

Minutes of the Performance Advisory Group 18

9 June 2023 – 09:00 to 13:00

MEMBERS PRESENT

Emily Jerrome	EJ	Water2Business	Michael Rathbone	MR	Severn Trent
Jamie Davies	JD	Castle Water	Jon Fuller	JF	Wessex Water
Wendy Monk	WM	Wave	David Morris	DM	Waterplus
Trevor Nelson	TN	Business Stream	Adam Boyns	AB	CCW
Gillian Bladen	GB		Neil Pendle	NP	Waterscan

OTHER ATTENDEES

Chris Dawson	CD	MOSL (Chair)	Axelle Saada	AS	MOSL
Janet Judge	JJ	MOSL	Evan Joanette	EJo	MOSL
Sam Webb	SW	MOSL	Lisa-Ann Lott	LAL	MOSL (Notes)

APOLOGIES

Kevin McCalliskey	KM	South West Water	Claire Yeates	CY	Waterscan
Kate Russell	KR	Yorkshire Water	Shaun Kent	SK	Ofwat
Adam Richardson	AR	MOSL	Steve Formoy	SF	MOSL
John Gilbert	JG	MOSL	James Mackenzie	JM	CCW
James Higgins	JH	MOSL	Jak Gibson	JGi	MOSL

ACTIONS FROM MEETING(S)

Commented [CD1]: @Lisa-Ann Lott Minutes approved

NO	Action required	Action by	Action Date
18/01	MOSL to give consideration to producing a separate document as created for consultation 1.	EJ	23/06/2023
18/02	Action for MOSL to bring back those activities which had been recommended for removal or merger and members requested the votes be noted as provisional on this basis.	MOSL	23/06/2023
18/03	MOSL to consider consolidation of GS5 within other activities.	MOSL	23/06/2023

1	Welcome & Actions from previous meeting
	<p>The Chair welcomed attendees to the meeting, noted apologies and confirmed the agenda.</p> <p>All actions closed from last meeting.</p> <p>Chair ran through the progress to date noting the consultation 3 proposed timeline which is yet to be confirmed as trading parties prefer a longer consultation window.</p> <p>Chair provided update on the most recent Steering Group noting PAG’s feedback on quick wins had been presented to the group alongside a programme plan update and details of the Outline Business Case.</p> <p>EJo noted PAG’s feedback on quick wins had resonated with other stakeholders.</p> <p>TN noted need to look holistically across all improvement programmes to ensure no unnecessary overlap and can call on other programme’s work. In particular an awareness of BR-MeX.</p>
2	Consultation feedback
	<p>EJo provided an update to the PAG on consultation 2’s feedback noting 23 written responses received (19 written responses to first consultation) and 25 participants in the webinars held.</p> <p>EJo highlighted the general consensus for simplicity in the overall framework.</p> <p>EJo noted the specific feedback on metrics including suggestions around yearly volume estimates, connections and gap sites and occupancy status changes.</p>

	<p>EJo highlighted feedback that has been received on the effectiveness of some tools and whether problems may be encountered in implementation.</p> <p>EJo further noted feedback on the governance layers and to be mindful of the effect on trading parties of any necessary code changes recommending a shadow period during any transition.</p> <p>JD enquired if further details of takeaways from consultation 2 will be published in addition to the summary document, in a similar manner to the document which followed consultation 1.</p> <p>EJo noted not planning to create this however will take this into consideration.</p> <p>JH noted MOSL are planning to produce a myth busting video however this is unlikely to address the consultation 2 feedback as designed to be more high-level.</p> <p>MOSL to give consideration to producing a separate document as created for consultation 1.</p> <p>TN highlighted need to make it clear following consultation 2 what is going to happen next with MPF reform and to begin to shape what the new framework will look like in preparation for consultation 3. JD seconded this from TN.</p> <p>NP noted the complete landscape is now known however the framework is missing and there is a need to establish what is trying to be achieved and what the approach is to market performance and perhaps even what the priorities are. NP further noted it would be helpful to set out the principles, what the strategy is and what the purpose is in the format of a framework, and this will enable decisions around what is included and what is not.</p> <p>EJo noted the above as suggested by NP is the intention for consultation 3 whilst acknowledging PAG members do not want to wait until the next consultation before achieving that clarity.</p> <p>NP highlighted need to establish principles and the framework with perhaps 2 or 3 alternatives which the PAG can guide on to include in consultation 3 for decision.</p>
<p>3</p>	<p>Quick wins feedback</p>
	<p>MR ran through update on quick wins noting feedback incorporated from last PAG meeting including placing the review of low volume, low value performance standards onto a backlog and incorporating them alongside something larger.</p> <p>MR detailed the potential additional quick wins and the proposed pilot of measures which could be implemented highlighting the intention to implement by the end of the calendar year.</p> <p>GB suggested including C5 process as part of the measures.</p>

	<p>MR confirmed currently considering C5 and B1 however other processes could potentially be included.</p> <p>TN commented happy to have charges removed from Retailers however not sure if these measures will incentivise Wholesalers to deal with Bilateral requests noting it may require more audit work on deferrals and the APIs with the potential for holistic reporting to work here.</p> <p>Members generally agreed with the problem statement and noted the Bilateral Hub does not contain all the processes at present however by the end of the calendar year should include enough to implement the quick wins.</p> <p>AB highlighted concern this would not have a positive impact on customers and need to choose quick wins to promote better market outcomes primarily for customers.</p> <p>NP noted using a pilot would be a good idea as it will provide the required data to support examples and Removing reverse incentive a good idea and will restore credibility for the current and future framework. NP noted their data services team content to meet to discuss the metrics to be able to test the effects of the quick wins.</p>
<p>4</p>	<p>Feedback & workshop on activities (part 1)</p>
	<p>JJ provided a reminder of the market activities following consultation 1 confirming the numbers of top, middle, bottom and pot 4 activities.</p> <p>JJ confirmed today's session will focus on top and middle tier activities, 10 for top tier activities evenly split between retailers and wholesalers. JJ highlighted the details sent out prior to the meeting on the market activities included in the top and middle tier activities and thanked members for their responses to the questionnaire circulated prior to the meeting.</p> <p>AS began with CV.15 noting three people had voted to remove it from the top tier with the rationale being there are already activities in the market reviewing this including an RWG group. AS highlighted CV.15 was originally in the bottom tier and had been moved to the top tier following previous PAG discussions.</p> <p>JF noted significant activity being undertaken in respect of CV15 and thus may not be a suitable activity to remain included in a future framework and will be difficult to quantify the quality of data provided.</p> <p>WM noted although not aware of other work being undertaken in wider industry and without knowing the extent of that work would not want it to be removed.</p> <p>EJ noted, agree with JF and highlighted consultation from RWG regarding same activity.</p>

JD highlighted number of groups working on similar activities in particular the data cleanse group and need to liaise with other groups before considering the framework.

TN commented on danger of removing things before other initiatives are complete as CV.15 identified as a mitigation against a market risk. This approach should be a principle – do not remove until other mitigating measures are in place to prevent market risk.

CD enquired if CV15 can be incorporated within CV3 instead.

AS noted Wholesaler part of CV15 could be incorporated however CV15 created as a joint activity between retailer and Wholesalers and created to encourage collaboration between parties.

CD noted T103 operating at 99.7% and thus not a risk from the Retailer side only the Wholesaler side and could thus be incorporated into CV3.

NP noted important as do not want to regress to poor data by removing the ongoing monitoring as a principle. Noting some activities are one-off activities such as meter location and once resolved does not require further monitoring. Again, this could be considered a principle in the approach to monitoring – one-off activities vs ongoing.

Members generally agreed to retain CV15 6 members for, 3 members against no abstentions.

AS noted the MPF should complement & build on the other work being undertaken in the industry.

NP noted MPC have powers to investigate/intervene in the market if an issue arises regardless of the content of the framework and thus it is not necessary to cover everything.

AS agreed not everything needs to be included in the framework.

JJ described GS.3 confirming three votes received in advance to remove with the main rationale being it is not within the code requirements and is addressed in other regulatory areas.

WM commented retailers are highly incentivized to action this anyway as they do not want a high level of complaints.

TN agreed with WM on GS.3 and noted this is a point of principle as should an MPF be to incentivise behaviours associated with the codes or does it go outside of that, noting his view it should be restricted to the code.

CD highlighted the scope of the MPF review was to identify the risks of the market and deal with them regardless of whether they are currently covered by the market codes.

EJo noted may only be monitoring and the intervention may be peer comparison holistic reporting.

	<p>AB supported this approach noting the need for clear division of roles and responsibilities.</p> <p>TN commented on need to avoid 'double jeopardy' of penalties through MPF and BR-MeX</p> <p>Members generally agreed for GS3 to remain in the top tier, 6 members for, 4 members against and no abstentions.</p>
5	Feedback & workshop on activities (part 2)
	<p>CD recommenced with CV6.</p> <p>GB provided rationale for removing CV6 noting it duplicates details within CV2/UWE2.</p> <p>TN agreed CV6 very close to CV2 and therefore not required highlighting customer billing sits outside of the codes and thus the focus should be on CV2.</p> <p>AS clarified CV.2 is desk-based activity of inputting into CMOS and CV.6 is on the ground obtaining reads however the two could be combined into taking and uploading of reads.</p> <p>NP noted there is one objective of ensuring CMOS is regularly updated as this impacts settlement, settlement is owned by MOSL and is therefore immaterial to market performance framework as settlement is a market operator responsibility and therefore a separate audit process exists.</p> <p>JD added it would better from a holistic perspective if the two were combined.</p> <p>Members generally agreed to remove CV6 – all members voted to remove it with recommendation to amalgamate into CV2.</p> <p>Members considered UWE4 following JJ's overview.</p> <p>WM noted this requires smart metering and customers accepting accountability for leakage on their side and thus would vote to remove.</p> <p>GB agreed with WM's rationale and further noted need to support customers in providing information on leakage on their side, but it is difficult to monitor performance in this regard.</p> <p>TN noted supportive of removing UWE4 as not code mandated obligation and has a natural incentive for billing accuracy as part of customer service.</p> <p>AS noted if only code mandated obligations are monitored and included within the frameworks items such as water efficiency will never be included, and this is a Strategic Panel priority. Additionally, incentives may not solely be avoiding fines/charges and may include positive incentives.</p>

NP noted it is difficult to have metrics which monitor customer billing and thus UWE.4 should be removed.

NP commented encouraged by wider view being taken in respect of the MPF as described by AS however need to understand the mechanisms that are available to facilitate for example water efficiency which may only come about in an indirect way. A test of the market performance framework may be does it meet the strategic objectives set by the strategic panel.

JD highlighted not correct to include in MPF as should not dictate the customer service side and isn't covered by the codes.

Members widely discussed the potential to incentivise water efficiency using the MPF and generally agreed whilst there is merit in the intention it would be difficult to monitor and incentivise. However, it was noted that measures that will be included in the MPF such as the need for accurate and timely meter reads may lead to water efficiency measures as a consequence.

AB highlighted he supported retaining UWE.4 as it complements CV.6/CV.2 and complaints are still being received regarding estimate billing. It also highlights support provided to customers regarding supply pipe leaks and their responsibilities.

NP/AB noted the difficulty of recording communications regarding leak repairs and thereby incentivizing the retailers in this regard.

GB highlighted F1 process in Bilaterals hub being utilised to notify when site visit performed, and a leak detected however may not cover all leaks and currently does not allow for adding when a leak has been repaired.

Members voted in respect of UWE4 with 9 members voting to remove and 1 vote to retain.

Discussion moved onto UWE7. JJ noted 2 votes received prior to the meeting to remove UWE7.

JF noted linked UWE7 to GS.9 and these are associated with investment and maintenance as part of business plans.

JJ provided KR's rationale in her absence 'it's the challenge across the industry delivering wide scale smart metering programmes which would impact on data sharing. I think that might be more for UWE.5 and the industry might not be ready to be measured on this.'

Members voted in respect of UWE7 4 voted to retain and 5 voted to remove, 1 member abstained.

UWE5 was discussed with AS noting 2 members had voted to remove. AS noted KR provided comment in advance noting need more smart metering in order to measure.

NP noted already covered by other metrics and not certain of how an aspirational activity can be measured such as collaboration between trading parties.

GB highlighted consistently being requested to provide water efficiency data by business type and thus SIC code data would be very useful however customer data covered in CV2 and therefore can be removed. Perhaps SIC data could be included in future however not required at this time and may be work undertaken by the data cleanse group once UPRN/VOA work complete.

JJ noted intention of UWE5 to provide segmentation data via SIC codes.

TN assumed good quality data and therefore SIC code included in CV2 and noted the repetition across a number of activities and thus UWE5 can be removed.

JF noted need to ensure Wholesaler reads are not lost by removing UWE5.

Members voted on UWE5; 4 members voted to retain and 5 voted to remove, 1 member abstained.

Action for MOSL to bring back those activities which had been recommended for removal or merger and members requested the votes be noted as provisional on this basis.

JJ moved onto the middle tier activities beginning with CV.16 noting 5 votes had been received prior to the meeting to move this activity into the top tier.

EJ commented there is a big risk around a vacancy classification as impacts on is property vacant, leakage, water efficiency, who should be billed and thus should be in top tier.

WM highlighted as economic conditions worsen the accuracy of vacancy will be important and is of higher importance than currently recorded.

CD recommended detailing as occupancy classification as opposed to vacancy. WM agreed as to halves of the same thing.

GB noted also provides details as to whether property should be removed from the market.

NP noted when monitoring collaborative working need to make obligations for both retailer and wholesaler absolutely clear to prevent finger pointing.

TN recommended updating wording from 'work collaboratively' to 'market participants fulfil their obligations to ensure that occupancy status is accurate'.

Members voted on CV16 to move to the top tier 9 members voted to move to top tier and 1 member abstained.

Discussion was held regarding GS10, AS noted activity created as a result of feedback on consultation 1 and 4 votes submitted to move to top tier.

JF noted information critical, in particular, when incidents occur, and customer contact is required.

AB supported the above noting Wholesalers had indicated lack of information here is crucial, in particular, in regard to vulnerable customers such as hospitals, healthcare settings.

GB echoed the above in regard to unplanned events and incident management.

NP noted the need for this information and is critical for both Wholesalers and Retailers and is a collaboration piece that is currently not working.

TN noted the additional obligation on Retailers against this activity as currently do not specifically collect emergency contact details and may require a market wide portal for customers to enter themselves.

Members voted on GS10 to move to the top tier; 6 members voted to move to top tier, 4 voted to retain in middle tier.

CV18 was discussed next with JJ noting 3 members had voted to move to top tier. NP requested vote be removed and thus only 2 votes prior.

WM noted in respect of recent tariff update to return to sewer highlighted data had not been provided on a timely basis and thus billing had to be suspended whilst new tariff/s resolved.

TN noted risk remains regardless and as tariffs underpin settlement and how retailers bill customers it is a fundamental element of CMOS noting meter reads could be provided more often however if the tariff is inaccurate billing and settlement will still be wrong thus should be escalated into top tier.

WM reiterated if tariffs are inaccurate customer billing will be inaccurate and thus customer impact is high.

EJ noted the customer impact however low level of complaints in relation to tariffs.

AB noted can be a secondary cause of estimated billing and thus can feature in complaints.

Members voted on CV18 to move to the top tier; 6 members voted to move to top tier, 3 voted to retain in middle tier, 1 member abstained.

CV1 was discussed next with AS noting 3 members had voted to move to top tier.

WM noted directly impacts customer experience and the customer code of practice as cannot produce accurate billing if transfer reads not provided.

GB noted whilst good quality customer data is already covered in other activities the transfer reads incorporates additional issues such as move data.

TN noted the overlap with CV.2 in ensuring CMOS data is accurate however still required in regard to the transfer read. AB agreed with this distinction.

Members voted in principle on CV1 with a view to review CV.2 to incorporate transfer reads; 9 members voted to move to top tier, 1 member abstained.

GS5 was discussed next; 2 members had voted to move to top tier prior to the meeting.

TN noted this underpins engagement by the wholesaler in ensuring good customer outcomes and is therefore important.

CD enquired what the difference was with GS10. JJ confirmed GS5 is Wholesaler focused and calls out trade effluent and planned/unplanned events.

EJ noted could not vote for this as could not consider how it would be measured and therefore how it could be changed/improved.

AB noted absolutely need to ensure Wholesalers include data however could it be consolidated into CV9.

CD noted Request is a defined term within Operational terms.

MOSL to consider consolidation of GS5 within other activities.

Members voted on GS5 to move to the top tier; 3 members voted to move to top tier, 7 members voted to remain.

CV23 was discussed having received 2 votes to move to the top tier prior to the meeting.

AS provided KR's comments – key to settlement that accurate YVEs are used to reduce future bill shock.

JF noted focus on YVE in regard to this as even with meters being read to their correct frequency it would improve the accuracy particularly for biannual meters on earlier settlement runs.

Members voted on CV23 to move to the top tier; 5 members voted to move to top tier, 4 members voted to remain, 1 member abstained.

	NP provided rationale; simply no other mechanism, estimated readings are part of the market and will remain part of the market and there is no other way of ensuring accurate or assessed estimates in the market other than YVE.
6	Intro to worked examples
	<p>JJ provided an introduction to the worked examples and ran through a previous format as utilised for consultation 2.</p> <p>JJ noted consultation 3 will be on the MPF model/framework and will require a description of which the worked examples will be helpful.</p> <p>JJ highlighted the intention to include a number of worked examples and would include the proposed metrics and tools.</p> <p>JJ confirmed example/s will be shared for PAG critique and will be included in next PAG meeting.</p>
7	AOB
	<p>CD confirmed PAG19 scheduled for 23 June and PAG20 scheduled for 5 July.</p> <p>LAL thanked members for benefits analysis feedback.</p> <p>LAL enquired if members are happy with online meeting format. Members noted that when longer workshop sessions are planned, in person, may work better.</p> <p>TN requested where possible for sight of particularly new content in advance e.g., MR's presentation on quick wins to enable comment/queries to be raised at the meeting.</p>