Market Performance Framework

Performance Advisory Group – PAG18

09 June 2023

MOSL
MARKET OPERATOR SERVICES LTD

Agenda – 4hrs (9am –1pm)

1	Welcome, Actions from previous meeting & Update	Chair	10 Mins
2	Consultation feedback	Evan	30 mins
3	Quick wins update	Miles	15 mins
4	Feedback & workshop on activities (top-down review) part 1	Axelle Saada/ Janet Judge	75 mins
-	Break		10 mins
5	Feedback & workshop on activities (top-down review) part 2	Axelle Saada/ Janet Judge	80 mins
6	Intro to worked examples	Janet	15 mins
7	AOB	Chair	5 mins

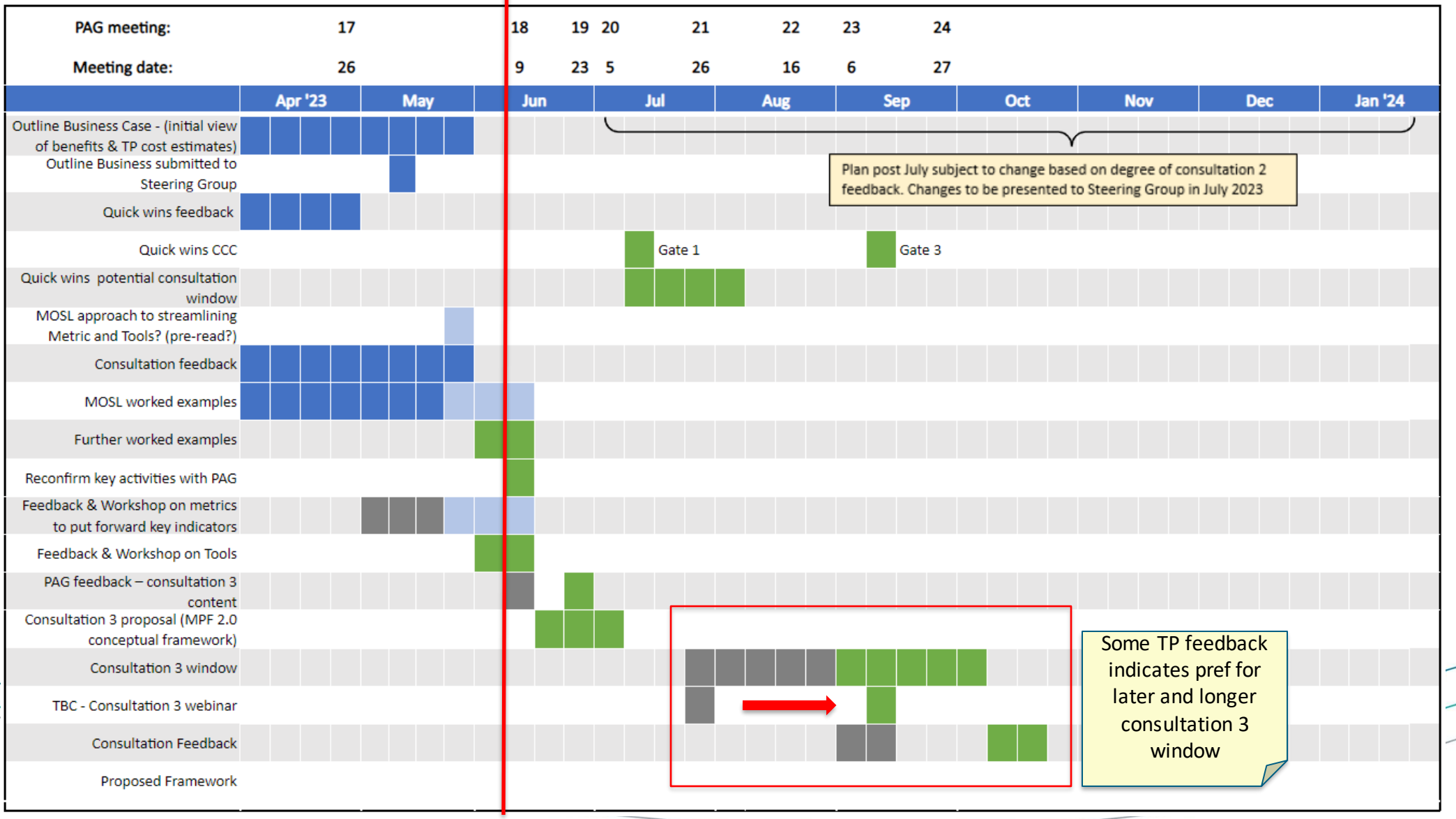
Actions from Previous Meeting (1 of 1) to be updated

NO	Action required	Action by	Action Date
17/01	MOSL to review quick wins further taking on board PAG feedback.	MOSL	
17/02	MOSL to review dates of upcoming PAG meetings to avoid holidays and update accordingly.	MOSL	09/06/2023

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
09:10

Steering Group update (9th May)

- Update on the headlines from consultation 2
- Presented an update on the feedback received from PAG on the potential quick wins socialised at the previous Steering Group.
    - PAG indicated if quick wins did not provide a significant change for any training party it may not have value to proceed as it could distract from the main work for MPF reform.
    - Alternate proposals from PAG were that MOSL explore the early introduction and shadow running of additional performance indicators (APIs)as part of quick wins.
- Update on Programme plan
- Outline Business case
    - Outline Business case as the second stage of the process with the Full Business case intended for approval in September 2023

Chair
09:15

Consultation Feedback - Overall findings

- Good engagement
  - 23 stakeholders submitting a written response,
  - 25 participants to the webinar organised by MOSL on 13 March.
  - Consultation 1: Responses from 19 stakeholders.
- Overall, trading parties supportive of the completeness of the metrics and intervention tools being considered.
- Across all stakeholders, push for simplicity of the overall framework and to contain the costs associated with its implementation.

EJ
09:40

Overall findings

- General comments:
  - Need for clarity around the objective and scope of the MPF;
  - Making sure stakeholders are aware that the MPF is part of the code;
  - Simplicity in the framework (which also limits the costs associated with it);
  - Simplicity in the style of the consultation, suggesting that consultation 3 should be presented in a simpler form;
  - In designing and selecting intervention tools, MOSL should be mindful of resources required.

Metrics

- Majority of respondents
  - list exhaustive, but a few proposals for additional metrics.
    - (i) a measure of the time a retailer needs to return information requested on bilateral cases,
    - (ii) a measure of retailers' accountability,
    - (iii) a measure of accuracy of Yearly Volume Estimates (YVEs),
    - (iv) a metric for new connections / gap sites, and
    - (v) a metric for net occupancy status change; i.e. occupied to vacant vs. retailers operating in wholesale supply vs. behaviour in other wholesale areas
- Approximately half of the respondents commented on all the metrics proposed.
  - Majority of remarks relate to accuracy and clarity of the metrics description.

EJ
09:40

Interventions

- Most respondents observed that the list of intervention tools was exhaustive.
- A few respondents proposed additional intervention tools.
- A majority of respondents engaged and commented on intervention tools
  - Main concerns relate to intervention tool effectiveness, problems with the intervention tool's implementation and the intervention tool being outside the scope of the MPF.

Governance

- Half of respondents engaged with the governance question:
  - **Performance Assurance Committee (PAC)**: perceived overlap between the PAC and the existing Market Performance Committee (MPC).
  - **Governance Layers**: preference for simplicity in the governance structure and fair representation in the governing entities.
  - **Managing the change**:
    - Be mindful of the change of the codes - given that the performance framework is changing considerably.
    - Introduce transition ("shadow") period between MPF 1 and MPF 2 to allow trading parties the time to adapt to the change.

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Quick wins

- Potential options for quick wins:
  - **Reviewing low volume/low value performance standards** – reviewing options for low value performance standards to potentially remove standards that may not exist in a future framework
  - **Improving accountability by using bilateral performance data** – For meters not being read, where Wholesaler action is required, there is an opportunity to improve how we incentivise a resolution of these issues
  - **Other potential quick wins**
    - Introducing potential market indicators

MR
09:55

Quick wins – Improving accountability by using bilateral performance data

- **Problem statement**
  - Accountability – Retailers being charged for meters that cannot be read
  - Lack of incentive to use Bilateral Hub
  - Wholesalers not incentivised to resolve bilateral requests

- **Potential solution:**
  - Remove MPS 18/MPS 19 charges where a Bilateral Hub request is outstanding
  - Potential pilot with B5 (meter repair/replacement) or C1 (meter verification/supply arrangement check) processes
  - Introduce high level monitoring on bilateral requests to support pilot process
  - Aim to implement by the end of 2023 calendar year

MR
09:55

Quick wins – request for input

- **Seeking PAG input on:**
  - View on C1/B5 as priority processes
  - Metrics to monitor correct process & behaviours
  - Other considerations

- **Next steps:**
  - Review PAG feedback
  - Explore different implementation options
  - Return to PAG in August with more information

MR
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Feedback & workshop on activities (top-down review)
Breakdown of market activities, after consultation 1

Tier / Pot	Retailers	Both (Retailer & Wholesaler)	Wholesalers	Market Operator	TOTAL
Top	4	2	4	0	10
Middle	5	3	4	0	12
Bottom	1	1	3	2	7
Subtotal	10	6	11	2	29
Pot 4	5	2	0	0	7
TOTAL	15	8	11	2	36

Janet
11:10

Feedback & workshop on activities (top-down review)
Reminder of top and middle tier market activities

Retailer

Top Tier' - 4 activities	
CV.2 / UWE.2	Retailers to make sure that CMOS is regularly updated with good quality customer and consumption data
GS.3	Retailers resolve complaints in a timely and efficient way
UWE.4	Retailers facilitate the provision of timely and accurate consumption data to customers and support them in resolving supply pipe leaks
CV.6	Retailers to provide sufficient level of actual meter reads to ensure accurate consumption data (giving accurate settlement and customer billing)
Middle Tier' - 5 activities	
CV.1	Retailers to handover good quality timely customer data and incoming retailer to take a timely actual transfer reads on customer switching
CV.7	Retailers to report customer queries to wholesalers in a comprehensive and timely manner
CV.8	Retailers to keep customers informed on query resolution
CV.23	In the absence of a meter read retailers should make sure an accurate estimation of consumption is made
GS.2	Retailers provide clear information to customers on how the complaints process works

Joint

Top Tier' - 2 shared activities	
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
CV.15 (2)	Market participants improve processes to facilitate new connections (including non-eligible customers post development or change of use)
Middle Tier' - 3 shared activities	
CV.13	Market participants improve processes to identify gaps sites and bring into charge
CV.16	Market participants work collaboratively to ensure vacancy classification is accurate and resolve associated issues
GS.10	Market participants to support customers during unplanned events, including appropriate maintenance and use of customer emergency contact details

Wholesaler

Top Tier' - 4 activities	
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
GS.9	Wholesalers efficiently maintain working/functioning assets, including meters which must be working accurately and be readable
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
CV.9 (3)	Wholesaler to resolve request in timely and efficient manner (with regards to customer needs) to the appropriate level of quality
Middle Tier' - 4 activities	
CV.18	Provision of timely and accurate tariffs into the central systems
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
GS.8	Wholesalers to provide timely, clear and concise explanations around most common customer wholesale-related queries
GS.6	Wholesalers provide clear and accessible information on their relative performance on non-household services

Janet
11:10

Feedback & workshop on activities (top-down review)

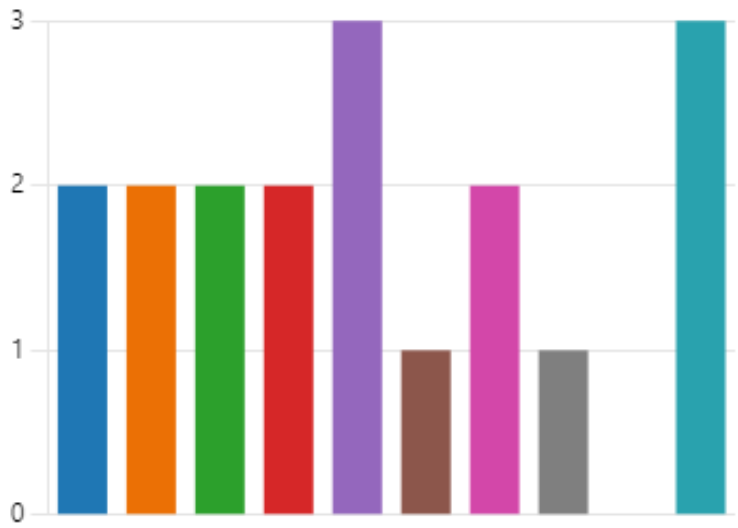
Structure of the workshop

- Share results of PAG feedback
- To ensure we cover areas where there was greater consensus, we won't discuss activities with only 1 vote
- Will discuss rationale for include / not include in the initial focus of the MPF
- Output: agreed list of activities to be included in the initial focus of MPF
- Once we have an agreed list we'll re-check that all main risks and issues are covered and confirm at next PAG

Janet
11:10

Feedback & workshop on activities (top-down review)

Feedback from PAG: top tier activities that should not be included in the focus of initial MPF



Summary of rationales:

- CV.15: Market changes already improved process and data
- GS.3: Not code requirements and addressed by other regulatory area
- CV.2: Consumption data ok but not customer data
- GS.9; UWE.7: Covered by PR24
- UWE.7: Risk of double counting

CV.15: Market participants improve new connections processes (incl. non-eligible cust. post development/change of use) (**3 votes**)
GS.3: Retailers resolve complaints in a timely and efficient way (**3 votes**)
CV.2: Retailers make sure CMOS regularly updated with good quality customer and consumption data (**2 votes**)
CV.3: Wholesaler make sure CMOS regularly updated with good quality accurate asset & premises data incl. timely deregn. (**2 votes**)
GS.9: Wholesalers efficiently maintain working/functioning assets, incl. meters which must be working accurately and be readable (**2 votes**)
UWE.7: Wholesalers ensure appropriate meter assets (incl. smarter meters where relevant) sufficient to meet needs of customers/drive right customer/water efficiency behaviours (**2 votes**)
UWE.5: Market participants collaborate to share/utilise additional data to facilitate efficiency offerings to customers (**2 votes**)

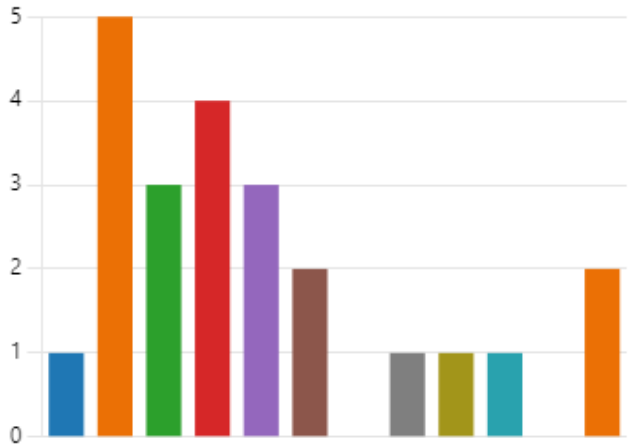
Janet/
Axelle
11:10

Break

tbc
11:20

Feedback & workshop on activities (top-down review)

Feedback from PAG: middle tier activities that should be included in the focus of initial MPF



Summary of rationales:

- CV.13, CV.16, GS.10, GS.5: Have greatest customer impact/ provides good outcomes
- CV.16: significant market issue
- CV.1, CV.18, GS.5: Relate to actionable tasks
- CV.1, CV.18: Customer and retailer billing impact
- CV.23: Key to settlement and reduced bill shock

CV.16: Market participants work collaboratively to ensure vacancy classification is accurate and resolve associated issues (**5 votes**)
GS.10: Market participants support customers during unplanned events, incl. maintenance/use of customer emergency contact details (**4 votes**)
CV.18: Provision of timely and accurate tariffs into the central systems (**3 votes**)
CV.1: Outgoing retailer handover good quality timely customer data & incoming retailer take timely actual transfer reads on switch (**3 votes**)
GS5: Wholesalers better reflect needs/requirements of NHH customers in provision of NHH services, incl. TE & planned/unplanned events (**2 votes**)
CV.23: In the absence of a meter read retailers should make sure an accurate estimation of consumption is made (**2 votes**)

Janet/
Axelle
12:40

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Introduction to worked examples

- Included worked example of application of MPF tools in consultation 2
- Format was as below:

Activity ref.	Activity	
GS.9	Wholesalers efficiently maintain working/functioning assets, including meters which must be working accurately and be readable	
Type of tool	**Intervention tools**	**Examples of metrics**
Standard	Public peer comparison (vs target /standard) (monthly)	M037 - Number of legacy long unread meters as a % of SPID numbers
	Penalty payments (monthly)	M012 - Repair or replacement of a faulty meter – number of B5 requests raised in the bilaterals hub and timeframe for resolutions
	MOT audit to retain certified status (annual)	M041 - Number of meter accuracy tests conducted per month + average accuracy
Discretionary	Targeted audits	M005 - Analysis on meters recording inaccurately – number of volumetric adjustments where the code is meter and the length of period this covers, M012 - Repair or replacement of a faulty meter – number of B5 requests raised in the bilaterals hub and timeframe for resolutions, M041 - Number of meter accuracy tests conducted per month + average accuracy
	Technical audit of metering records	
	MO guidance	
	Diagnostic metrics	
	Additional performance indicators	
	Rectification monitoring and escalation	
	Credit cover adjustment	

Janet
12:55

Introduction to worked examples

- Consultation 3 will be on MPF model and need to be able to describe the model
- In order to describe, worked examples thought helpful (positive feedback on inclusion in consultation 2)
- Looking to have worked examples for several market activities
- To help understand how model may be applied, would include:
  - Proposed metric that could be used, not necessarily for every activity
  - Proposed tools that may be deployed to monitor and/or improve performance
- Example to be shared in advance of next PAG for PAG to critique

Janet
12:55

Introduction to worked examples

- We will cover worked examples and PAG feedback in next PAG (5 July)
- Will share worked example before next meeting for PAG to provide feedback
- The ask of PAG will be:
  - Is the format easily understandable? If not, what would help?
  - Have we covered what TPs would need for them to understand how they may progress through the process, without making the example overly complicated?
  - Is there further information needed that could be provided as additional narrative to the worked example?

Janet
12:55

AOB Future meetings (1 of 1)

Meeting Date	Discussion / Introductions /Endorsements
PAG 19 – 23 June 2023	➓ Feedback & workshop on tools ➓ Draft worked examples
PAG 20 – 5 July 2023	➓ PAG feedback – consultation 3 content

Chair
13:00