

Market Performance Framework

Performance Advisory Group – PAG07

14 September 2022

Agenda

1	Welcome	Chair	5 Mins
2	Actions from previous meeting	Chair	5 Mins
3	Review Progress to date	Chair	5 Mins
4	ENDORSE: Activities linked to risks and outcomes	Axelle Saada	30 Mins
5	DISCUSSION: Business Incentives	Ben Gough	20 Mins
6	ENDORSE: Activities to be covered by MPF	Janet Judge	30 Mins
7	INTRODUCTION: Process for candidate metrics	Axelle Saada	10 Mins
8	INTRODUCTION: Process for candidate tools	Evan Joanette	10 Mins
9	Any Other Business	Chair	5 Mins

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Actions from Previous Meeting (1 of 2)

NO	Action required	Action by	Action Date
06/01	PAG attendees are asked to confirm if they are unable to attend PAG 09 (12 October) due to the Institute of Water conference taking place – None received	ALL	14/09/22
06/02	Activities linked to risks and outcomes - duplicated activities to be removed once solution is found to reflect that the activities link to more than one strategic panel outcome - Completed	MOSL	14/09/22
06/03	Update and send out direct and indirect risks to mapping activity for PAG Pre-reading for Endorsement for PAG 07 - Completed	MOSL	02/09/22
06/04	PAG 12 (23 November) will be rescheduled to Tuesday 22 November due to the Code Committee meeting taking place - Completed	HF	14/09/22

Actions from Previous Meeting (2 of 2) - 06/02 Amended presentation/removal of duplicate activities

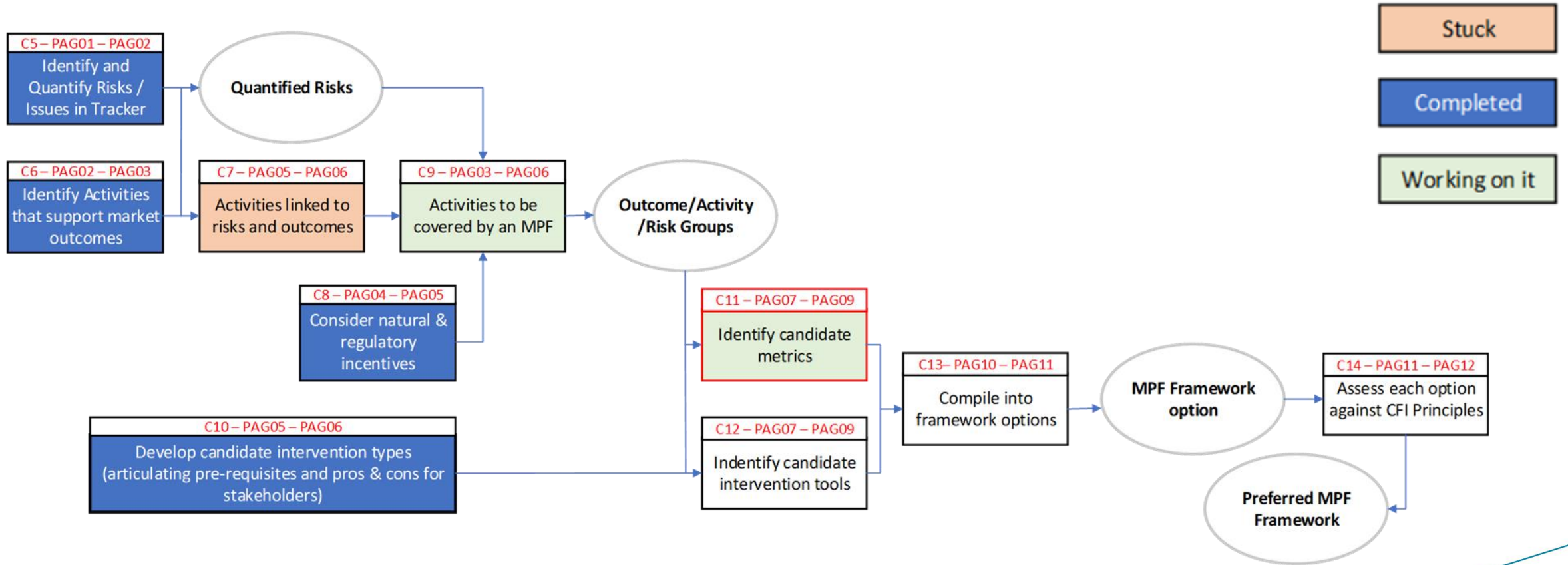
- Was two activities i.e., separate lines on activities list/prioritisation
- Now presented as single activity i.e., single line on activities list/prioritisation but retaining link to two outcomes

REF	Activities and Behaviours	Behaviour	Rationale	Panel Strategic Outcomes	Outcomes	Objectives	No of Risks	Total Cust Impact & Risk Score	3	4	6	9
CV.2 / UWE.2	Retailers to make sure that CMOS is regularly updated with good quality customer and consumption data		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. / This data is also 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.	Value Creation / Water Efficiency is Core	Quality Services / Improve water efficiency	Improving data quality and transparency in the market / Customers have access to timely and accurate usage information	6	42	0	0	4	2
CV.3 / UWE.3	Wholesaler to make sure that CMOS is regularly updated with good quality accurate asset and premises data including assessing eligibility for the market and timely deregistration of premises not eligible where appropriate		Wholesalers providing good quality asset and premises data to CMOS, including deregistering premises not eligible for the market where appropriate in a timely manner, 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. / 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.	Value Creation / Water Efficiency is Core	Quality Services / Improve water efficiency	Improving data quality and transparency in the market / Customers have access to timely and accurate usage information	5	36	0	0	3	2
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	2	18	0	0	0	2

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Review Progress to date



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ENDORSE: Activities linked to risks and outcomes

- Long list of activities endorsed at PAG04 - need to provide a focus for MPF
- Scoring risks/issues and mapping to activities identifies activities with biggest impact on outcome delivery
- Activities can be prioritised using a points-based calculation
- Provides means for identifying where interventions may best be applied to incentivise completion of activities
- Mapping may change e.g., as risks/issues evolve, or new activities are added

ENDORSE: Activities linked to risks and outcomes

- 💧 Workshop on 31 Aug identified a new way of mapping – direct and indirect risks
- 💧 Revised mapping was sent for feedback on 2 Sep
- 💧 **Feedback was requested** on the revised mapping – with focus on:
 - 💧 Any major omissions/errors in mapping risks to activities

With a view to **Endorse** in PAG 07 (14 September)

ENDORSE: Activities linked to risks and outcomes

General feedback on mapping

Comment	MOSL response
<p>Is there value to including a “glossary” of sorts within the matrix around the definition of an activity/behaviour – I see this as the mitigation of the risk/issue as I recall this being a point of discussion in the last PAG</p>	<p>Direct risks/issues are ones that can directly prevent the trading party from completing a given activity or that get largely or fully mitigated by the completion of the activity. Indirect risks/issues are ones that can impact/be reduced by the activity but where the effect is more partial or takes place through a chain of events including other activities</p>
<p>Worth monitoring outcome of Strategic Metering Review (SMR) as could create potential new risks/issues e.g., responsibility for meter reads moves from retailer to wholesaler</p>	<p>We will monitor this workstream, just like we monitor the evolution of the REC review, of PR24, of MIF projects etc. as they could all impact the market risks</p>
<p>At PAG06 the concept of direct and indirect risks was raised but not endorsed by the PAG. The resulting mapping exercise of direct and indirect risks has raised some interesting pros and cons but has certainly created another layer of complexity and bureaucracy for the MPF. The long-term governance of the MPF must be factored in</p>	<p>The concept of direct and indirect risks came out of the workshop held just before PAG06, and PAG members agreed with the approach during the PAG06 meeting where this agenda item was tabled again</p>

ENDORSE: Activities linked to risks and outcomes

Feedback on CV activities

Activity ref	Comment	MOSL response
CV.2	Disagree with the mapping of VC001 and WEC001	We have removed VC001
CV.3	CSE013, VC002, VC010 and WEC001 should be direct instead of indirect	We have made VC010 and WEC001 direct risks
CV.4	I'm unclear on the link between risk CSE019 and this activity, as the risk relates to wholesaler engagement with customers on investment, whereas the activity is how the retailer promotes services?	Human error. This one has been mapped against CSE019 in the direct matrix by mistake - it is not mapped in the detailed spread sheet and it should be CSE017 mapped against CV.4 instead
CV.6	I would have thought CSE012 should be scored higher given the impact on customers? Both issues with the meter and retailer issues (e.g.; problem with meter reader contractor) would contribute to lack of actual reads, so it would be good to know why the scores are so different for each	This is a risk register matter and not a mapping matter. We can review the risks scores in the risk register separately after the consultation period
CV.7	Disagree with the mapping of VC006	We are not proposing to make changes as if customers were aware of the market SLAs, there would be a strong natural incentive for retailers to perform CV.7

ENDORSE: Activities linked to risks and outcomes

Feedback on CV activities (continued)

Activity ref	Comment	MOSL response
CV.13	VC001 & VC006 are outlining the same risk so I think one should be removed	This is a risk register matter and not a mapping matter.
CV.13	Disagree with the mapping of VC006 and CSE009, CSE013, CSE024 and VC002 should be direct instead of indirect	We are not proposing to make changes as customers being unaware of the market makes it impossible for them to flag to their wholesalers that they are a gap site.
CV.16	CSE013, CSE024 and VC002 should be direct instead of indirect	We are not proposing to make changes as VC002 is covered as direct in the new supply activity and CSE013 and CSE024 only partially affect CV.16
CV.18	CSE013 should be direct instead of indirect	We are not proposing to make changes as CSE013 only partially affects CV.16
CV.23	Disagree with the mapping of WEC001 and CSE009	We are not proposing to make changes as WEC001 and CSE009 partially affect the estimation of consumption

ENDORSE: Activities linked to risks and outcomes

Feedback on UWE activities

Activity ref	Comment	MOSL response
UWE.2	Disagree with the mapping of CSE010, CSE014, VC001, VC008 and VC010	We are not proposing to make changes as UWE.2 will be combined with CV.2 going forward and therefore TN's rationale for removing these risks is no longer pertinent
UWE.3	Disagree with the mapping of CSE004, CSE007, CSE013, CSE025, VC002, VC010 and WEC001	We are not proposing to make changes as UWE.3 will be combined with CV.3 going forward and therefore TN's rationale for removing these risks is no longer pertinent.
UWE.4	CSE023 and WEC001 should be indirect instead of direct	We are not proposing to make changes as CSE023 and WEC001 directly affect the delivery of UWE.4
UWE.5	WEC003 should be indirect and WEC004 should be direct	We have made the proposed changes
UWE.7	WEC004 should be direct instead of indirect	We have made the proposed change

ENDORSE: Activities linked to risks and outcomes

Feedback on GS activities

Activity ref	Comment	MOSL response
GS.2	Disagree with the mapping of VC006	We are not proposing to make changes as if customers were aware of the market SLAs, there would be a strong natural incentive for retailers to perform GS.2
GS.3	CSE013 should be direct instead of indirect	We have made the proposed change
GS.5	Is WEC004 a direct R&I when the outcome is relating to improved wholesaler performance on NHH services?	We have made the proposed change (classed WEC004 as indirect)
GS.5	CSE024, CSE025 and WEC005 should be direct instead of indirect	We are not proposing to make changes as these risks are only partially mitigated by GS.5
GS.7	could debate this A&B sitting under “improved comms between market participants” objective. “Improved retailer customer service performance” – feels like there’s a gap in either A&B or R&I for example I’d imagine seeing CSE021 within this objective	We are not proposing to make changes as the relevant objective is a matter for the activities list and not the mapping (which was endorsed at PAG04 and can be reviewed after the consultation period). And under the current objective, the link with CSE021 seems too weak to link it to GS.7

ENDORSE: Activities linked to risks and outcomes

Feedback on GS activities

Activity ref	Comment	MOSL response
GS.8	I'm assuming that VC006 is mapped here because customers understanding of the market, particularly around the split in responsibilities between retailer and wholesaler, could be undermined if this activity is not fulfilled? If correct, it feels like this may be more of an indirect than direct risk?	We have made the proposed change
GS.8	could CSE021 be an R&I within this (either direct or indirect)	We have added CSE021 as an indirect risk
GS.8	Disagree with the mapping of VC006 and CSE013 should be direct instead of indirect	VC006 was made indirect (see above) and made CSE013 direct
GS.9	on reflection does the wording need a caveat around "must be readable", the long-term goal is for efficient, fully functioning (hopefully smarter) meters	This is an activities list matter and not a mapping matter. We can review the activities list separately after the consultation period.
GS.9	CSE013 should be direct instead of indirect	We have made the proposed change

ENDORSE: Activities linked to risks and outcomes

- 💧 We are seeking **Endorsement** of the activities-risks mapping, subject to any material changes made from PAG feedback.

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DISCUSSION: Business Incentives – What are business incentives? (1 of 3)

In response to our findings on **natural and regulatory incentives** in the NHH retail market, some Performance Advisory Group (PAG) members noted that certain Activities do not need to be included in the MPF as there were also effective **business incentives** in place that drive the required behaviour

Business incentives are in effect the profit motive that applies to all commercial firms, where they seek to increase their revenues and minimise costs. A firm will therefore avoid any Activity that increases its costs; for example, one respondent noted that if a customer does not receive an accurate bill, then they can refuse to pay it, which then increases the retailer's debts plus also results in costs to pursue the delinquent debt

However, business incentives may not necessarily improve market outcomes. A retailer could decide that it can increase its profits by reducing its service quality (and therefore costs), and the risk of a few customers at the margins choosing to default on their debt does not have a meaningful offsetting effect on the overall new profit level. This would be a very rationale outcome of the business incentive

The natural and regulatory incentives place limits on the ability of business incentives to produce adverse market outcomes as follows:

- ◆ **Natural incentives** - These are the competitive forces that mean that if a firm tries to profit maximise through reducing service quality or significantly raising prices, it will lose revenue as customers move to other firms
- ◆ **Regulatory incentives** - In the absence of effective competition, regulatory incentives provide a safeguard for customers through setting standards and targets for market firms, often with financial consequences

Our report focused on these specific incentive types as they would have a more significant effect in driving the required behaviour in the NHH market for the candidate Activities across all market participants (retailers and wholesalers), and therefore if they were already in place and effective an intervention via the MPF would be duplicative

DISCUSSION: Business Incentives – Assessing business incentives (2 of 3)

Whilst we do not focus on business incentives in our main report, for completeness we wanted to confirm that we had not missed any powerful and positive business incentives that might affect how the Activities are prioritised and treated

We submitted the list of Activities to the PAG members and requested them to state whether, for each Activity, business incentives were present and/or effective. We have summarised their views in the tables presented in the following slides

Overall, **one wholesaler and four retailers** responded to this request

Three main groups of Activities emerged:

- 💧 Activities for which the majority of businesses believe that intervention through **inclusion in the MPF is required**
- 💧 Activities for which **respondents are evenly split** around the need for inclusion in the MPF
- 💧 Activities for which the majority of businesses believe that intervention through **inclusion in the MPF is not required**

We summarise the responses in the following slides, and provide our view on whether the responses demonstrate that business incentives should be a deciding factor in the inclusion of Activities in the MPF

DISCUSSION: Business Incentives – Our view on the response (3 of 3)

Overall, the responses did not demonstrate a consistent and compelling case that the existence of business incentives alone are sufficient to drive the required behaviour for the Activities

Respondents stated that companies will have business incentives to reduce complaints and improve billing and data accuracy as these will otherwise result in costs

However, we note that improving data, billing and service quality also imposes a cost, and so the business incentive to pursue such improvements may not be present if they perceive that the associated costs outweigh the benefits (avoided costs)

It is also the case that these business incentives have been in place since market opening and have not obviously delivered the required market outcomes, which suggests that they are not effective in and of themselves

We therefore consider that the perceived presence of business incentives should not be a deciding factor on whether Activities are included in the MPF

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ENDORSE: Activities to be covered by MPF - The ask of PAG Members (1 of 10)

- ◆ Following the workshop on mapping activities and risks we produced revised mapping (shared as pre-read 2 September) using the agreed concept of linking direct risks
- ◆ PAG endorsed the method for prioritising activities at PAG05
- ◆ PAG has seen the report on natural incentives and regulatory incentives and its initial findings
- ◆ **Feedback was requested** on the activities to be covered by the MPF – with focus on:
 - ◆ Does the list of activities to be covered by the MPF feel right i.e., are the activities in the right area on the prioritised list
- ◆ With a view to **Endorse** in PAG 07 (14 September)

ENDORSE: Activities to be covered by MPF - Reminder of process to determine activities to be covered by the MPF (2 of 10)

- ◆ Produced revised mapping using agreed concept of linking direct risks from workshop, and PAG feedback
- ◆ Prioritised activities using method endorsed by PAG (i.e., sort by count of severity '9' risks, then by total risk score)
- ◆ There are 10 activities that do not have severity '9' risks/issues aligned, and would be considered outside scope of MPF
- ◆ From initial findings of report on natural and regulatory incentives we would potentially exclude three activities (i.e., Group 5 activities, coloured purple in the following slides), dependent on PR24 outcome of BR-MeX
- ◆ Gives 22 activities as a **first view** of focus areas for MPF
- ◆ Separated into two categories – priority focus areas i.e., very important (top 10), important but less critical (15) including group 5

ENDORSE: Activities to be covered by MPF - Top 10 activities (3 of 10)

REF	Activities and Behaviours	No of Risks	Total Cust Impact & Risk Score	3	4	6	9	Total RTL Impact & Risk Score	Total WHL Impact & Risk Score	Combined TP Score
CV.3 / UWE.3	Wholesaler to make sure that CMOS is regularly updated with good quality accurate asset and premises data including assessing eligibility for the market and timely deregistration of premises not eligible where appropriate	7	48	0	0	5	2	17	14	31
CV.2 / UWE.2	Retailers to make sure that CMOS is regularly updated with good quality customer and consumption data	6	42	0	0	4	2	12	13	25
GS.9	Wholesalers efficiently maintain working/functioning assets, including meters which must be working accurately and be readable	3	24	0	0	1	2	8	7	15
UWE.7	Wholesalers ensure availability of appropriate meter assets (including smarter meters where relevant) sufficient to meet the needs of customers or to drive the right customer and water efficiency behaviours	3	24	0	0	1	2	7	8	15
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)	2	18	0	0	0	2	5	2	7
GS.3	Retailers resolve complaints in a timely and efficient way	2	18	0	0	0	2	5	3	8
UWE.4	Retailers facilitate the provision of timely and accurate consumption data to customers	4	25	0	1	2	1	8	9	17
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	4	25	0	1	2	1	9	7	16
CV.4	Retailers to provide product details and prices clearly to customers	3	19	0	1	1	1	7	5	12
CV.6	Retailers to provide sufficient level of actual meter reads to ensure accurate consumption data (giving accurate settlement and customer billing)	3	18	1	0	1	1	7	7	14

ENDORSE: Activities to be covered by MPF - Middle table activities (15 activities) (4 of 10)

REF	Activities and Behaviours	No of Risks	Total Cust Impact & Risk Score	3	4	6	9	Total RTL Impact & Risk Score	Total WHL Impact & Risk Score	Combined TP Score
CV.11	Market participants work collaboratively to facilitate the provision of accurate data necessary for innovation.	2	15	0	0	1	1	5	4	9
CV.13	Market participants improve processes to identify gaps sites and bring into charge	2	15	0	0	1	1	5	3	8
CV.16	Market participants work collaboratively to ensure vacancy classification is accurate and resolve associated issues	2	15	0	0	1	1	2	4	6
CV.18	Provision of timely, accurate and appropriate (i.e. meeting wider customer and water efficiency needs) tariffs into the central systems	2	15	0	0	1	1	5	3	8
UWE.6	Retailers provide high quality bills that are based on evidence and supported by consistent and clear terms and conditions to customers and refund customers on a timely basis	2	15	0	0	1	1	5	4	9
GS.5	Wholesalers better reflect the needs and requirements of their non-household customers in the provision of non-household services, including trade effluent and planned/unplanned events	2	13	0	1	0	1	5	4	9
GS.8	Wholesalers to provide timely, clear and concise explanations around most common customer wholesale-related queries	2	13	0	1	0	1	5	4	9
CV.5	Suppliers make customers aware of their ability to switch	1	9	0	0	0	1	3	1	4
CV.7	Retailers to report customer queries to wholesalers in timely manner	1	9	0	0	0	1	2	1	3
CV.8	Retailers to keep customers informed on query resolution	1	9	0	0	0	1	2	1	3
CV.9	Wholesaler to resolve request in timely and efficient manner (with regards to customer	1	9	0	0	0	1	3	2	5
CV.23	In the absence of a meter read retailers should make sure an accurate estimation of consumption is made	1	9	0	0	0	1	3	3	6
GS.2	Retailers provide clear information to customers on how the complaints process works	1	9	0	0	0	1	2	1	3
GS.4	Retailers provide clear and accessible information on their relative customer satisfaction performance	1	9	0	0	0	1	2	1	3
GS.6	Wholesalers provide clear and accessible information on their relative performance on non-household services	1	9	0	0	0	1	3	2	5

ENDORSE: Activities to be covered by MPF - Bottom 10 activities (5 of 10)

REF	Activities and Behaviours	No of Risks	Total Cust Impact & Risk Score	3	4	6	9	Total RTL Impact & Risk Score	Total WHL Impact & Risk Score	Combined TP Score
CV.15	Market participants improve processes to facilitate new connections (including non-eligible customers post development or change of use)	2	12	0	0	2	0	3	3	6
CV.1	Retailers to handover good quality timely customer data on customer switching	1	6	0	0	1	0	2	1	3
CV.19	Calculation and publication of timely and accurate settlement calculations and reports to enable lodging of credit and settlement of primary charges	1	6	0	0	1	0	2	2	4
CV.20	Calculation of timely and accurate MO charges and invoicing	1	6	0	0	1	0	2	2	4
CV.21	Market participants work collaboratively to address shared supplies/mixed use premises and resolve associated issues	1	6	0	0	1	0	3	1	4
UWE.1	Wholesalers to notify retailers when potential supply pipe leaks are identified	1	6	0	0	1	0	2	3	5
CV.12	Market participants work collaboratively to implement processes (e.g. open data) to facilitate innovate trials and experiments [regulatory sandbox)	0	0	0	0	0	0	0	0	0
CV.17	Accurate and timely invoicing (with clear, consistent and pro-active approach to Unplanned Settlement refund practices) and payment of primary charges	0	0	0	0	0	0	0	0	0
CV.22	Accurate and timely invoicing (and clarity and consistency on why, how and when these apply) and payment of non-primary charges	0	0	0	0	0	0	0	0	0
GS.7	Retailers provide clear and constructive feedback to wholesalers on common service issues (i.e. those issues with services that are commonly raised)	0	0	0	0	0	0	0	0	0

ENDORSE: Activities to be covered by MPF (6 of 10)

General feedback themes - duplicate activities

Comment	MOSL response
Activities are duplicated because they fall into different SP priorities, should they be combined in some way for the purposes of MPF priorities?	Have now been combined
When the 2 lots of duplicated activities are rolled up into 1 (would then be top 9) are all A&B that are scored 15 in mid-table be considered for MPF? This would make it top 15 or could this be when use of indirect R&I be used to further drill down to the 6 A&Bs scoring 15?	<p>Top 10, taking into account PAG feedback on mapping.</p> <p>How may activities are too many for MPF priority? Judgement.</p> <p>Potential to use indirect R&I or combined TP score to differentiate activities scored 15</p>

ENDORSE: Activities to be covered by MPF (7 of 10)

General feedback themes - activities not appropriate for MPF

Activity ref / Activity	Comment	MOSL response
<p>GS.1: Retailers provide clear information to customers on what their rights and obligations are (2 PAG members)</p> <p>CV.4: Retailers to provide product details and prices clearly to customers</p> <p>CV.11: Market participants work collaboratively to facilitate the provision of accurate data necessary for innovation</p> <p>CV.5: Suppliers make customers aware of their ability to switch</p> <p>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</p> <p>CV.12: Market participants work collaboratively to implement processes (e.g. open data) to facilitate innovate trials and experiments [regulatory sandbox]</p> <p>GS.4: Retailers provide clear and accessible information on their relative customer satisfaction performance</p> <p>GS.6: Wholesalers provide clear and accessible information on their relative performance on non-household services</p>	<p>Some of the activities don't have a place in the MPF. These are the ones that, as a market, we may want to see but are not required by legislation, regulation, market codes, CPCoP etc. The continued inclusion of these in the MPF will create monopolistic type controls in a competitive market, add cost and complexity to the framework, and deviate us away from the strategic priorities published by the Strategic Panel. Furthermore, as we review the risk/activities matrix, it may give a misleading impression that direct and indirect risks are applied/mitigated against an activity when that activity is not appropriate for the MPF.</p>	<p>Suggest nothing is totally ruled out of scope until after consultation at least. Even then could choose to keep everything on the list so we don't lose sight, would just be in an area that we are not focussing on. Allows re-assessment as risks/issues and the market evolve.</p> <p>CV.12 is bottom table</p>
<p>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)</p>	<p>Doesn't feel appropriate for MPF, focuses on customer/retailer relationship no/little wholesaler involvement. Cover elsewhere if intervention needed e.g. CPCoP</p> <p>Should scoring alone determine whether should be included in MPF</p>	<p>Not everything necessarily has to go through scoring - can have a qualitative view e.g. some activities may feel less solvable through MPF or there may be edge cases that warrant being included</p>

ENDORSE: Activities to be covered by MPF (8 of 10)

General feedback themes - Impact of PR24

Activity ref / Activity	Comment	MOSL response
CV.9 Wholesaler to resolve request in timely and efficient manner (with regards to customer needs)	Wouldn't solely place in the BRMex pot. Suggest that expectations of time are a deliverable of both retailers and wholesalers with a shared goal. Evolving to end to end outcomes through bilaterals and need to consider all the time impacts that contribute to total time to reach the customer outcome.	Agree not in a position to put solely in BR-Mex pot at the moment, anyway. Would need to consider PR24 outcome and definition of BR-Mex. May be that BR-MeX is insufficient on it's own and requires augmentation via MPF to strengthen.
GS. 5 Wholesalers better reflect the needs and requirements of their non-household customers in the provision of non-household services, including trade effluent and planned/unplanned events	Inclined to agree could be removed depending on BR-MeX, otherwise risk of double jeopardy	Leave in until at least outcome of BR-MeX is known
General - PR24	Potential that PR24 will have water demand PCs that could include business demand incentives. This may need to be kept in mind in whilst looking at water efficiency A&B's in the MPF.	Will need to monitor PR24 outcome and assess impact

ENDORSE: Activities to be covered by MPF (9 of 10)

General feedback themes – activity in wrong area of list

Activity ref / Activity	Area of list	Comment	MOSL response
GS.9: Wholesalers efficiently maintain working/functioning assets, including meters which must be working accurately and be readable	Top	To meet the highest priority activity of achieving high quality consumption data, there needs to be a working/functioning meter asset. It seems to me that GS.9 needs to be in the top activity section.	Now in top 10, after PAG feedback on mapping
UWE.1: Wholesalers to notify retailers when potential supply pipe leaks are identified	Bottom	Suggest has potential to be part of MPF. Putting in context of notification processes e.g. regs infringements, direct enquiries, E processes etc, would keep retailers informed and help with customer relationships and opportunity to offer value added services. Similar to discussions on F4, general enquiries, and possibl more important as has potential to impact bills	Not everything necessarily has to go through scoring - can have a qualitative view. These may be edge cases that warrant being included Suggest nothing is totally ruled out of scope until after consultation at least. Even then could choose to keep everthing on the list so we don't loose sight, would just be in an area that we are not focussing on. Allows re-assessment as risks/issues and the market evolve.
CV.1: Retailers to handover good quality timely customer data on customer switching / CV.5: Suppliers make customers aware of their ability to switch	Bottom / middle	Key natural incentive of effective markets is switching and whilst low switching engagement is low driver of market inefficiencies, the 2 A&B's linked to it are not in top11.	
CV.15: Market participants improve processes to facilitate new connections (including non-eligible customers post development or change of use)	Bottom	If this includes the quality of data input to CMOS when SPID is first made tradeable, doesn't feel right to be excluded from MPF. Its really important to get the initial data quality right, otherwise causes problems down the line which fall to retailer to address. Examples are poor address data put into CMOS by Wholesaler meaning its not possible to identify which premises these relate to.	

ENDORSE: Activities to be covered by MPF (1o of 10)

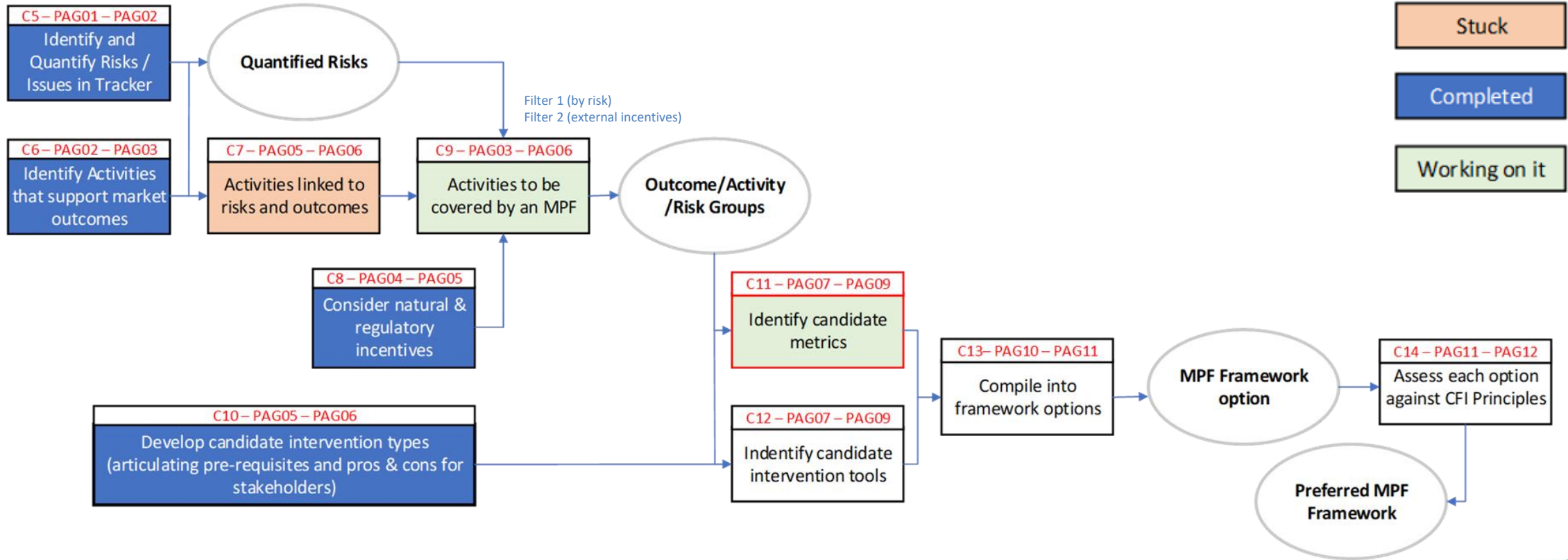
Specific feedback

Activity ref / Activity	Comment	MOSL response
<p>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)</p>	<p>Perhaps, with a few others, better suited to obligations under the market codes and more a governance area of compliance? In terms of managing performance, only really see this type of activity as an overall compliance score but when we do look at things like compliance, is the MPF really the appropriate tool to use?</p>	<p>This activity plus others are in group 4 - activities with no applicable incentive types consider compliance interventions - of initial findings on natural and regulatory incentives</p>
<p>GS.2: Retailers provide clear information to customers on how the complaints process works</p>	<p>Need to make sure MPF isn't overlapping into other regulatory requirements. For customer complaints there is already requirements within Ofwat's Customer Protection Code of Practice includes requirements for customer complaints e.g. what must be within a Complaints Handling Process. Is this a duplication?</p>	<p>CPCoP has some influence over behaviour in terms of setting minimum standard of performance/service but not comparable to MPF activities, which are intended to improve market outcomes beyond a baseline and basic level</p>

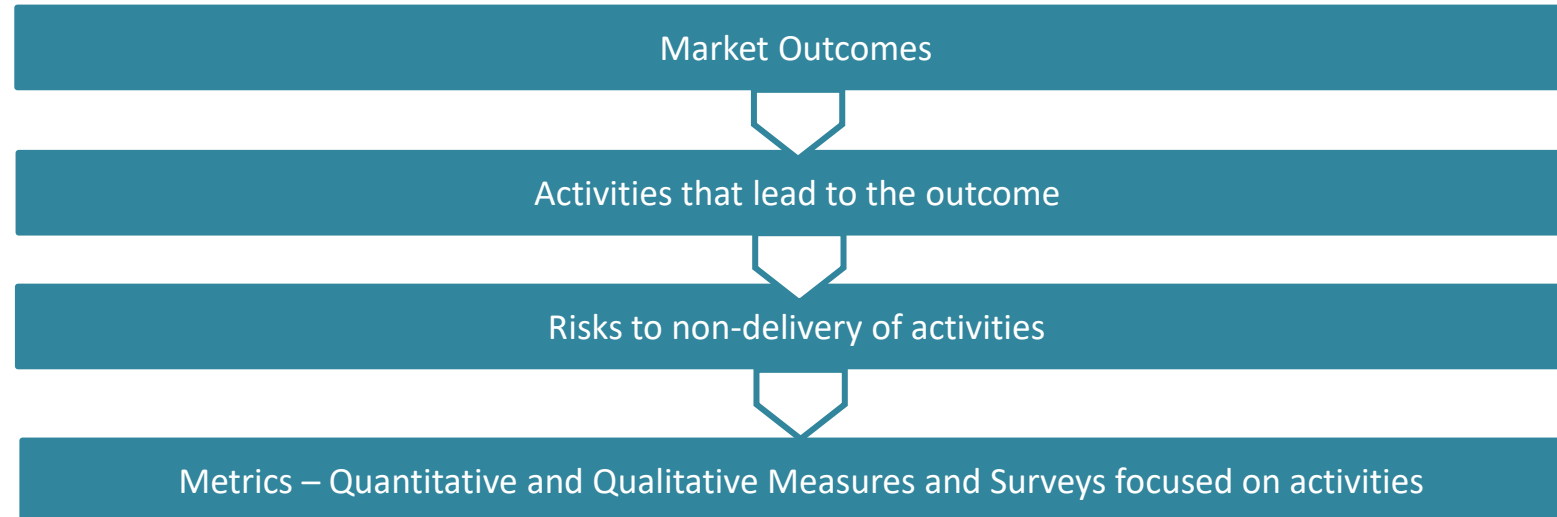
Agenda

1	Welcome	Chair	5 Mins
2	Actions from previous meeting	Chair	5 Mins
3	Review Progress to date	Chair	5 Mins
4	ENDORSE: Activities linked to risks and outcomes	Axelle Saada	30 Mins
5	DISCUSSION: Business Incentives	Ben Gough	20 Mins
6	ENDORSE: Activities to be covered by MPF	Janet Judge	30 Mins
7	INTRODUCTION: Process for candidate metrics	Axelle Saada	10 Mins
8	INTRODUCTION: Process for candidate tools	Evan Joanette	10 Mins
9	Any Other Business	Chair	5 Mins

INTRODUCTION: Process for candidate metrics (1 of 4)



INTRODUCTION: Process for candidate metrics (2 of 4)



INTRODUCTION: Process for candidate metrics (3 of 4)

- Metrics will enable the MPF to measure the delivery of **activities** and **outcomes**
- The **activity-level** metrics will measure the completion of activities and could be used to apply intervention tools
 - For example, the current MPF uses a metric on volume of late meter read submissions
- The **outcome-level** metrics will measure the delivery of outcomes and could be used to assess the overall success of the MPF in improving market outcomes
 - For example, the reformed MPF could assess progress on Water Efficiency is Core on the evolution of consumption in the market

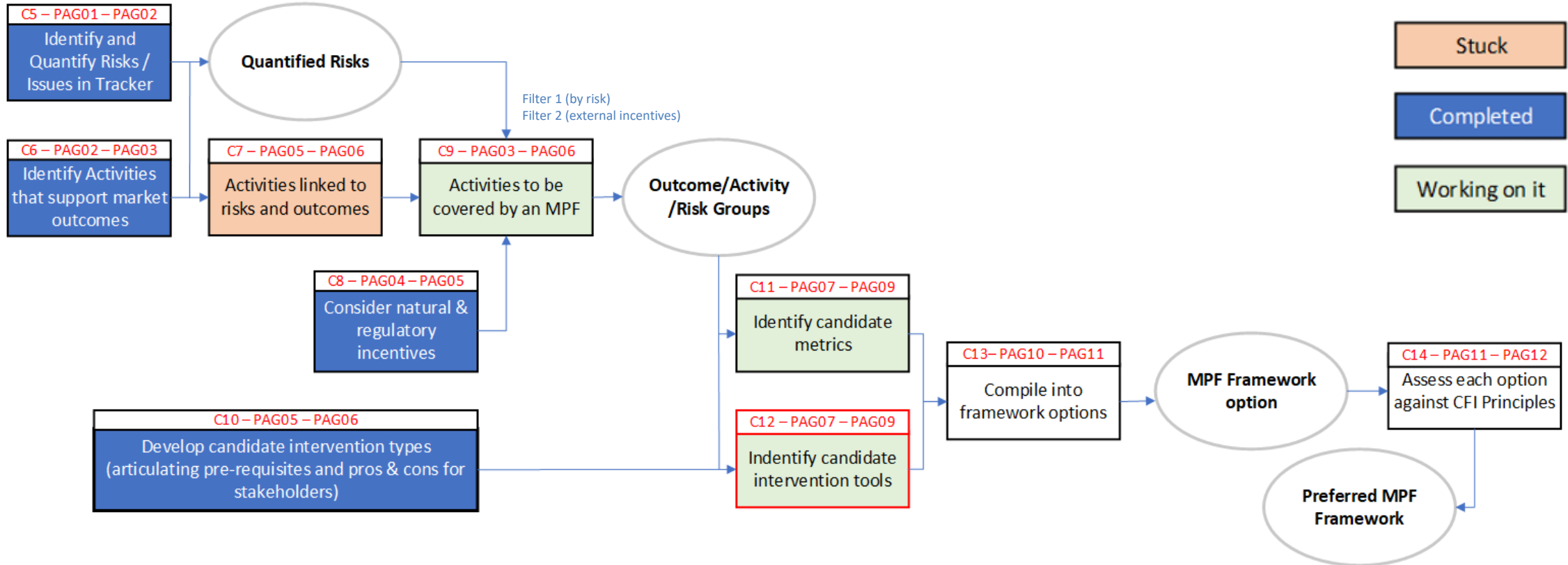
INTRODUCTION: Process for candidate metrics (4 of 4)

- ◆ Metrics can be quantitative and qualitative
- ◆ The appropriate intervention type will depend on the available metrics
- ◆ We aim to create a longlist of activity-level metrics including metrics that are proxy for the delivery of the activity
- ◆ We will then refine this list based on the estimated cost-benefit of measuring each metric and how directly each metric enables us to measure the completion of activities
- ◆ Some activity-level metrics might be aggregates of more detailed metrics measuring the completion of certain steps in the process

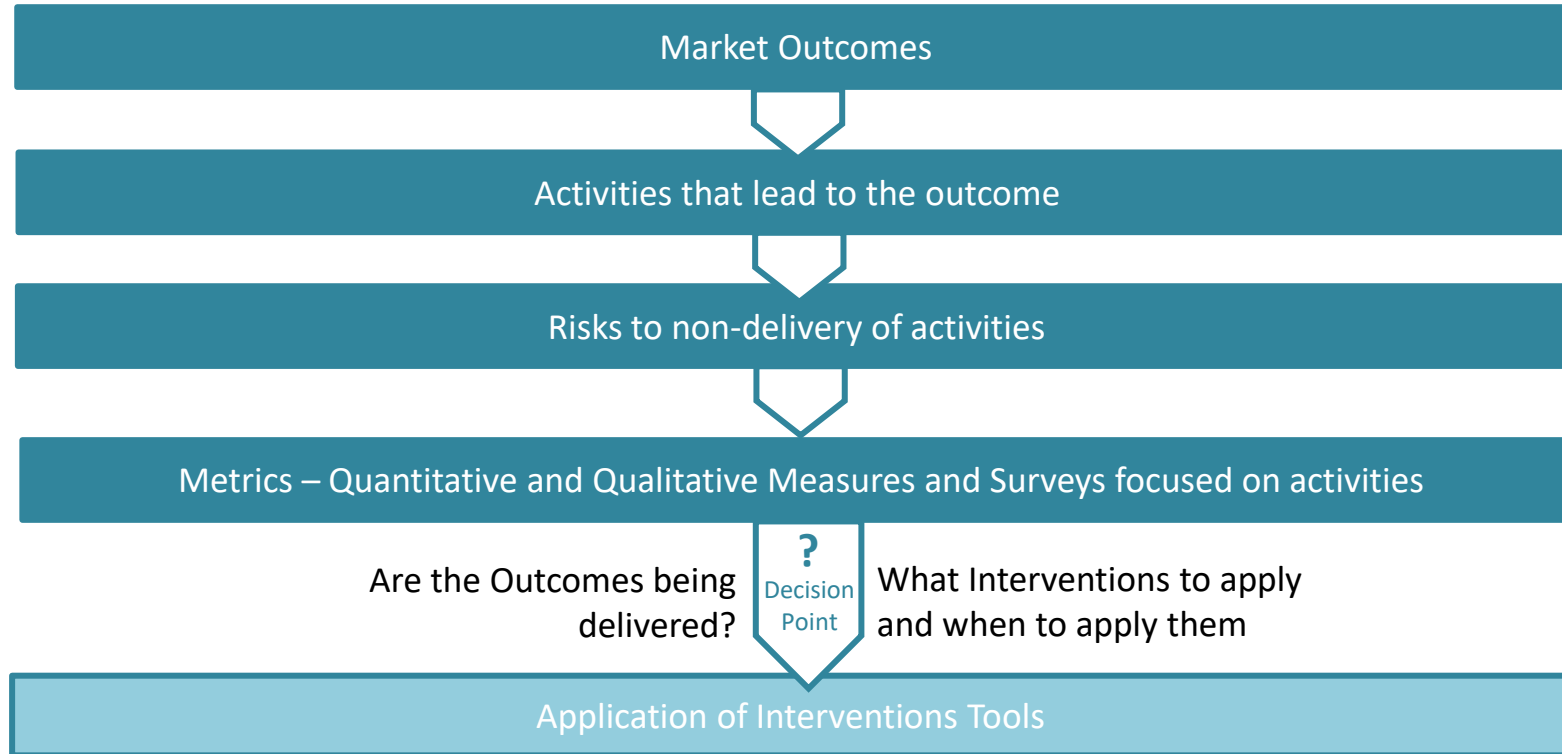
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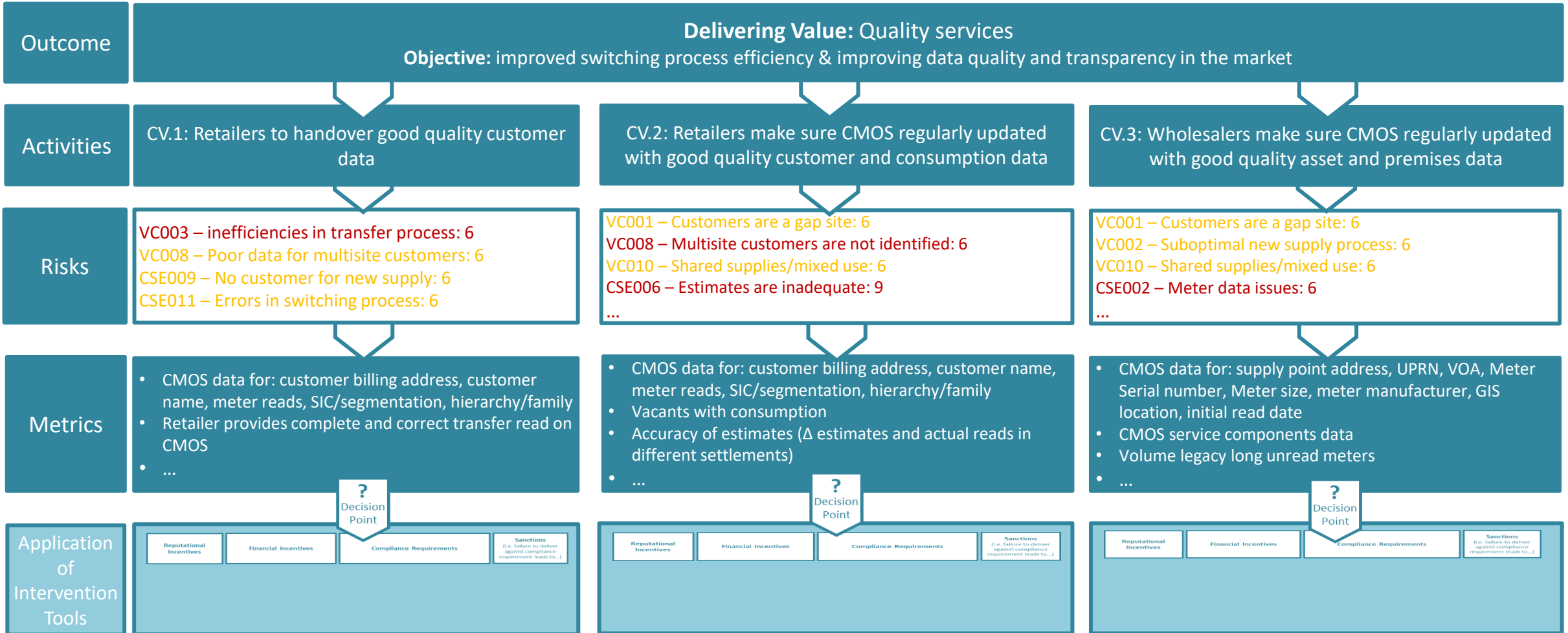
INTRODUCTION: Process for candidate tools (1 of 6)



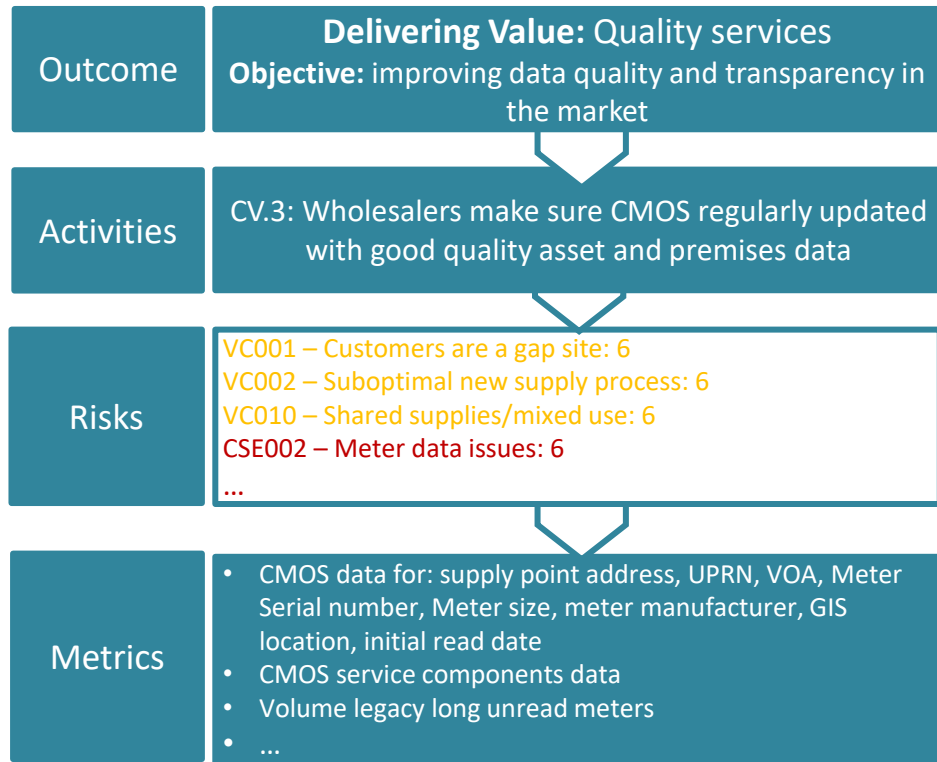
INTRODUCTION: Process for candidate tools (2 of 6)



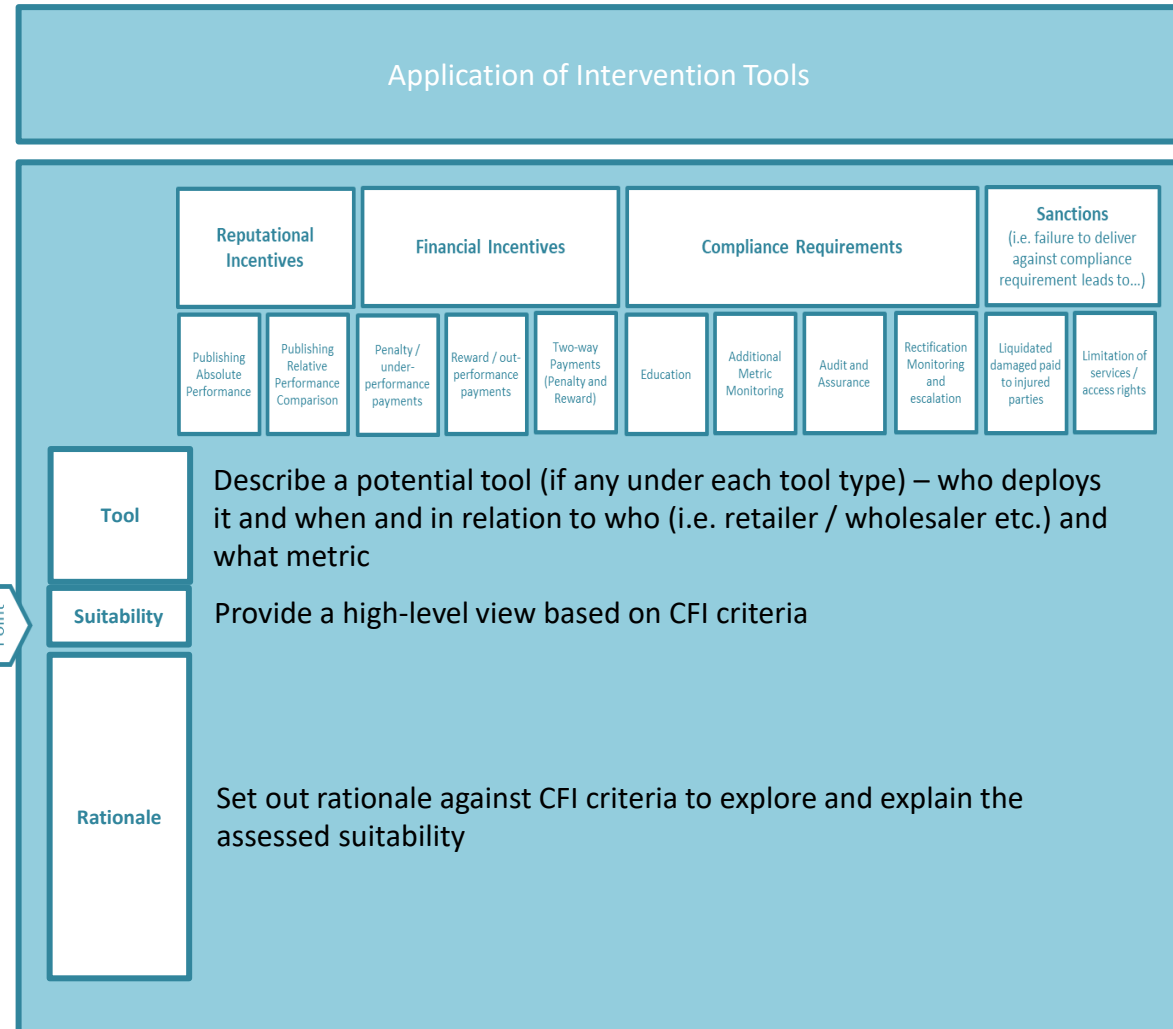
INTRODUCTION: Process for candidate tools (3 of 6)



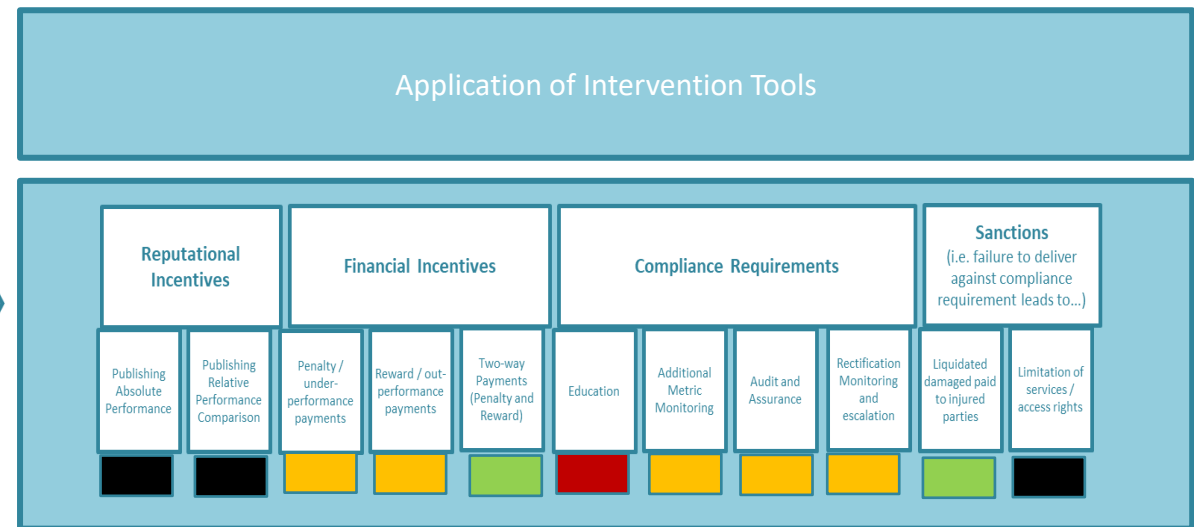
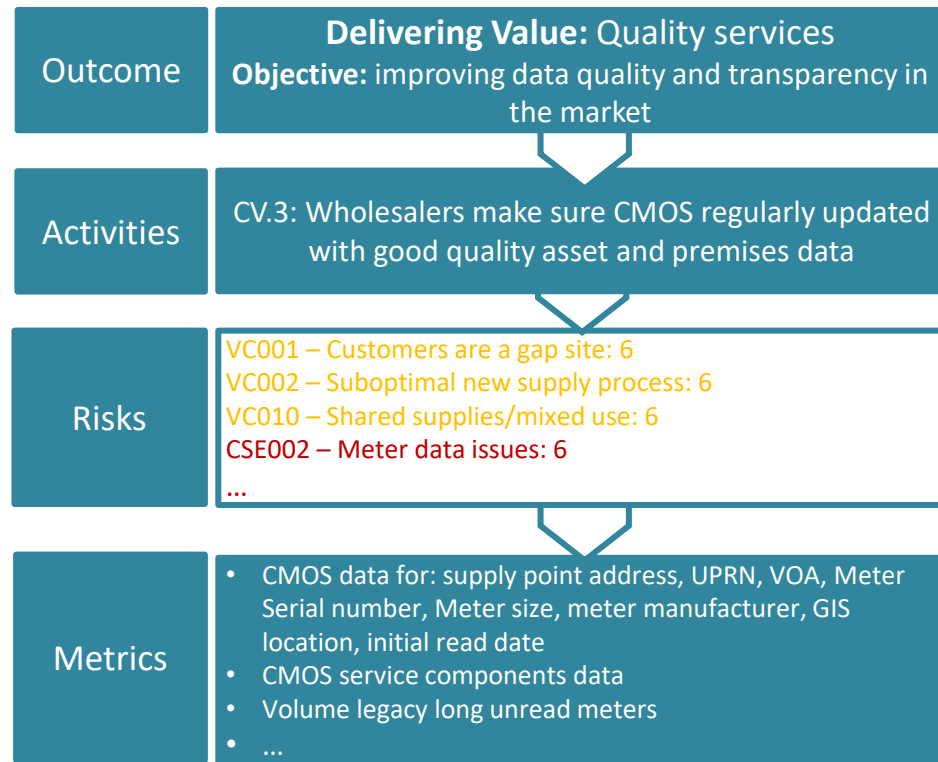
INTRODUCTION: Process for candidate tools (4 of 6)



Decision Point



INTRODUCTION: Process for candidate tools (5 of 6)



INTRODUCTION: Process for candidate tools (6 of 6)

Assessment principles

Principle	Description
Facilitate improved customer outcomes	Metrics and associated tools should facilitate improved outcomes for customers, enabling a clear line of sight between the performance standard and an improved NHH customer outcome. They should also be easy for customers to understand.
Improve trading party accountability , including clear accountability for issues	Metrics and associated tools should provide clear accountability for and link to the trading party responsible for the performance.
Support competition in the NHH market	Metrics and associated tools should reflect the competitive nature of the NHH retail market, such as through using reputational incentives and other tools that provide greater information to customers and therefore allow competition to work more effectively. They should also account for wholesalers not being subject to same competitive pressures.
Ensure consistency and compatibility with the wider regulatory regime	Metrics and associated tools should recognise overlaps with other parts of the regulatory regime (e.g. Ofwat's Price Reviews), avoiding double-counting of penalties and rewards or introducing perverse / counteracting incentives.
Provide an enduring, agile and responsive framework	Metrics and associated tools should help facilitate dynamic and agile responses from market participants in the case of evolving market and customer circumstances.
Deliver value for customers	Metrics and associated tools should represent good value for market participants and customers, with costs of deployment being outweighed by the benefits

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Any other business

Future meetings (1 of 1)

Meeting Date	Discussion / Introductions / Endorsements
PAG 08 – 28 Sept	Review progress to date / Process for candidate tools & metrics / Consultation
PAG 09 – 12 Oct	Endorse candidate tools & metrics