updated smoothly and efficiently	Value Creation	Quality Services	Improved switching process efficiency
CV.2	Retailers to make sure that CMOS is regularly updated with good quality customer & consumption data (Duplicate - UWE.2)		Retailers providing good quality customer and consumption data to CMOS will both improve overall market data quality but will also help facilitate smoother switching as it will be used by retailers to update their own systems with new customer data	Value Creation	Quality Services	Improving data quality and transparency in the market
CV.3	Wholesaler to make sure that CMOS is regularly updated with good quality asset and premises data (Duplicate - UWE.3)		Wholesalers providing good quality asset and premises data to CMOS will both improve overall market data quality but will also help facilitate smoother switching as it will be used by retailers to update their own systems with new customer data, including meter location	Value Creation	Quality Services	Improving data quality and transparency in the market
CV.4	Retailers to provide product details and prices clearly to customers		Increasing customer awareness of services and prices requires retailers to provide this information in an easily accessible and understandable way (e.g. key details clearly signposted on retailer websites)	Value Creation	Efficient Prices	Improved customer awareness of retailer offerings & Customers are able to engage with the market
CV.5	Suppliers make customers aware of their ability to switch		Suppliers (e.g. retailers and TPIs) should clearly signpost information about switching on their websites and other customer-facing areas so that customers understand their options and resultant processes	Value Creation	Efficient Prices	Improved customer awareness of retailer offerings & Customers are able to engage with the market
CV.6	Retailers to provide sufficient level of actual meter reads to ensure accurate consumption data (giving accurate settlement and customer billing)		Settlements processes require accurate usage data, which is driven by a sufficient level of meter reads provided via retailers.	Value Creation	Creating Value	Improve the efficiency of query, resolution and settlement process between wholesalers and retailers

Market activities linked to risks and outcomes – Value Creation (2 of 8)

REF	Activities and Behaviours	Behaviour	Rationale	Panel Strategic Outcomes	Outcomes	Objectives
CV.7	Retailers to report customer queries to wholesalers in timely manner		Retailers act as intermediary between wholesalers and NHH customers on service issues raised by the latter, so retailers need to make sure these issues are conveyed in a timely manner to wholesalers so they can be addressed.	Value Creation	Creating Value	Improve the efficiency of query, resolution and settlement process between wholesalers and retailers
CV.8	Retailers to keep customers informed on query resolution		Retailers keeping customers informed on query resolution will improve process as customers will know outcomes quickly and can accept or escalate as needed	Value Creation	Creating Value	Improve the efficiency of query, resolution and settlement process between wholesalers and retailers
CV.9	Wholesaler to resolve request in timely and efficient manner (with regards to customer needs)		Wholesalers should efficiently resolve customers' requests whilst reflecting their needs e.g, through effective prioritisation such as impact of issue on customer	Value Creation	Creating Value	Improve the efficiency of query, resolution and settlement process between wholesalers and retailers
CV.11	Market participants work collaboratively to facilitate the provision of accurate data necessary for innovation.	Yes	Market participants (retailers, wholesalers, and third-party intermediaries) need to work collaboratively to facilitate provision of accurate data which is key for identifying opportunities for innovative services to meet customer needs	Value Creation	Innovation	Market participants & third parties are able to identify and deliver innovative service offerings to meet evolving customer needs
CV.12	Market participants work collaboratively to implement processes (e.g. open data) to facilitate innovate trials and experiments [regulatory sandbox)	Yes	Market participants (retailers, wholesalers, and third-party intermediaries) need to work collaboratively to identify processes (e.g. open data sharing) that facilitate experiments to trial new products under "regulatory sandbox" approach; this will also require collaborative working with MOSL and Ofwat to submit proposals to use this approach.	Value Creation	Innovation	Market participants & third parties are able to identify and deliver innovative service offerings to meet evolving customer needs

Market activities linked to risks and outcomes – Value Creation (3 of 8)

REF	Activities and Behaviours	Behaviour	Rationale	Panel Strategic Outcomes	Outcomes	Objectives
CV.13	Market participants improve processes to identify gaps sites and bring into charge	Yes	Market participants need to work collaboratively to facilitate effective identification and billing of missing eligible premises which is key for market participants to deal with query, resolution and settlement processes and fairness of customers billing	Value Creation	Creating Value	Improving customer connections
CV.15	Market participants improve processes to facilitate new connections (including non-eligible customers post development or change of use)	Yes	Market participants need to work collaboratively to facilitate effective identification and billing of new premises which is key for market participants to deal with query, resolution and settlement processes and fairness of customers billing	Value Creation	Creating Value	Improving customer connections
CV.16	Market participants work collaboratively to ensure vacancy classification is accurate		Market participants need to work collaboratively to facilitate provision of accurate occupancy data which is key for market participants to deal with query, resolution and settlement processes and fairness of customers billing	Value Creation	Creating Value	Improve the efficiency of query, resolution and settlement process between wholesalers and retailers
CV.17	Accurate and timely invoicing and payment of primary charges		Key component of the market funtion	Value Creation	Creating Value	Improve the efficiency of query, resolution and settlement process between wholesalers and retailers
CV.18	Provision of timely and appropriate tariffs into the central systems		Key component of the market funtion	Value Creation	Creating Value	Improve the efficiency of query, resolution and settlement process between wholesalers and retailers
CV.19	Calculation and publication of timely and accurate settlement calculations and reports to enable lodging of credit and settlement of primary charges		Key component of the market function	Value Creation	Creating Value	Improve the efficiency of settlement process between MO and trading parties

Market activities linked to risks and outcomes – Value Creation (4 of 8)

REF	Activities and Behaviours	Behaviour	Rationale	Panel Strategic Outcomes	Outcomes	Objectives
CV.20	Calculation of timely and accurate MO charges and invoicing		Key component of the market function	Value Creation	Creating Value	Improve the efficiency of settlement process between MO and trading parties

Market activities linked to risks and outcomes - Customer Service Excellence

(5 of 8)

REF	Activities and Behaviours	Behaviour	Rationale	Panel Strategic Outcomes	Outcomes	Objectives
GS.1	Retailers provide clear information to customers on what their rights are (e.g. payment protection plans, right to formally dispute the money owed under contract)		Customers will be able to make better use (and have a better experience) of the complaints process (including knowing they have a right to make a complaint) if retailers provide clear information to them on their rights and options, such as by signposting this clearly on their website, bills and contracts	Customer Service Excellence	Improve Customer Satisfaction	Improved customer experience of the complaints process
GS.2	Retailers provide clear information to customers on how the complaints process works	Yes	Customers will be able to make better use (and have a better experience) of the complaints process if retailers provide clear information to them on how the process works (e.g. contact details for complaints),; this can be done via signposting clearly on website, bills and contracts	Customer Service Excellence	Improve Customer Satisfaction	Improved customer experience of the complaints process
GS.3	Retailers resolve complaints in a timely and efficient way		Retailers should seek to resolve complaints in a timely and efficient way, including making customers aware that the company process has been exhausted and now they must escalate to CC Water (the independent statutory consumer watchdog for water and acts as the escalation point for NHH customers); this would improve customer experience.	Customer Service Excellence	Improve Customer Satisfaction	Improved customer experience of the complaints process
GS.4	Retailers provide clear and accessible information on their relative customer satisfaction performance	Yes	Retailers providing clear and accessible information (e.g. signposted on their website) on their customer satisfaction performance relative to their competitors will make it easier for customers to understand how well their own retailer performs and whether they wish to switch; this in turn should create competitive pressures for all retailers to improve customer service performance.	Customer Service Excellence	Improve Customer Satisfaction	Improved retailer customer service performance
GS.5	Wholesalers better reflect the needs and requirements of their NHH customers in the provision of NHH services	Yes	By better reflecting the needs of NHH customers in the provision of NHH services, wholesalers should improve the experience of NHH customers	Customer Service Excellence	Improve Customer Satisfaction	Improved wholesaler performance on NHH services

Market activities linked to risks and outcomes - Customer Service Excellence (6 of 8)

REF	Activities and Behaviours	Behaviour	Rationale	Panel Strategic Outcomes	Outcomes	Objectives
GS.6	Wholesalers provide clear and accessible information on their relative performance on NHH retail facing services		By providing clear and accessible information on their relative performance on NHH retail facing services, wholesalers can be held to account more effectively by retailers, MOSL and Ofwat, and challenged to improve performance in relation to their peers	Customer Service Excellence	Improve Customer Satisfaction	Improved wholesaler performance on NHH services
GS.7	Retailers provide clear and constructive feedback to wholesalers on common service issues (i.e. those issues with services that are commonly raised)	Yes	To improve their performance, wholesalers need to understand the issues raised by customers and retailers; retailers therefore need to provide this information, including suggestions for improvement, on (at least) the most common service issues identified	Customer Service Excellence	Improve Customer Satisfaction	Improved wholesaler performance on NHH services
GS.8	Wholesalers to provide timely, clear and concise explanations around most common customer wholesale-related queries		NHH customers can face complex wholesale-related policy changes that affect their services (e.g. leakage allowances); these can cause customers to be dissatisfied if they do not understand the purpose or impact of the policy. By providing clear and concise explanations on the most common wholesale-related queries, wholesalers can increase customer understanding which should increase (or at least not negatively affect) customer satisfaction.	Customer Service Excellence	Improve Customer Satisfaction	Improved comms between market participants
GS.9	Wholesalers maintain good quality healthy assets		By providing / maintaining good quality healthy assets, wholesalers should improve the experience of NHH customers	Customer Service Excellence	Improve Customer Satisfaction	Improved wholesaler performance on NHH services

Market activities linked to risks and outcomes - Water Efficiency is Core (7 of 8)

REF	Activities and Behaviours	Behaviour	Rationale	Panel Strategic Outcomes	Outcomes	Objectives
UWE.1	Wholesalers to notify retailers when potential supply pipe leaks are identified		Wholesalers are able to detect potential supply pipe leaks through network monitoring (e.g. when distribution input does not match final consumption), so by notifying retailers about potential leaks the latter can contact customers and suggest repairs	Water Efficiency is Core	Improve water efficiency	Improve leakage controls
UWE.2	Retailers to make sure that CMOS is regularly updated with good quality customer & consumption data (Duplicate - CV.2)		CMOS is the core IT system that captures all customer and consumption data in the NHH water retail market; this data is uploaded and used by retailers to inform customers about their usage, so ensuring this central system has accurate and timely information will help improve customers' understanding of their usage.	Water Efficiency is Core	Improve water efficiency	Customers have access to timely & accurate usage information
UWE.3	Wholesaler to make sure that CMOS is regularly updated with good quality asset and premises data (Duplicate - CV.3)		CMOS also captures asset and premises consumption data which is uploaded by wholesalers; this data not only helps retailers identify to customers where their meters can be found to facilitate readings, but it can also be used by retailers to "benchmark" customers against those with similar premises and assets, and so provide insights around whether their consumption is above average which may prompt customer to improve consumption management.	Water Efficiency is Core	Improve water efficiency	Customers have access to timely & accurate usage information
UWE.4	Retailers facilitate the provision of timely and accurate consumption data to customers	Yes	Retailers are ultimately responsible for helping customers understand their usage, both by giving them directions on how to find and read their meters, but also providing useful context on their usage through making use of the information on CMOS.	Water Efficiency is Core	Improve water efficiency	Customers have access to timely & accurate usage information

Market activities linked to risks and outcomes - Water Efficiency is Core (8 of 8)

REF	Activities and Behaviours	Behaviour	Rationale	Panel Strategic Outcomes	Outcomes	Objectives
UWE.5	Market participants work collaboratively to share and utilise additional data (e.g. wholesaler meter reads, SIC) to ensure accurate (consumption) data is made available to facilitate efficiency offerings to customers	Yes	Market participants (retailers, wholesalers, and third-party intermediaries) need to work collaboratively to share consumption data and therefore identify opportunities for customers to be more water efficient.	Water Efficiency is Core	Improve water efficiency	Customers are able to identify and access water saving solutions
UWE.6	Retailers provide bills that are based on evidence and supported by consistent and clear terms and conditions to customers		Having bills based on evidence and support by clear T&Cs will enable customers to better understand the costs of their usage as well as alternative water saving solutions	Water Efficiency is Core	Improve water efficiency	Customers are able to identify and access water saving solutions