Market Performance Framework

Performance Advisory Group – PAG14

26 January 2022

MOSL
MARKET OPERATOR SERVICES LTD

Agenda – 4hrs (9am –1pm)

1	**Welcome**	**Chair**	**5 Mins**
2	Actions from previous meeting	Chair	5 mins
3	Review progress to date & Steering Group feedback	Chair	5 mins
4	Recap & Interventions	Axelle Saada/ Janet Judge	20 mins
5	Endorses Activity templates	Axelle Saada/ Janet Judge	90 mins
	Break		10 mins
6	Feedback on Activities (Groupings) Proposed MPF Activities	Janet Judge	30 mins
7	Introduction to Intervention tools (post-it notes version)	Adam Richardson/Janet Judge	50 mins
8	Intro Review middle tier Activity templates	Axelle Saada/ Janet Judge	20 mins
9	AOB	Chair	5 mins

Actions from Previous Meeting (1 of 1) to be updated

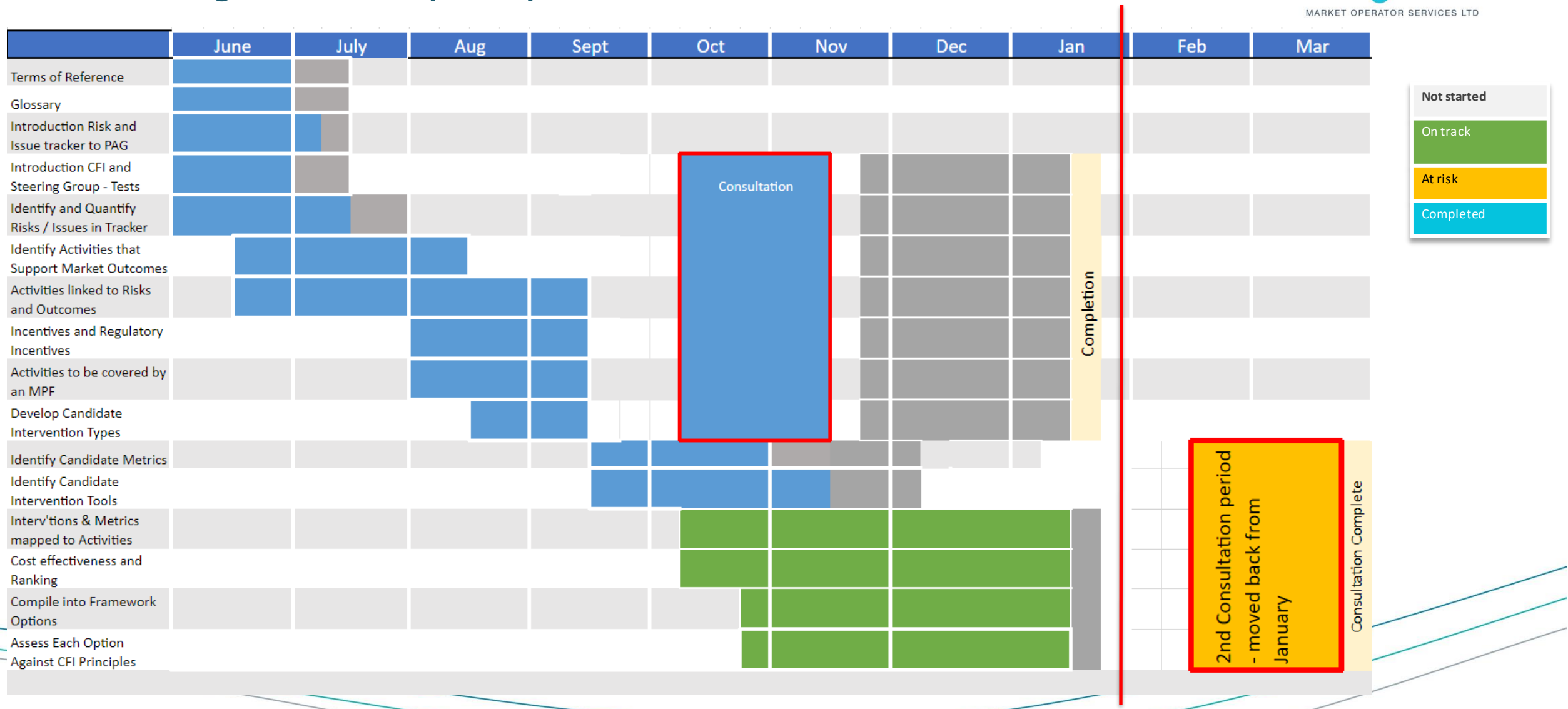
NO	Action required	Action by	Action Date
13/01	MOSL to revert to the PAG with the list of risks, whose responsibility will fall outside of the MPF and therefore will need to be reviewed. - TBC	MOSL	26/01/2023
13/02	GM requested code requirements are checked to ensure covered by the revised activity description on CV.3/UWE.3 - TBC	JJ	26/01/2023
13/03	MOSL to review and reprioritise activities based on consultation feedback and PAG discussion. - TBC	MOSL	26/01/2023
13/04	AS to update templates with clear instructions and reorientate the template as above. - Closed	AS	19/12/2022
12/01	AS to update the template prior to issuing to members for review. - Closed	AS	25/11/2022
12/02	AB to send to MOSL details of categories of CCW complaints. TBC	AB	07/11/2022
12/03	MOSL to review PAG meeting timetable for January/February with likelihood for 2-week slippage - Closed	MOSL	07/12/2022
11/01	Review UWE.6 once consultation feedback received. ('Refund') - Closed	MOSL	7/12/22
11/02	Review CV.18, review 'appropriate' for this Activity. Should the Activity be split? - Closed	AS & JJ	7/12/22
10/02	More work is required to ascertain metrics around and regarding collaboration against CV11 (and others). - Closed	All/(AS, JJ)	07/12/2022 (Workshop)
10/05	Review order of workshop on 7th Dec. Review Consultation first (to shortlist) and then move onto Activities Template. - Closed	CD	07/12/2022 (Workshop)

Chair
09:10

Minutes and Agenda items can be found -

https://mosl.co.uk/groups-and-forums/project-groups/performance-advisory-group-pag

Review Progress to date (1 of 1)



Chair
09:15

Steering Group update (20th January)

- Draft plan
  - Positive feedback
  - In state for publication shortly
- Incremental change & quick wins
  - SG supports that if incremental improvements possible along the way (e.g. removing low value MPF like redundant MPS) this should be considered
- New risks incorporated
  - Non-market code metrics/interventions (ie. Pot 4)
    - Question is whether they are candidate for MPF inclusion or not
    - Inherently Steering Group (and Ofwat) do not consider non-code components inherently out of scope
  - As MPF2 coalesces, increasing likelihood that some TPs may not support
    - Continue using PAG expertise to gain insight on likely industry reaction
    - Robust engagement process to bank decisions PAG -> SG -> Consultation -> SG -> Panel
- Next Steering Group meetings: 15 March 2023, 9 May 2023

Chair
09:15

Agenda – 4hrs (9am –1pm)

1	**Welcome**	**Chair**	**5 Mins**
2	Actions from previous meeting	Chair	5 mins
3	Review progress to date & Steering Group feedback	Chair	5 mins
4	**Recap & Interventions**	**Axelle Saada/ Janet Judge**	**20 mins**
5	Endorses Activity templates	Axelle Saada/ Janet Judge	90 mins
	Break		10 mins
6	Feedback on Activities (Groupings) Proposed MPF Activities	Janet Judge	30 mins
7	Introduction to Intervention tools (post-it notes version)	Adam Richardson/Janet Judge	50 mins
8	Intro Review middle tier Activity templates	Axelle Saada/ Janet Judge	20 mins
9	AOB	Chair	5 mins

Recap & Interventions - context

- Templates created for shortlisting intervention types
- Shortlisting approach:
  - Remove intervention types with low suitability (done at the previous stage)
  - Remove intervention types with no relevant metrics
  - Keep only one intervention type within the same reputational and financial categories (because these interventions are mutually exclusive) unless we have a rationale to keep more than one
  - Save exceptions, the intervention type to keep within these categories is the one with the highest summary score

AS/JJ
09:35

Recap & Interventions - context

- Templates structure:
  - High suitability first; suitability is only ¼ of the total score
  - highest score means shortlisted but not necessarily applied nor applied first
- Tools sequencing:
  - pre-entry
  - regular (monthly or annually)
  - discretionary
- Storing feedback on metrics (as relating to activities) for now

AS/JJ
09:35

Agenda – 4hrs (9am –1pm)

1	**Welcome**	**Chair**	**5 Mins**
2	Actions from previous meeting	Chair	5 mins
3	Review progress to date & Steering Group feedback	Chair	5 mins
4	Recap & Interventions	Axelle Saada/ Janet Judge	20 mins
5	**Endorses Activity templates**	**Axelle Saada/ Janet Judge**	**90 mins**
	Break		10 mins
6	Feedback on Activities (Groupings) Proposed MPF Activities	Janet Judge	30 mins
7	Introduction to Intervention tools (post-it notes version)	Adam Richardson/Janet Judge	50 mins
8	Intro Review middle tier Activity templates	Axelle Saada/ Janet Judge	20 mins
9	AOB	Chair	5 mins

Endorses Activity templates – Interventions
Publishing individual performance

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.9	2	4	Trading parties providing their own data to publish does not make sense. Publishing individual or peer comparison reports on your own data means the process cannot be impartial. This data should be something MOSL or a 3rd party auditor can collect, either direct from trading parties, or from CMOS/central bilateral hub etc.	The data would be centralised (and most likely published centrally as well) but wholesalers may be required to publish the same information as well so it's more accessible to customers. The data will be checked.
CV.9, GS.3	2	4	Apart from some operational complaints, full or partial wholesaler responsibility for a complaint is not automatically recorded, in complaints to CCW. A lot of manual work would have to be undertaken to obtain the insight, so while the eventual publication of individual performance and peer comparison information might fall into BAU work, the work behind it may warrant an increase in these intervention costs.	The cost of metric is different to the cost of publication. CCW data cost is assessed at 2.
GS.3, GS.9	2	4	All publishing interventions should not be green. They would fall outside of BAU	The intervention cost depends on who publishes. When it comes to retailer performance, could be self declaration by retailer or central body (MOSL?) publishes. This assumes MOSL more likely to publish.
UWE.4	2	4	Not clear that this will be low cost solution for Retailers	Amend cost from 4 to 3.

AS/JJ
11:05

Endorses Activity templates – Interventions
Publishing peer comparison performance

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.3/UWE.3	N/A	N/A	We currently have peer comparison through holistic reporting for a number of these metrics but the new framework would do away with these?	Add peer comparison back into CV.3/UWE.3
UWE.4	4	4	Does retailers publishing regular reports that show their efforts to facilitate the provision of accurate information to customers fall within BAU operations? It sounds like a moderate (3) cost?	Amend cost from 4 to 3.
CV.6	3	4	The benefit of this [intervention] could be outweighed by the likelihood of customers either not fully understanding the information (particularly if some of its concerning settlement), and not being engaged to switch, despite the information.	Choice of specific tool still to be determined. If peer comparison is public will need suitable clear explanation
GS.3	4	4	Cost status unlikely to be green, should potentially be moderate at least. Would be dependant on what data is requested directly from the retailer and whether or not that data is already part of existing requests to CCW for example.	The intervention cost is separate to the cost of metrics.
GS.9, UWE.7	2	4	It is not obvious why this intervention has such a low intervention suitability.	Intervention is categorised as medium suitability. Because only publishing may yield low incentives to improve behaviour. There would need to be Ofwat or senior level engagement.

Endorses Activity templates – Interventions
Penalty / Underperformance Payments

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.15	2	3	Where would the underperformance payments go and would they be used to directly fund improvements in the NAPS related risks and activities?	We can consider whether and how best money could be used to fund specific improvements in an activity/risk as another possible use.
CV.2/UWE.2, CV.3/UWE.3	2	3	Need clarity on why the suitability ratings for financial incentives are 2 as it's unclear from the description and proposed metrics as to why it may only partly incentivise behaviour. There is also precedent in price reviews for calculating a baseline level of quality, and appropriate penalty. In addition, most of the proposed metrics are already being measured and are within retailers control.	It has been deemed medium suitability because it's difficult to assess a hard standard under which you underperform and that could bring a financial penalty. Please note that some financial incentives will be taken forward to phase 2 even with medium suitability.
CV.6	4	3	An under-performance payment cannot be applied if the minimum standard of asset health has not been met by the Wholesaler. If under-performance payments are applied to MPS15 would this have the perverse incentive such that Retailers would not put in late meter reads?	We would look at accountability when we come to design the metrics and specific intervention tools.
GS.3	3	2	Inconsistent RAG between GS.9 and GS.3 for underperformance payments	Can amend from 2 to 3
GS.9	4	3	Can the financial penalties be suspension of wholesale charges until rectified?	The specific tool used under this intervention will be defined in the next phase.

Endorses Activity templates – Interventions
Reward / Outperformance Payments

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.15	4	3	I'm not convinced Out-performance payments is the most appropriate intervention – seems like the MPF needs to drive improvement before it offers out-performance payments.	Amend suitability to 2 (amber)
All	N/A	N/A	Disagree with out-performance payments as an intervention. Trading parties should not need direct financial incentives to meet their obligations under the market codes. Either the codes themselves need improving/altering, or underperformance by trading parties should be measured and rectified through underperformance payments.	Outperformance payments can be an effective way of incentivising good performance instead of only preventing poor performance.

Endorses Activity templates – Interventions
Two-Way Payments (Penalty and Reward)

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.9	4	3	I don't agree that a two-way payment is more suitable than an underperformance payment. The fact that an underperformance payment is assessed as a 2 implies the appeal of this intervention is the over performance payment aspect. Wholesalers are already paid for the service they provide by retailers, they shouldn't also be rewarded for doing what they should already be doing	Two way payments enable to incentivise good performance i.e. performance above the code SLAs. In this case, they are also more appropriate than outperformance payments because we need to also be able to incentivise for performance to not fall below a determined level.
UWE.7	4	3	Would a customer agree that financial rewards are suitable when Wholesalers have already been funded to maintain/replace meters.	For this specific activity, two-way payments could be more effective to incentivise resolution of LLUMs but if we agree that LLUMs could be efficiently picked up by underperformance payments then we would discard two-way payments
All AS/JJ 11:05	N/A	N/A	Disagree with 2 way payments as an intervention. Trading parties should not need direct financial incentives to meet their obligations under the market codes. Either the codes themselves need improving/altering, or underperformance by trading parties should be measured and rectified through underperformance payments	We think there is value in outperformance/two way payments because we may need to encourage good performance not just discourage underperformance

Endorses Activity templates – Interventions Education

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.2/UWE.2	2	4	Education could be a useful intervention for MOSL/MPC. I would re grade this as 4	Whether we class it as high or medium suitability will not really affect whether we take it to the next phase or not. Level of suitability/effectiveness may depend on the specific tool.
CV.3/UWE.3, GS.9	2	4	Education interventions should not be green. There are costs to develop and time to undertake training which is outside of BAU.	Amend cost from green to yellow
UWE.5	4	4	I'm not convinced Education is the most appropriate intervention – it doesn't feel strong enough to incentivise parties to make improvements.	Mandatory training can be an intervention. Also just because Education is green here doesn't mean that it will be the intervention mainly used for this activity, just that it's moving to the next stage.

AS/JJ
11:05

Endorses Activity templates – Interventions
Additional Metric Monitoring

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.2/UWE.2	2	2	Given how we already have ways of measuring how CMOS is being updated, any additional metrics in this area don't feel needed.	These additional metrics would be used for diagnostic purposes to inform impact analysis and rectification progress monitoring for identified issues
GS.3	4	2	This RAG status may need to be a [1]. It is reliant on the intervention 'Audit and assurance' which itself has a RAG cost status of [1]. Overall that would push the cost of this secondary intervention up.	This intervention involves monitoring additional metrics, which should be less costly than conducting an audit. The cost the audit here is treated as a metrics cost (retailer audit, as a metric, has a cost of 1 so is consistent with the intervention cost).
UWE.4	2	2	Cannot challenge RAG status without further details of intervention, but hard to see this being more than a moderate cost given how easy it would be to check.	Given that we moved reputational incentives costs to moderate, the additional metric monitoring should be higher and therefore will stay at medium

AS/JJ
11:05

Endorses Activity templates – Interventions
Audit and assurance

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.15	2	4	RAG status would be impacted directly dependant on if this was self reported or audited by a 3rd party. If audited by a 3rd party, the RAG status would not be 'low costs, falls within BAU operations'	Amend RAG costs to yellow (3). RAG for costs will depend on specific audit tool.
CV.2/UWE.2	4	3	Audit costs are probably medium not moderate.	This audit would be less costly than some other types of audit as it would be about comparing retailers' data to CMOS data.
			Unclear on the incentivisation part – i.e; what follows on from the audit? If a retailer performs poorly, does this trigger another intervention?	The so-what will be addressed when we define the sequence of interventions for each activity.
CV.3/UWE.3	4	3	•RAG status would depend on who did the audit. Costs would increase if it was a 3rd party like PWC. •Audit costs are probably medium not moderate.	The RAG status of the intervention depends on the type of audit that is being done and what activity is being audited. As this relates to data this may be easier to audit than some other activities
CV.6, UWE.4, UWE.7	4	2	Why is the cost of audit more expensive here than compared to CV2 or CV3?	As this relates to meter reading rather than purely systems data this may be more difficult/costly to audit

AS/JJ
11:05

Endorses Activity templates – Interventions
Audit and assurance (continued)

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.9	4	1	why is this audit and assurance considered high when for others it is considered lower?	The RAG status depends on the type of audit that is being done and what activity is being audited. Other activities such as GS.9 have been scored as high cost too.
GS.9	4	1	Wholesalers will already know this info (number of accuracy tests completed and the results) so I am not sure why this has a cost of 1. Wouldn't the auditor simply check the reported data?	The audit would most likely consist of more than just checking wholesaler data on number of accuracy tests. The number of accuracy tests as well as the other metrics listed here would be ones used to trigger the audit.

AS/JJ
11:05

Endorses Activity templates – Interventions Rectification Monitoring and Escalation

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.15	4	3	This intervention would need to be done in conjunction with the audit and assurance intervention to be effective. RAG status ok for now, but would surely increase costs for MOSL if interventions were needed for numerous trading parties. Would also depend on the baselines set for triggering rectification monitoring and escalation	There would be a hierarchy of interventions where one intervention may be deployed but where this does not result in the desired effect subsequent interventions would e deployed e.g. start with peer comparison, if performance doesn't improve move to rectification or an alternative example may be conduct an audit, which identifies an issue which is then followed up with rectification
CV.2/UWE.2	4	3	Don't feel there's enough existing evidence to say this is highly suitable, as we don't know what the process will be yet, and some metrics are new and untested. As an intervention, it can depend on how seriously a trading party takes the process and how protracted the process is before it arrives at serious consequences – e.g; direct intervention from Ofwat.	Whether we class it as high or medium suitability will not really affect whether we take it to the next phase or not. We indeed have some evidence of efficacy of the intervention and the so what will be addressed when we define the sequence of interventions for each activity.

AS/JJ
11:05

Endorses Activity templates – Interventions Compensatory Payments

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
CV.9, GS.3	2	2	Cost of intervention - if this is a one-off intervention then should it be rated same as the other payment interventions that would need min standards developed and an ongoing mechanism involved?	It may be more costly to judge what the damage to the other party than to judge the level of penalty necessary to incentivise performance.
GS.3	2	2	For this intervention, what proof is there that compensatory payments help trading parties remove the route cause issues that cause retailers and wholesalers to mishandle complaints and escalations.	Compensatory payments give an extra incentive to perform well, in the same way that underperformance payments do.

AS/JJ
11:05

Endorses Activity templates – Interventions
Limitation of Services / Access Rights

Activity	Suitability RAG	Cost RAG	Comment	MOSL response
All	N/A	N/A	Limiting access to central market data for any trading party will only result in a further degradation of performance by the trading party in question. This is not an intervention and is likely to cause far more damage that good.	Depending on the activity, the limitation of access may be different. For retailers this may mean restricting access in CMOS and bilaterals hub to view/update only tier own registered supply points.
Wholesaler activities	N/A	N/A	Unclear how limitation of services / rights could affect a wholesaler	For wholesalers it might involve removal of voting rights, capping credit requirement calculations or the inability to raise USRs that would benefit them. The specific tools would need to be chosen and defined

AS/JJ
11:05

Endorses Activity templates - Metric mapping

CV.2 / UWE.2: Retailers to make sure that CMOS is regularly updated with good quality customer & consumption data [Assumes meter reads have been completed]

Intervention	Relevant Metrics	Comment	MOSL response
Limitation of services/rights	USRs - volume by TP pairing	The USR may be as a result of wholesaler activity	Indeed, there would need to be a bit of analysis to assess the cause of the USRs
Publishing individual performance	**CCW customer complaints data**	Reporting of CCW complaints data at a more granular level may be resource intensive for CCW, so this may need to be changed to a 3 on the basis this may represent a more 'non BAU' cost.	The intervention cost is separate to the cost of metrics. The cost associated to CCW complaints data as a metric is 2.
Additional metric monitoring	USRs - volume by TP pairing	This could also be driven by wholesaler data quality. We could assume by who pays for it as the responsible party but not sure we record this.	Indeed, there would need to be a bit of analysis to assess the cause of the USRs
	Volume of CMOS updates following completion of a bilateral process	Not sure you can easily quantify this and say the two are linked. You would need for the wholesaler to capture in the completion transaction the suggested retailer updates and then benchmark against that. Its generally only captured in note form at present.	Indeed, we would need extra analysis on bilats data

AS/JJ
11:05

Endorses Activity templates - Metric mapping

CV.3 / UWE.3: Wholesaler to make sure that CMOS is regularly updated with good quality accurate asset and premises data including timely deregistration of premises not eligible where appropriate

Intervention	Relevant Metrics	Comment	MOSL response
Audit and assurance	**Volume of CMOS updates following completion of a C1 (and other relevant processes such as C5)**	Audit & Assurance - volume & timeliness/ which other processes? Need to consider accuracy.	Suggest we amend audit description to include accuracy.
	General comment	LLUMs should be included as a metric.	Add LLUM as a metric to this intervention
Rectification monitoring /escalation	**Retailer-raised C1s**	•A number of these metrics could be the key metric. I appreciate that you have to choose a primary metric but I think we should be more creative and use a combination of 'golden data' which would include property and asset data. This is essentially what we have now with holistic reporting. •Retailer raised C1s doesn't feel right as primary metric as there could be multiple reasons for this, key is the data movement afterwards.	Propose to amend primary metric to "Proportion of UPRN & VOA codes" - most likely the final metric will be a combination of relevant metrics.
	General comment	LLUMs should be included as a metric	Add LLUMs as a metric to this intervention
Under-performance payments	**Deregistrations in CMOS that are not matched a C5 ORID**	I appreciate that you have to choose a primary metric but I think we should be more creative and use a combination of 'golden data' which would include property and asset data.	Minded to keep this primary metric for underperformance payments as we want a metric for which we can define an objective standard under which performance is poor. However the final metric may be a combination of relevant metrics.
	General comment	Role for R-MeX? Role for BR-MeX?	Propose not to add R-MeX to this intervention because too subjective and not to add BR-MeX because financial incentives already tied to it.

Endorses Activity templates - Metric mapping

CV.3 / UWE.3: Wholesaler to make sure that CMOS is regularly updated with good quality accurate asset and premises data including timely deregistration of premises not eligible where appropriate

Intervention	Relevant Metrics	Comment	MOSL response
Two-way payments	**Proportion of UPRN and VOA codes (inputted and validated)**	Different primary metrics for the payment interventions.	For under-performance and compensatory payments, the metrics need to have a definable standard under which performance is objectively poor (e.g. deregistrations in CMOS not matched by a C5) whilst for out-performance payments, metrics need to be improvable beyond a set standard (e.g. improving %age of complete and validated UPRN, no matter what the baseline %age is)
	General comment	Role for R-MeX? Role for BR-MeX?	Propose not to add R-MeX to this intervention because too subjective and not to add BR-MeX because financial incentives already tied to it.
Additional Metric Monitoring	**Volume of CMOS updates following completion of a C1 (and other relevant processes such as C5)**	This is called 'additional metric monitoring, but the metrics listed are all already in existence. Is this intervention implying that a new report would be used combining the data from the three metrics listed?	Cover this in the recap slides - The listed metrics are triggers for additional metric monitoring. Relevant additional metrics would need to be established.
	Legacy LUMs		
	Long Term Vacancy		

AS/JJ
11:05

Endorses Activity templates - Metric mapping

CV.15: Market participants improve processes to facilitate new connections (including non-eligible customers post development or change of use)

Intervention	Relevant Metrics	Comment	MOSL response
None specified	General comment	Apart from the 'customer survey of new connections' metric, there needs to be more that directly measures how customers are impacted by failures in the new connections process. For example, customers remaining unbilled/being backbilled as a result of delays allocating a retailer. While a survey may pick this up, consideration needs to be given to complaints data to help measure this.	What intervention types would you link this to?

CV.9: Wholesaler to resolve request in timely and efficient manner (with regards to customer needs) to the appropriate level of quality

Intervention	Relevant Metrics	Comment	MOSL response
Under-performance payments	**Proportion of wholesaler's ORIDs that have at least one deferral**	Unsure why primary metric for payments are proportion of ORIDs that have at least one deferral. What is the minimum standard required?	With that metric, the intervention would not work "by SPID" like current MPS, it would work on an aggregated basis, with a percentage above which a charge is raised (e.g. over 90% of your ORIDs have a deferral)

AS/JJ
11:05

Endorses Activity templates - Metric mapping

CV.6: Retailers to provide sufficient level of actual meter reads to ensure accurate consumption data (giving accurate settlement and customer billing)

Intervention	Relevant Metrics	Comment	MOSL response
Under-performance payments	**MPS 15 to 19**	• What benefits and improved incentives does this intervention provide beyond what MPS 15 - 19 already does? Would this not just be an additional charge on top of the MPS charges? • Would this have the perverse incentive such that Retailers would not put in late meter reads? How would MOSL set a minimum standard of accuracy given that meter policy is set by Wholesalers e.g. vol of AMR/Smart meters, internal/external location etc such that some Retailers could face under-performance payments simply due to high levels of internal meters/low volume of AMR/Smart – question of fairness?	We would look at accountability when we come to design the metrics and specific intervention tools. We would not intend to double charge.
	Proportion of estimated transfer reads	CCW billing and retailer self reported complaints would be a good measure of how well CMOS is being updated with actual reads, as this may ultimately affect customer billing. I recognise this may then push up the intervention cost as more audit/assurance/subcategorisation work is needed.	Add Billing complaints relating to consumption to metrics
Compensatory payments	**Volume of wholesaler reads used by retailers**	• Our experience with meter reads provided by wholesalers is that many fail internal or CMOS controls. We have analysed 791 meter reads provided by a wholesaler in October 2022. Only 38% of these reads were successfully added to the market. To have to make compensatory payments on this basis is flawed and MOSL may need to get a better understanding of the accuracy and usability of wholesaler-provided reads. More details of our analysis can be provided, if required. • Billing complaints relating to consumption seems more suited.	Amend primary metric to Billing complaints relating to consumption
Rectification monitoring /escalation	**Proportion of estimated transfer reads**	If complaints are important for publication why are they not mentioned in this intervention?	Add Billing complaints as a trigger for rectification

Endorses Activity templates - Metric mapping

GS.3: Retailers resolve complaints in a timely and efficient way

Intervention	Relevant Metrics	Comment	MOSL response
Publishing individual performance	F5 bilateral data	Where is the incentive and intervention for wholesalers to resolve first time complaints about wholesaler services?	This activity is looking at the retailer. Wholesaler performance is covered by CV.9 (Wholesaler to resolve request in timely and efficient manner (with regards to customer needs) to the appropriate level of quality)
Publishing peer comparison	**F5 bilateral data**	Unsure why self-reported complaints metric is primary for individual performance but F5 is primary for peer comparison	Complaints data is easier to understand for customers. For bilats data, it would need to be simplified into showing which retailer is performing better or worse than others.
Additional metric monitoring	**Retailer audit**	• Yes, but only once it is defined what would be audited. How would this differ or be complimented by the data and analysis already done by CCW. • It's not clear how Retailer Audit is an additional metric for monitoring? Shouldn't Retailer Audit be part of Audit and Assurance? In which case, Customer survey on complaint resolution becomes the primary metric	Retailer Audit (i.e. issues identified via audit) is the trigger for additional metric monitoring rather than the additional metric itself. The details of what will be audited will be defined in the next phase.
Under-performance payments	**F5 bilateral data**	For payments interventions 2 use F5 as primary and 2 use average age as primary. Why different?	For under-performance and compensatory payments, the metrics need to have a definable standard under which performance is objectively poor (e.g. F5 bilats SLAs) whilst for out-performance payments, metrics need to be improvable beyond a set standard (e.g. reducing age of complaints, no matter what the baseline age is)
Compensatory payments	**F5 bilateral data**	• I can't speak for all retailers but certainly Business Stream already makes compensatory payments to customers • would only F5s be used? Is the hub capable of identifying the TP at fault for poor performance?	We'd just be measuring timescales and compliance with SLAs. We can measure these for retailer actions on a specific ORID.

Endorses Activity templates - Metric mapping

GS.9: Wholesalers efficiently maintain working/functioning assets, including meters which must be working accurately and be readable

Intervention	Relevant Metrics	Comment	MOSL response
Under-performance payments	F4 (enquiries) and F5 (complaints) bilats data	You would struggle with available data items in bilats at present to accurately quantify this	Remove from financial incentives
	Analysis on meters recording inaccurately	Yes, but need to be careful this does not incentivise bad behaviour. Use of incorrect code against VA to avoid penalty.	Propose to remove from financial incentives
Audit and assurance	**Meter accuracy tests**	Worth adding in "Analysis on meters recording inaccurately"?	We can add "Analysis on meters recording inaccurately" to Audit
	MPS 7	Remember we are now doubling up on B1, B3, B5, B7 and MPS7 data.	Can the PAG member provide further explanations on this comment please

UWE.4: Retailers facilitate the provision of timely and accurate consumption data to customers and support them in resolving supply pipe leaks [assumes meter reads have been completed]

Intervention	Relevant Metrics	Comment	MOSL response
Publishing peer comparison	**CCW complaints**	Given the three metrics against this intervention, I do not think the data would present a fair an transparent picture that justifies publishing peer comparison performance.	We still think there's some merit in customers having this information.
	Completeness of customer name/banner name (or other elements like SIC code)		
	Measure of retrospective accuracy of meter reads and estimates		

Endorses Activity templates - Metric mapping

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

Intervention	Relevant Metrics	Comment	MOSL response
Two-way payments	**Completeness of customer name/banner name (or other elements) + time between the effective from date and the transaction date**	Unclear how "Completeness of customer name/banner name (or other elements) + time between the effective from date and the transaction date" will inform intervention	It gives an indication about how well the retailer knows its customers and how quickly it shares that info with the wholesaler through CMOS. Happy to consider other metrics for this intervention.
Under-performance payments	**Completeness of customer name/banner name (or other elements) + time between the effective from date and the transaction date**	Do not think the metrics available and suggested for this activity would be enough to justify under-perfromance payments. A lot more complex reporting is needed.	Agreed, that's partly why we downgraded the suitability of underperformance payments to low

UWE.7: Wholesalers ensure appropriate meter assets (including smarter meters where relevant) are sufficient to meet the needs of customers or to drive the right customer and water efficiency behaviours

Intervention	Relevant Metrics	Comment	MOSL response
Under-performance payments	**Percentage of meters read**	Can this intervention include the metric Percentage of meters that are 'smart' and Reduction in LLUMs?	We do not propose to include smart meters as a metric for financial incentives because they depend on Price Reviews. We can add LLUMs for now but we'll need to ensure the accountability is well defined.
	Proportion of non-metered premises (v. other wholesalers)		
	Volume of B1, B5 or C1 requests that aren't progressed or result in change of service from unmetered to assessed		

Endorses Activity templates
Endorsement

- Seek Endorsement – Cost RAG ratings and metrics-interventions mapping
- What Endorse covers – Shortlisted metrics and intervention types to be explored in Phase 2 of the MPF reform
- What this Endorsement doesn't cover – The final definition of metrics nor the final list of what metrics and interventions will be used (and which will be recurring and discretionary)

AS/JJ
11:05

Agenda – 4hrs (9am –1pm)

1	**Welcome**	**Chair**	**5 Mins**
2	Actions from previous meeting	Chair	5 mins
3	Review progress to date & Steering Group feedback	Chair	5 mins
4	Recap & Interventions	Axelle Saada/ Janet Judge	20 mins
5	Endorses Activity templates	Axelle Saada/ Janet Judge	90 mins
	Break		**10 mins**
6	Feedback on Activities (Groupings) Proposed MPF Activities	Janet Judge	30 mins
7	Introduction to Intervention tools (post-it notes version)	Adam Richardson/Janet Judge	50 mins
8	Intro Review middle tier Activity templates	Axelle Saada/ Janet Judge	20 mins
9	AOB	Chair	5 mins

Break

Agenda – 4hrs (9am –1pm)

1	**Welcome**	**Chair**	**5 Mins**
2	Actions from previous meeting	Chair	5 mins
3	Review progress to date & Steering Group feedback	Chair	5 mins
4	Recap & Interventions	Axelle Saada/ Janet Judge	20 mins
5	Endorses Activity templates	Axelle Saada/ Janet Judge	90 mins
	Break		10 mins
6	**Feedback on Activities (Groupings) Proposed MPF Activities**	**Janet Judge**	**30 mins**
7	Introduction to Intervention tools (post-it notes version)	Adam Richardson/Janet Judge	50 mins
8	Intro Review middle tier Activity templates	Axelle Saada/ Janet Judge	20 mins
9	AOB	Chair	5 mins

Feedback on activities that impacts prioritised list

- One new activity
  - GS.10 – Market participants to support customers during unplanned events, including appropriate maintenance and use of customer emergency contact details, giving 36 activities in total
- Amended activity to risk mapping
  - Reviewed mapping for CV.1 (switching) as description was amended. Resulted in moving activity from bottom to middle table
- Customer focused activities been given lower priority than data improvement activities
  - CV.9 (resolve request in timely and efficient manner to the appropriate level of quality)moved up from middle to top table

JJ
11:45

Feedback on activities that impacts prioritised list

- Activities considered out of scope by respondents
  - Created fourth pot of activities
  - Potential activities that may sit outside the MPF subject to consideration of how and where these are currently defined and/or addressed by existing provisions and bodies
  - Covers seven activities

JJ
11:45

Prioritised list of activities – top table (10 activities)

REF	Activities and Behaviours	No of Direct Risks	Total Cust Impact & Risk Score	3	4	6	9	Total RTL Impact & Risk Score	Total WHL Impact & Risk Score	Combined TP Score	No of Indirect Risks
CV.3 / UWE.3	Wholesaler to make sure that CMOS is regularly updated with good quality accurate asset and premises data including timely deregistration of premises not eligible where appropriate	7	48	0	0	5	2	17	14	31	4
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	6
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	0
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	1
GS.3	Retailers resolve complaints in a timely and efficient way	2	18	0	0	0	2	5	3	8	0
UWE.4	Retailers facilitate the provision of timely and accurate consumption data to customers and support them in resolving supply pipe leaks	4	25	0	1	2	1	8	9	17	2
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	3
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	4
CV.9 (3)	Wholesaler to resolve request in timely and efficient manner (with regards to customer needs) to the appropriate level of quality	1	9	0	0	0	1	3	2	5	7
CV.15 (2)	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	4

Key:

From initial findings of report on natural and regulatory incentives we may exclude these activities from the MPF, but this is dependent on the PR24 outcome and the final scope of the proposed BR-MeX incentive.

JJ
11:45

Prioritised list of activities – middle table (12 activities)

REF	Activities and Behaviours	No of Direct Risks	Total Cust Impact & Risk Score	3	4	6	9	Total RTL Impact & Risk Score	Total WHL Impact & Risk Score	Combined TP Score	No of Indirect Risks
CV.13	Market participants improve processes to identify gaps sites and bring into charge	2	15	0	0	1	1	5	3	8	6
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	4
CV.18	Provision of timely and accurate tariffs into the central systems	2	15	0	0	1	1	5	3	8	1
GS.10	Market participants to support customers during unplanned events, including appropriate maintenance and use of customer emergency contact details	2	15	0	0	1	1	4	4	8	1
CV.1	Outgoing retailers to handover good quality timely customer data and incoming retailer to take a timely actual transfer reads on customer switching	2	15	0	0	1	1	5	2	7	6
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	6
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	5
CV.7	Retailers to report customer queries to wholesalers in a comprehensive and timely manner	1	9	0	0	0	1	2	1	3	2
GS.2	Retailers provide clear information to customers on how the complaints process works	1	9	0	0	0	1	2	1	3	2
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	3
CV.8	Retailers to keep customers informed on query resolution	1	9	0	0	0	1	2	1	3	2
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	3

Key:

From initial findings of report on natural and regulatory incentives we may exclude these activities from the MPF, but this is dependent on the PR24 outcome and the final scope of the proposed BR-MeX incentive.

AS/JJ/AR
11:45

Prioritised list of activities – bottom table (7 activities)

REF	Activities and Behaviours	No of Direct Risks	Total Cust Impact & Risk Score	3	4	6	9	Total RTL Impact & Risk Score	Total WHL Impact & Risk Score	Combined TP Score	No of Indirect Risks
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	0
CV.20	Calculation of timely and accurate MO charges and invoicing	1	6	0	0	1	0	2	2	4	0
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	6
UWE.1	Wholesalers to notify retailers when potential supply pipe leaks are identified and collaborate with retailers on leaks at vacant premises	1	6	0	0	1	0	2	3	5	4
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	2
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	2
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	4

JJ
11:45

Prioritised list of activities – potential activities that may sit outside the MPF [1] (7 activities)

REF	Activities and Behaviours	No of Direct Risks	Total Cust Impact & Risk Score	3	4	6	9	Total RTL Impact & Risk Score	Total WHL Impact & Risk Score	Combined TP Score	No of Indirect Risks
GS.1	Retailers provide clear information to customers on what their rights are (e.g. in respect of credit balances, right to formally dispute the money owed under contract)	2	18	0	0	0	2	5	2	7	5
CV.4	Retailers to provide product details and prices clearly to customers	3	19	0	1	1	1	7	5	12	1
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	6
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	5	10	7
CV.5	Suppliers make customers aware of their ability to switch	1	9	0	0	0	1	3	1	4	3
GS.4	Retailers provide clear and accessible information on their relative customer satisfaction performance	1	9	0	0	0	1	2	1	3	2
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	4

[1] subject to consideration of how and where these are currently defined and/or addressed by existing provisions and bodies

AS/JJ/AR
11:45

Agenda – 4hrs (9am –1pm)

1	**Welcome**	**Chair**	**5 Mins**
2	Actions from previous meeting	Chair	5 mins
3	Review progress to date & Steering Group feedback	Chair	5 mins
4	Recap & Interventions	Axelle Saada/ Janet Judge	20 mins
5	Endorses Activity templates	Axelle Saada/ Janet Judge	90 mins
	Break		10 mins
6	Feedback on Activities (Groupings) Proposed MPF Activities	Janet Judge	30 mins
7	**Introduction to Intervention tools (post-it notes version)**	**Adam Richardson/Janet Judge**	**50 mins**
8	Intro Review middle tier Activity templates	Axelle Saada/ Janet Judge	20 mins
9	AOB	Chair	5 mins

Exploration of Intervention Tools – Summary

Description of each tool on subsequent slides

Type	Publishing Individual Performance	Publishing Peer Performance Comparison	Penalty / Underperformance Payments	Reward / Outperformance Payments	Two-Way Payments (Penalty and Reward)
Candidate Tools	1. Self-Declaration to Customers 2. Central Reporting to Contracting Parties 3. Central Reporting to Industry 4. Central Reporting to Public	1. Industry Peer Comparison (relative) 2. Industry Peer Comparison (vs target/standard) 3. Public Peer Comparison (relative) 4. Public Peer Comparison (vs target/standard) NUANCES • Regional vs National	1. Ad-Hoc calculated penalty payments 2. Monthly penalty payments 3. Annual penalty payments	1. Primary Charges Discount for good performance 2. Credit Discount for good performance 3. Monthly reward payments 4. Annual reward payments NUANCE • Appeals	1. Monthly penalty payments funding annual reward for out-performance 2. Monthly penalty payments funding monthly rewards for outperformance 3. Annual penalty payments funding annual reward for out-performance NUANCE • Appeals • Treatment of Excess Penalty Charges

JJ/AR
12:35

Exploration of Intervention Tools – Summary

Description of each tool on subsequent slides

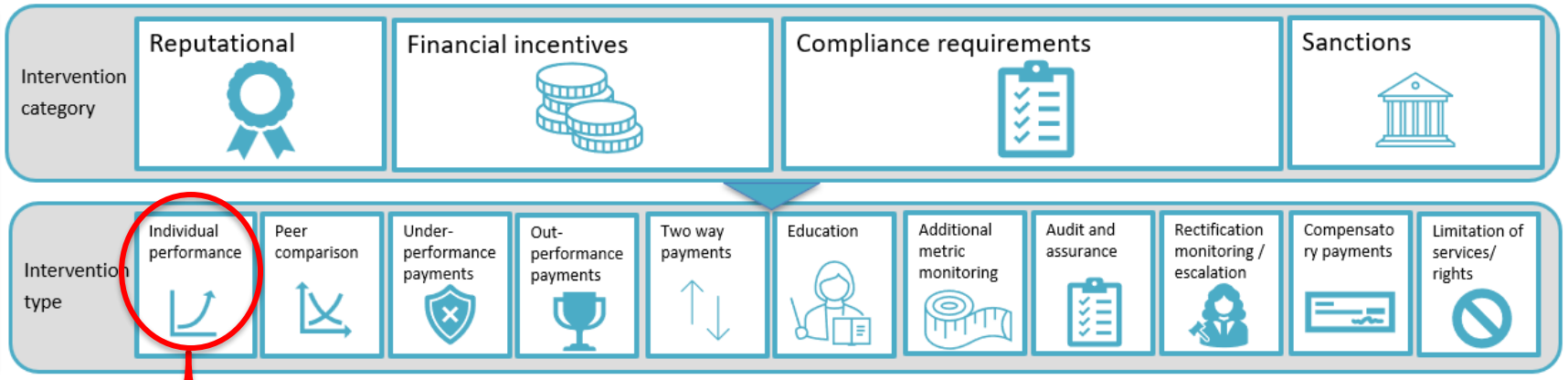
MOSL
MARKET OPERATOR SERVICES LTD

Type	Education	Additional Metric Monitoring	Audit and Assurance	Rectification Monitoring and Escalation	Compensatory Payments	Limitation of Services / Access Rights
Candidate Tools	1. MO Guidance 2. Self-Serve On-line Training 3. Training Workshops 4. Required Competence Checks	1. Additional Performance Indicators 2. Diagnostic Metrics	1. Meter to Bank Market Audit 2. Market-Wide Targeted Audits on areas of key risk 3. Targeted Audits on specific areas of underperformance 4. 'MOT' Audits 5. Market Entry Audit 6. Re-Assurance Audit 7. Technical Audit of Meter Installations 8. Technical Audit of Metering Records NUANCES • On-Site vs Desk-based • Third Party Auditor vs Self Certification	1. Letters of Concern 2. Requests for Rectification Plans 3. Rectification Plan Review and Challenge 4. Publication of Rectification Status NUANCES • Clear Framework of escalation steps and decision-points and provision for deployment of subsequent MPF interventions	1. One-off Awards 2. Monthly Damages 3. Annual Damages 4. Customer Awards	1. Removal of Voting Rights 2. Credit Cover Adjustment 3. Limitation of Central System Access 4. Restriction of Portfolio 5. Suspension of settlement charges

Exploration of Intervention Tools

Type

Publishing Individual Performance



Candidate Tools

Self-Declaration to Customers: Obligation for Retailers/Wholesalers to publish own KPI performance on website and/or bills either monthly, quarterly, annually or as bills are issued. Data only available to individual retailers, market operator and Regulator.

Central Reporting to Contracting Parties: Obligation for a Central Body (MOSL?) to publish performance of individual Retailers or Wholesalers online either monthly, quarterly, annually. Data not presented as a peer comparison - only available to contracting parties, market operator and Regulator.

Central Reporting to Industry: Obligation for a Central Body (MOSL?) to publish performance of individual Retailers or Wholesalers online either monthly, quarterly, annually. Data not presented as a peer comparison - available to all parties to the WRC and MAC, market operator and regulator.

Central Reporting to Public: Obligation for a Central Body (MOSL?) to publish performance of individual Retailers or Wholesalers online either monthly, quarterly, annually. Data not presented as a peer comparison - available to public

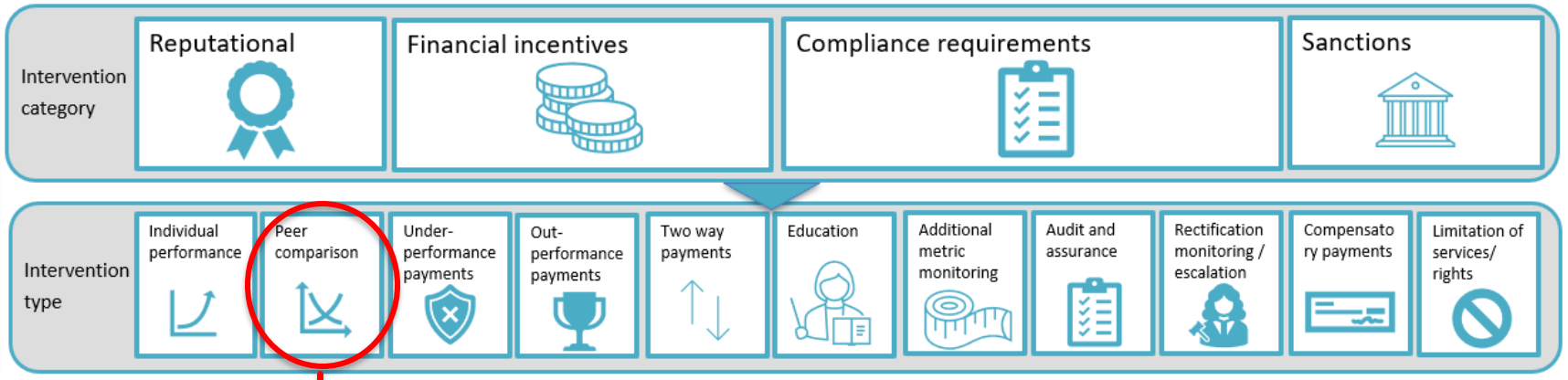
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Publishing Peer Comparison



Candidate Tools

Industry Peer Comparison (relative): Obligation for a Central Body (MOSL?) to publish peer comparison view of performance of individual Retailers or Wholesalers online either monthly, quarterly, or annually. Data presented as a peer comparison - available to all parties to the WRC and MAC, market operator and regulator.

Industry Peer Comparison (vs target/standard): Obligation for a Central Body (MOSL?) to publish peer comparison view of performance of individual Retailers or Wholesalers online either monthly, quarterly, or annually. Data presented as a peer comparison - available to all parties to the WRC and MAC, market operator and regulator.

Public Peer Comparison (relative): Obligation for a Central Body (MOSL?) to publish peer comparison view of performance of individual Retailers or Wholesalers online either monthly, quarterly or annually. Data presented as a peer comparison - available to public.

Public Peer Comparison (vs target/standard): Obligation for a Central Body (MOSL?) to publish peer comparison view of performance of individual Retailers or Wholesalers online either monthly, quarterly, or annually. Data presented as a peer comparison - available to public.

Nuance - Regional vs National: Report at national or regional level. (Regional would highlight regional retailer performance differences that might be attributable to wholesaler performance) but be less easy to digest

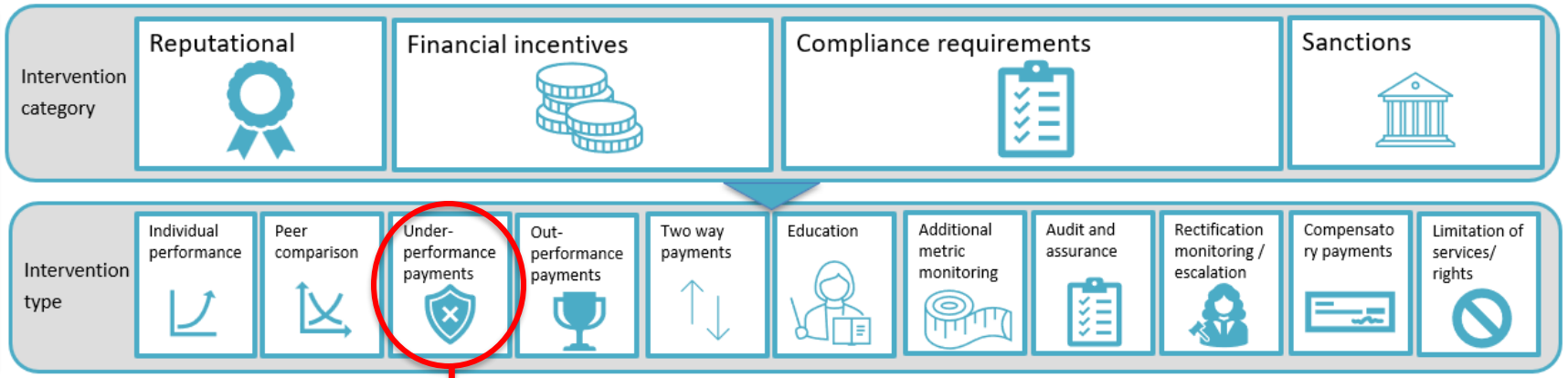
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Penalty / Under-performance Payments



Candidate Tools

Ad-Hoc calculated penalty payments: One-off/Ad-hoc charges calculated based on an assessment of the scale of impact/detriment to the market or consumers arising from non-compliance or underperformance vs market rules. Such a calculation could be capped in some way (e.g. as a proportion of primary charges or revenue).

Monthly penalty payments: Payments for underperformance vs standards calculated using defined metrics each month. Monies to be recovered by a central body (the market operator) and not returned. Options:

1) Use to offset MO Charges – i.e. all parties benefit based on MO funding proportion.
2) Hold in a market improvement fund for use on market improvement programmes.

Annual penalty payments: Payments for underperformance vs standards calculated using defined metrics and invoiced after year end. Monies to be recovered by a central body (the market operator) and not returned. Options:

1) Use to offset MO Charges – i.e. all parties benefit based on MO funding proportion.
2) Hold in a market improvement fund for use on market improvement programmes.

Nuance - Appeals: A process for appeals may be required to enable manifest errors or force majeure to be taken into account where performance is calculated on a mechanical basis (e.g. this could have provided a way to reduce/waive charges for events such as the pandemic)

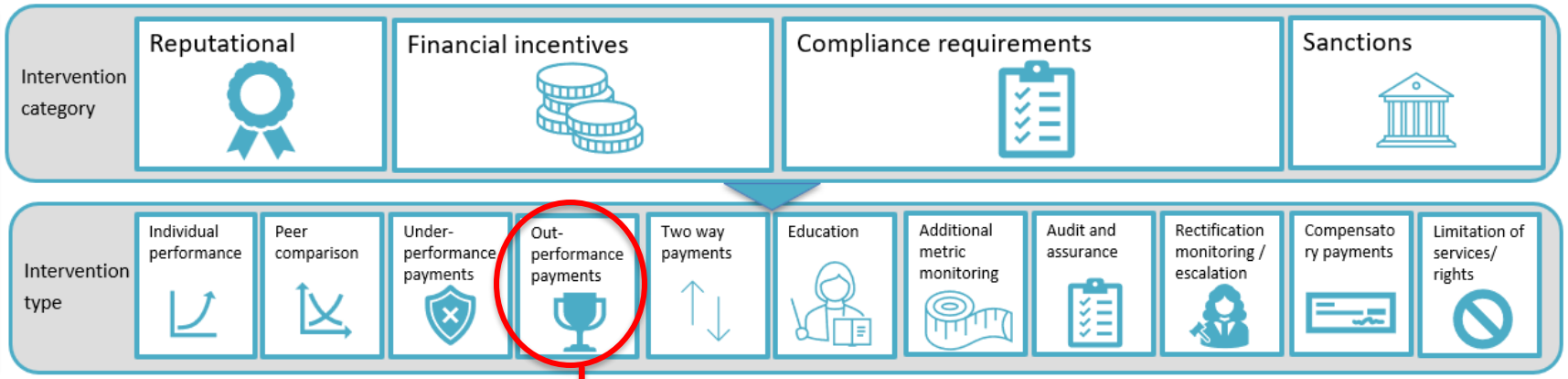
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Reward / Out-performance Payments



Candidate Tools

Primary Charges Discount for good performance: Sustained out-performance vs standards across a period by a retailer (e.g. over six months or one year) to result in a discount being applied to primary charges attributed to that retailer. NOTE: This would mean good performance reduces wholesaler revenues – would this lead to wholesalers seeking to recover elsewhere (other retailers or in the HH segment)?

Credit Discount for good performance: Sustained out-performance vs standards across a period by a retailer (e.g. over six months or one year) to result in a discount being applied to the credit requirement calculation for that retailer. NOTE: This would mean good performance reduces proportion of credit cover for wholesalers – changing the balance of risk while reducing the credit burden on retailers.

Monthly reward payments: Payments for out-performing standards calculated using defined metrics each month. Question – source of funding not clear, one option may be to fund by levying MO charges to fund (effectively created a two-way payment where outperformance is funded by those who are underperforming and also performing) – this also creates uncertainty in the MO costs each year.

Annual reward payments: Payments for out-performance standards calculated using defined metrics and invoiced after year end. Question – source of funding not clear, one option may be to fund by levying MO charges to fund (effectively created a two-way payment where outperformance is funded by those who are underperforming and also performing) – this also creates uncertainty in the MO costs each year.

Nuance - Appeals: A process for appeals may be required to enable manifest errors or force majeure to be taken into account where performance is calculated on a mechanical basis (e.g. this could have provided a way to reduce/waive charges for events such as the pandemic)

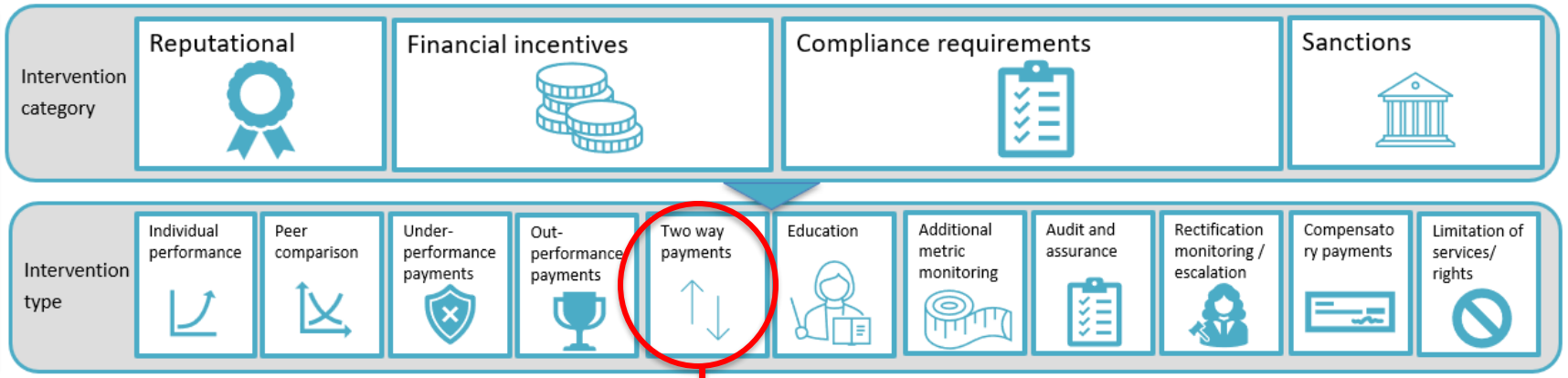
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Two-way Payments (Penalty and Reward)



Candidate Tools

Monthly penalty payments funding annual reward for out-performance: Payments for underperformance vs standards calculated using defined metrics each month. Monies to be recovered by a central body (the market operator) and re-distributed to out-performing parties at year end. Rewards would be capped (and scaled across recipients) by total penalties levied.

Monthly penalty payments funding monthly rewards for outperformance: Payments for underperformance vs standards calculated using defined metrics each month. Monies to be recovered by a central body (the market operator) and re-distributed to out-performing parties each month. Rewards would be capped (and scaled across recipients) by total penalties levied.

Annual penalty payments funding annual reward for out-performance: Payments for underperformance vs standards calculated using defined metrics at year end. Monies to be recovered by a central body (the market operator) and re-distributed to out-performing parties at year end. Rewards would be capped (and scaled across recipients) by total penalties levied...

Nuance – Treatment of Excess Penalty Charges:
Where rewards are lower than collected funds these could be used to

1) Offset MO Charges – i.e. all parties benefit based on MO funding proportion.
2) Hold in a market improvement fund for use on market improvement programmes.

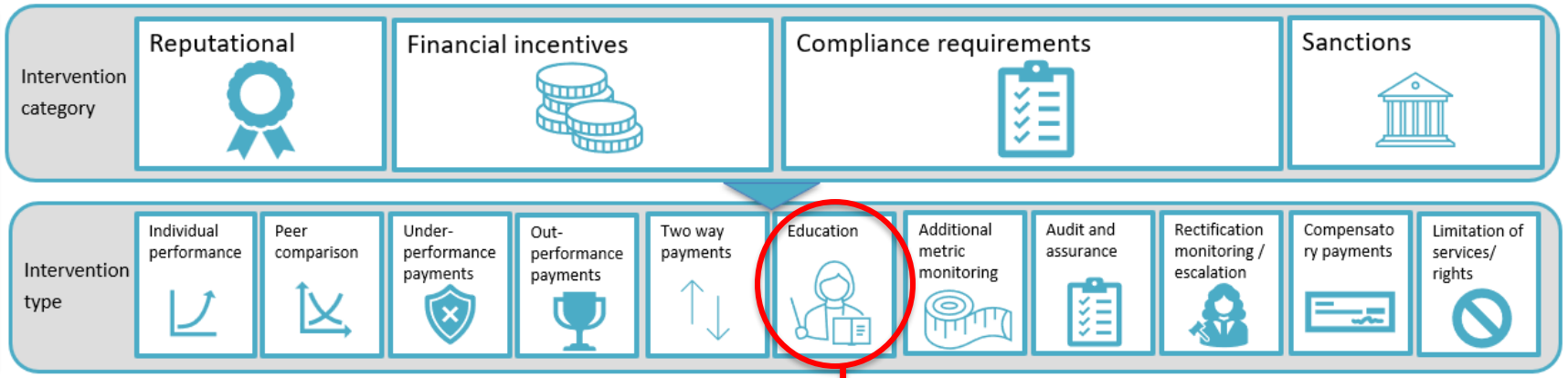
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Education



Candidate Tools

MO Guidance: Publication of guidance notes by the market operator to be accessed on a self-service basis as needed by market participants.

Self-Serve On-line Training: Publication of on-line training modules re-market processes and systems by the market operator to be accessed on a self-service basis as needed by market participants.

Training Workshops: Provision of in-person training on request re-market processes and systems by the market operator.

Required Competence Checks: Market participants required to provide evidence to the MO or a third party of training / certification being attained by relevant employees.

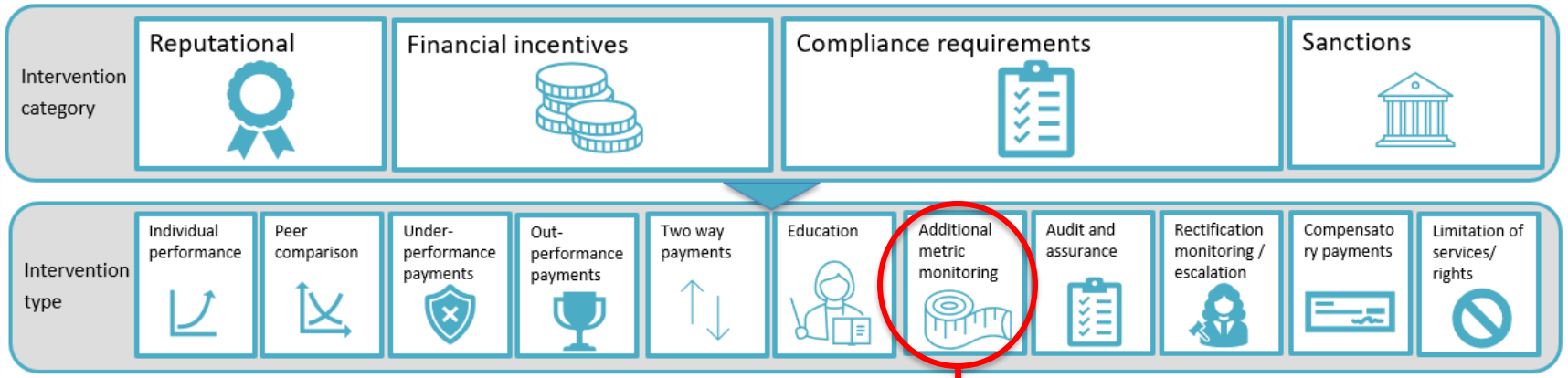
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Additional Metric Monitoring



Candidate Tools

Additional Performance Indicators: Provision for new performance metrics to be created, implemented and used to underpin the application of other MPF interventions as required. Introduction of such metrics would be handled outside the market codes and would not require code changes. However, their specification would need to be communicated and documented with sufficient engagement and warning ahead of their introduction.

Diagnostic Metrics:
Provision for new performance metrics to be created, implemented and used on a confidential basis only to inform impact analysis and rectification progress monitoring for identified issues. Introduction of such metrics would be handled outside the market codes and would not require code changes.

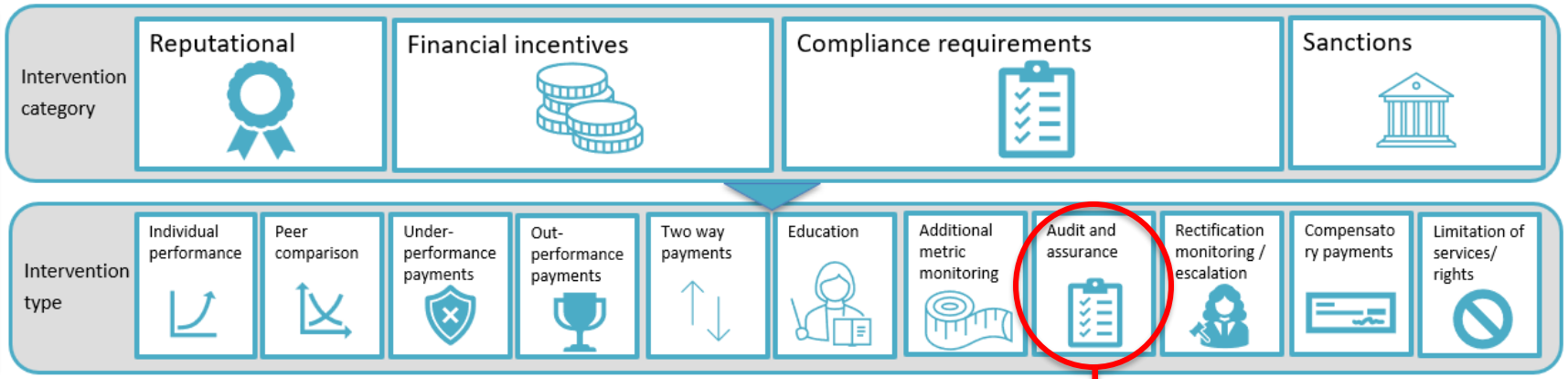
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Audit and Assurance



Candidate Tools

Meter to Bank Market Audit: Market-wide audit of compliance with key market obligations with a view to determining whether settlement calculations of primary are a true and fair representation of monies owed and received. Results in an overall Opinion which may be relied upon by market participants or otherwise qualified. NOTE – setting scope before performance period may provide key signals regarding compliance / performance focus for market participants

Market-Wide Targeted Audits on areas of key risk: Variable scope audit or audits that are performed on all relevant parties responsible for key obligations to gauge the level of effectiveness and compliance associated with delivery (and the impacts of non-delivery). NOTE – setting scope before performance period may provide key signals regarding compliance / performance focus for market participants

Targeted Audits on specific areas of underperformance: Variable scope audit or audits that may be performed on particular parties where underperformance or non-compliance is a concern to test and establish the extent of non-compliance, the reasons for non-compliance and the impacts of non-delivery.

'MOT' Audits: Regular audits on areas on standard scope areas of key risk to confirm compliance or appropriate controls in place and identify matters for rectification in order to retain 'certified status'. NOTE – setting scope before performance period may provide key signals regarding compliance / performance focus for market participants

Nuance 1 – On-Site vs Desk-based: Audits could be on-site reviews of processes and data, including interviews or remote, desktop reviews of evidence provided.

Nuance 2 – Third Party Auditor vs Self Certification: Audits could be conducted by an independent body (MOSL or a third-party auditor appointed centrally) or by the individual subject of the audit itself – submitting evidence for random review if required.

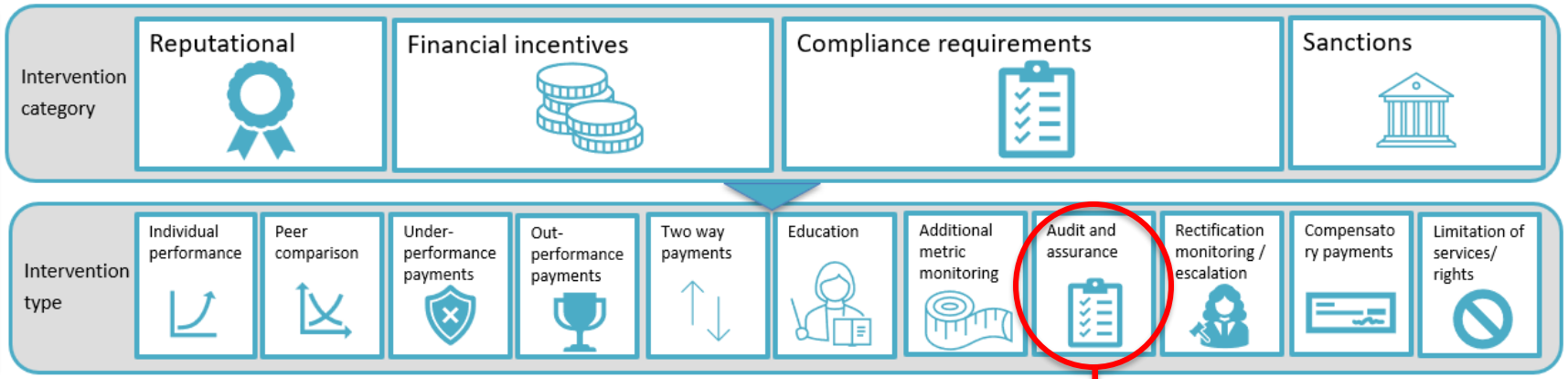
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Audit and Assurance



Candidate Tools

Market Entry Audit:
Review of new entrant processes and systems to ensure compliance with code requirements and capability of operation to mitigate the risk of error being introduced into the market. NOTE – setting scope before market entry may provide key signals regarding compliance / performance focus for market participants

Re-Assurance Audit:
Review of market participant processes and systems prior to material changes being made to ensure compliance with code requirements and capability of operation to mitigate the risk of error being introduced into the market.

Technical Audit of Meter Installations: On-site audit of meter installation to review against good practice and installation requirements and confirm asset location accessible and in good working order.

Technical Audit of Metering Records: Review of technical records for asset testing/installation and commissioning/repair etc.

Nuance 1 – On-Site vs Desk-based: Audits could be on-site reviews of processes and data, including interviews or remote, desktop reviews of evidence provided.

Nuance 2 – Third Party Auditor vs Self Certification: Audits could be conducted by an independent body (MOSL or a third-party auditor appointed centrally) or by the individual subject of the audit itself – submitting evidence for random review if required.

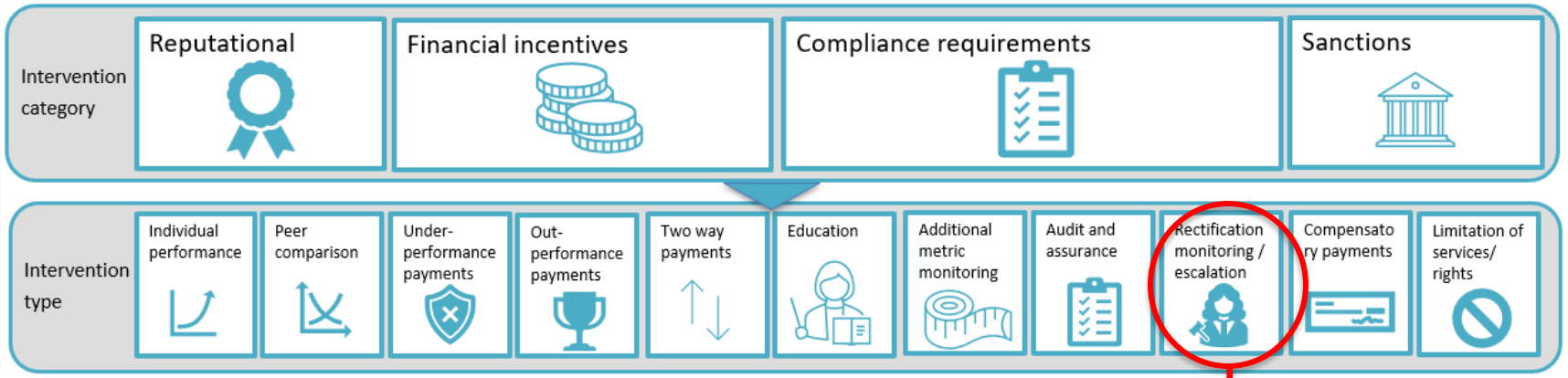
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Rectification Monitoring and Escalation



Candidate Tools

Letters of Concern: Formal communications to senior leaders at market participants issued from relevant decision-makers at key points in the identification and escalation of non-compliance / underperformance. Letters intended to highlight concerns at a senior level to galvanise mitigating actions and management commitment to resolution.

Requests for Rectification Plans: Where material underperformance / non-compliance is identified, the market operator may request rectification steps and milestones (with timings) are set out in a rectification action plan which can be monitored to ensure the matter (or matters) are rectified.

Rectification Plan Review and Challenge: Opportunity for relevant decision-makers to challenge and review proposed rectification plans and request further action to better mitigate or increase the pace with which underperformance or non-compliance is addressed. Review and challenge to take via presentation and Q&A format.

Publication of Rectification Status: The ability to make public the status of any market participant with respect to formal requests for rectification and progress within any determined escalation cycle.

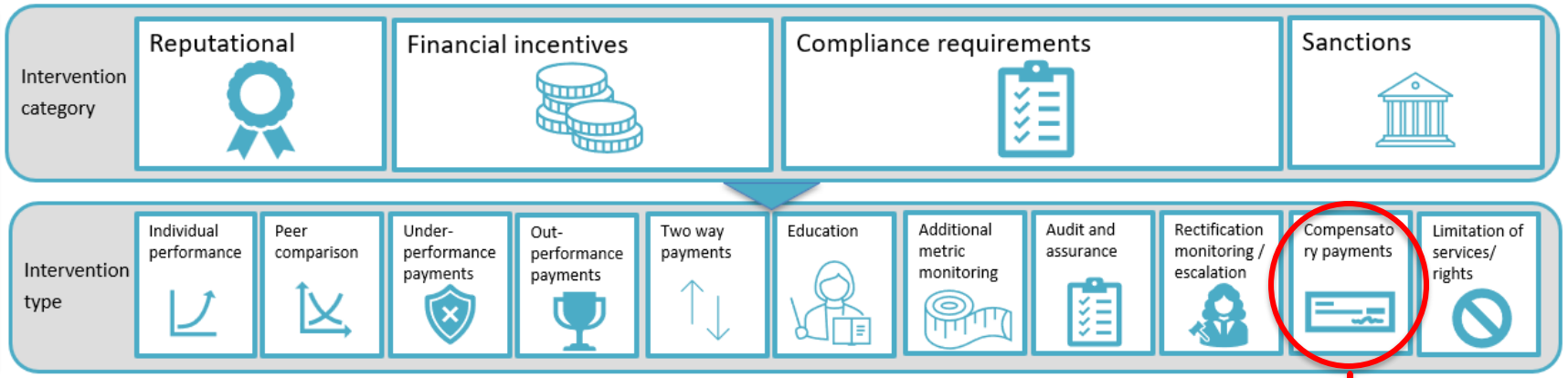
Nuance 1 – Clear Framework of Escalation Steps: Any rectification and monitoring mechanism should have clearly outlined steps which lead from issue identification to escalation through relevant decision-points and decision-makers. The potential for subsequent actions (e.g. application of other MPF interventions such as additional monitoring or sanctions) should be clearly communicated into the escalation framework.

JJ/AR
12:35

Exploration of Intervention Tools

Type

Compensatory Payments



Candidate Tools

One-off awards:
Following identification of a material non-compliance / underperformance, the decision-making body can calculate a notional impact (using pre-defined assumptions/parameters) to determine a one-off payment to be made by one trading party. Collected payments to be re-distributed to affected trading parties as per the calculated impact.

Monthly damages:
Payments for underperformance vs standards calculated using defined metrics each month. Monies to be recovered by a central body (the market operator) and returned to affected trading parties based on pre-estimate of loss.

Annual damages:
Payments for underperformance vs standards calculated using defined metrics at end of each year. Monies to be recovered by a central body (the market operator) and returned to affected trading parties based on pre-estimate of loss.

Customer Awards:
Payments for underperformance vs standards calculated using defined metrics at end of each year. Monies to be recovered by a central body (the market operator) and returned to affected trading parties based on pre-estimate of loss with an obligation for retailers to pass these recovered monies on to their customers.

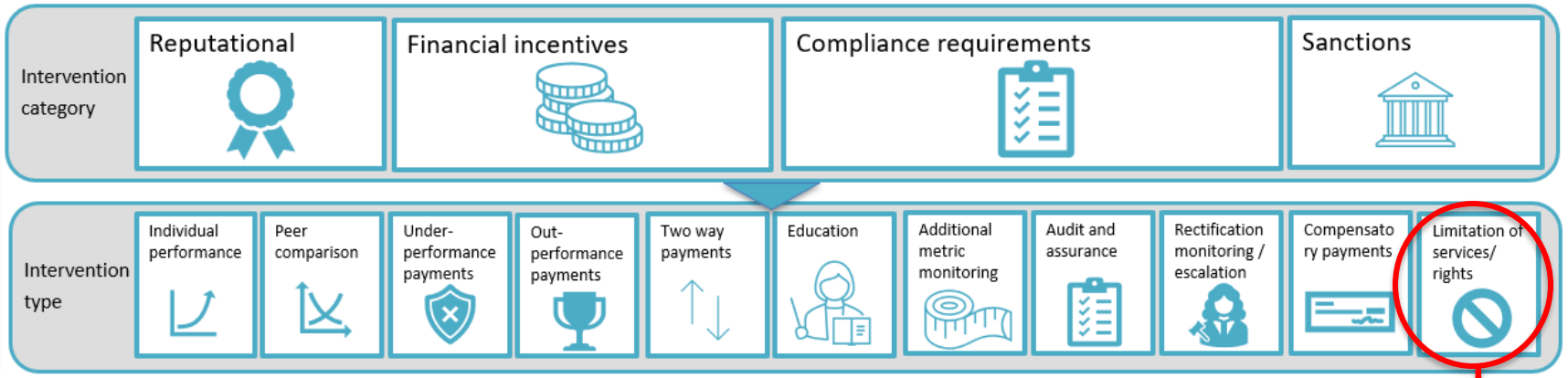
JJ/AR
12:35

Exploration of Intervention Tools

MOSL
MARKET OPERATOR SERVICES LTD

Type

Limitation of services / access rights



Candidate Tools

Removal of Voting Rights: Removal of right to participate and vote as a MOSL Member Company in resolutions relating to the market operator until the non-compliance / underperformance is resolved. Provision would be made to manage associated adjustments to quorum etc. to enable resolutions to be made and passed – including approval of the annual business plan and appointment of directors etc.

Credit Cover Adjustment: Wholesalers credit requirement calculations are capped in the event of underperformance / non-compliance, reducing the credit burden on retailers and shifting the balance of risk away from retailers in that wholesale area while the wholesaler continues to underperform or remains non-compliant. For retailers, this may see an elevated credit cover requirement to move the balance of risk to the retailer while they underperform / remain non-compliant.

Limitation of Central Systems Access: Retailers restricted in accessing CMOS and the Bilaterals Hub so that they can only view and update information relating to their own registered supply points until the underperformance / non-compliance is resolved.

Restriction of Portfolio: Remove the ability for retailers to take on new customers or register new supply points until the non-compliance / underperformance is resolved. Retailers could still lose customers but the impact of their underperformance/non-compliance would be limited to their existing customer base and not able to be widened to directly impact other customers.

Suspension of Settlement Charges: Settlement charges are suspended for specific SPIDs for underperformance vs standards calculated using defined metrics each month (e.g. where a meter remains non-working for an extended period, despite a bilateral request being raised).

JJ/AR
12:35

Exploration of Intervention Tools – next steps

- Creating one-page summaries of each tool
- Take through one-page summaries at PAG15
- Send out as pre-reading for feedback and endorsement at PAG16

AS/JJ/AR
12:35

Agenda – 4hrs (9am –1pm)

1	**Welcome**	**Chair**	**5 Mins**
2	Actions from previous meeting	Chair	5 mins
3	Review progress to date & Steering Group feedback	Chair	5 mins
4	Recap & Interventions	Axelle Saada/ Janet Judge	20 mins
5	Endorses Activity templates	Axelle Saada/ Janet Judge	90 mins
	Break		10 mins
6	Feedback on Activities (Groupings) Proposed MPF Activities	Janet Judge	30 mins
7	Introduction to Intervention tools (post-it notes version)	Adam Richardson/Janet Judge	50 mins
8	**Intro Review middle tier Activity templates**	**Axelle Saada/ Janet Judge**	**20 mins**
9	AOB	Chair	5 mins

Review middle tier activities

- Templates have been produced
- Will be sent out after this meeting
- Will reflect learning from feedback on metrics and interventions from top tier activities in templates for middle tier where relevant ahead of consultation

AS/JJ/AR
12:55

Agenda – 4hrs (9am –1pm)

1	**Welcome**	**Chair**	**5 Mins**
2	Actions from previous meeting	Chair	5 mins
3	Review progress to date & Steering Group feedback	Chair	5 mins
4	Recap & Interventions	Axelle Saada/ Janet Judge	20 mins
5	Endorses Activity templates	Axelle Saada/ Janet Judge	90 mins
	Break		10 mins
6	Feedback on Activities (Groupings) Proposed MPF Activities	Janet Judge	30 mins
7	Introduction to Intervention tools (post-it notes version)	Adam Richardson/Janet Judge	50 mins
8	Intro Review middle tier Activity templates	Axelle Saada/ Janet Judge	20 mins
9	**AOB**	**Chair**	**5 mins**

AOB Future meetings (1 of 1)

Meeting Date	Discussion / Introductions /Endorsements
PAG 15 – 9 February 2023	1) Feedback on Middle tier Activity templates 2) Walk through of tools descriptions
PAG 16 – 22 February 2023	1) Introduction to proposed consultation 2 material 2) Endorsement of (content) tools descriptions.
PAG 17 – 08 March 2023	1) Assess framework against CFI principles & review quick wins (report/offline) 2) Check against risks (as per TN's suggestion) (report/offline) 3) (1 of 2) Proposed framework detail – endorsement 4) Business Case approach

Chair
13:00