

Market Performance Framework

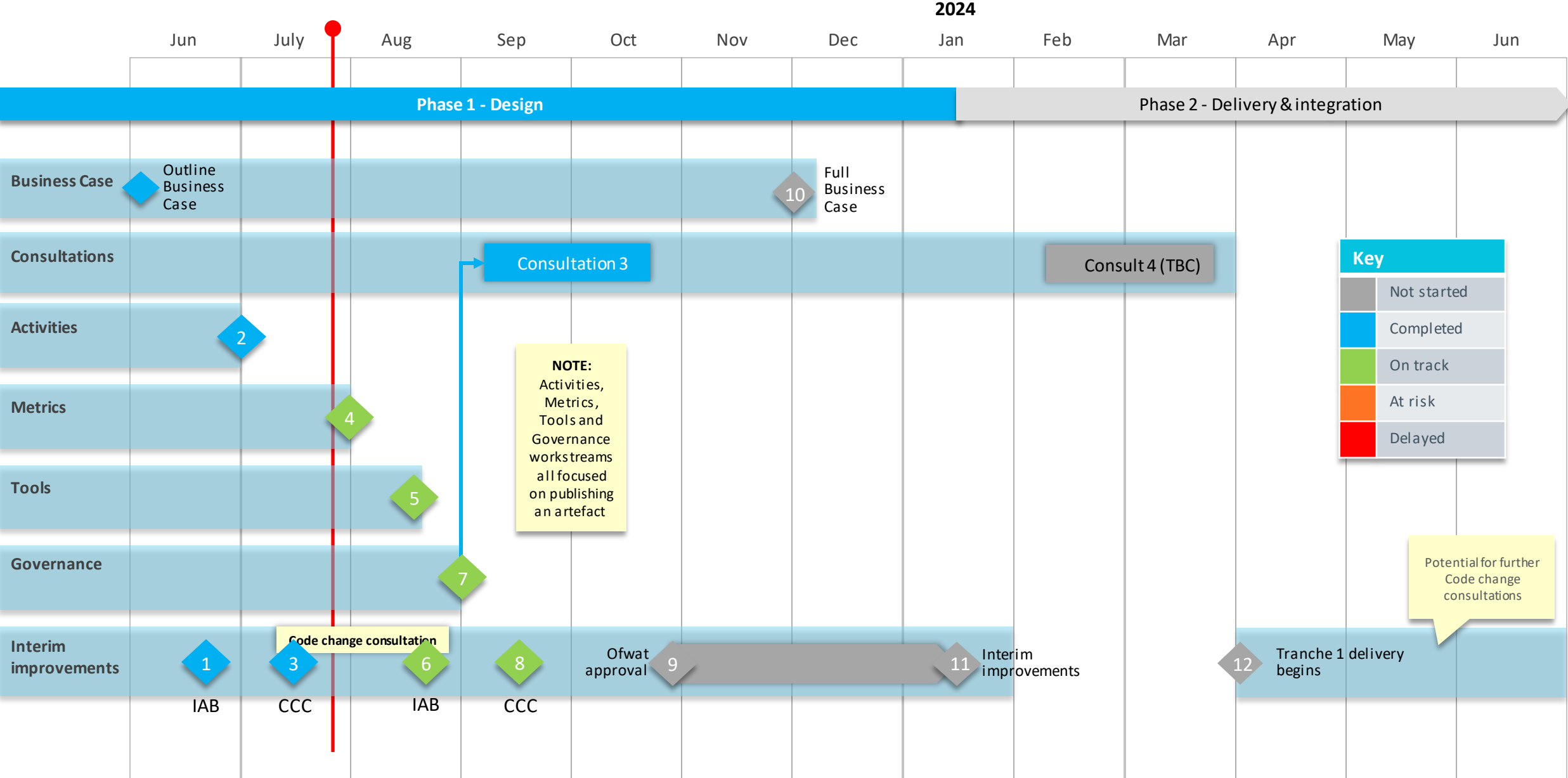
Performance Advisory Group – PAG21

26 July 2023

Agenda

	Item	Presenter	Time
1	Welcome & update	Chair	15 mins
2	Final review of metrics	Evan Joanette, Janet Judge	90 mins
3	AOB	Chair	15 mins
			Total: 2 hours

MPF Reform: one year overview



Steering Group update

Supported

- ◆ Releasing series of 'components' documents ahead of Consultation 3 (Activities, Metrics, etc)
- ◆ Interim improvement approach

Other topics

- ◆ Outline Business Case published
- ◆ User Forum - feedback good
- ◆ Monthly Contract Manager update - feedback good
- ◆ PAG - activities endorsed
- ◆ Activities document published 6 July
- ◆ Programme risk register update
- ◆ Programme plan update

Objective for today

Endorse the metrics for inclusion in Consultation 3

- ◆ Are the metrics clear and understandable?
- ◆ Do the metrics provide sufficient coverage across the nine activities?
- ◆ Are any metrics missing?
- ◆ Are there any showstoppers?
- ◆ Is this suite of metrics better than what came before? *If yes, yes, no, yes = endorsement*

Final review of metrics

Outcome – for endorsement

Metric methodology

- ◆ Reminder: as part of Consultation 2 process we:
 - ◆ **Drafted longlist** of metrics and reviewed with PAG
 - ◆ **Refined to a shortlist** of metrics – using high level assessment of suitability and cost
 - ◆ **Obtained feedback** on shortlisted metrics **via Consultation 2**
- ◆ In PAG 19 we **reviewed the selection criteria** to be used to narrow down the shortlist to proposed metrics
- ◆ Process to move to these proposed metrics has been:
 - ◆ **MOSL SME workshops** to review metrics for each activity, including members of Data Cleanse programme team, Performance and System teams
 - ◆ Further round of '**challenge**' sessions on metrics by activity, to consider potential weaknesses and alternatives
 - ◆ **Final overall review sessions** to consider all metrics as a collective and assess if suitable in the round
 - ◆ **PwC high level reviews and challenge** – which will continue through final reviews to Consultation 3

Metric methodology

- Workshops did not use scoring system for this stage – given complexity and variety of activities being considered, a **qualitative approach used**
- Used tool selection criteria** (amended after PAG feedback) based on alignment to overarching [MPF Reform Programme principles](#):
 - Is the metric reliable, robust?
 - Is the metric practical, workable and proportionate?
 - Is the metric understandable, unambiguous?
 - Is the metric auditable?
 - Will the metric measure/identify the performance/delivery of the activity?
- Considered related risks/issues** as well as applicable root causes
- We have **identified where we consider a code change could support or improve the effectiveness of a metric** (e.g. change in obligations, responsibilities, etc.)

Overarching aim: to improve upon the current MPF while ensuring it is aligned to the Strategic Panel's Outcomes – Creating Value, Great Customer Service and Water Efficiency

1	Facilitate Improved Customer Outcomes
2	Improve Trading Party Accountability
3	Support Competition
4	Consistency & Compatibility with Regulatory Regime
5	Enduring and Agile
6	Transparent and proportionate
7	Value for money
8	Simplicity



Key Performance Indicators (KPIs)

These are the primary metrics for Trading Party performance in completing an activity. They are used with MPF tools to drive and incentivise performance.



Market Indicators

These help assess whether overall performance is improving across the market and that the KPIs and tools are proving effective.

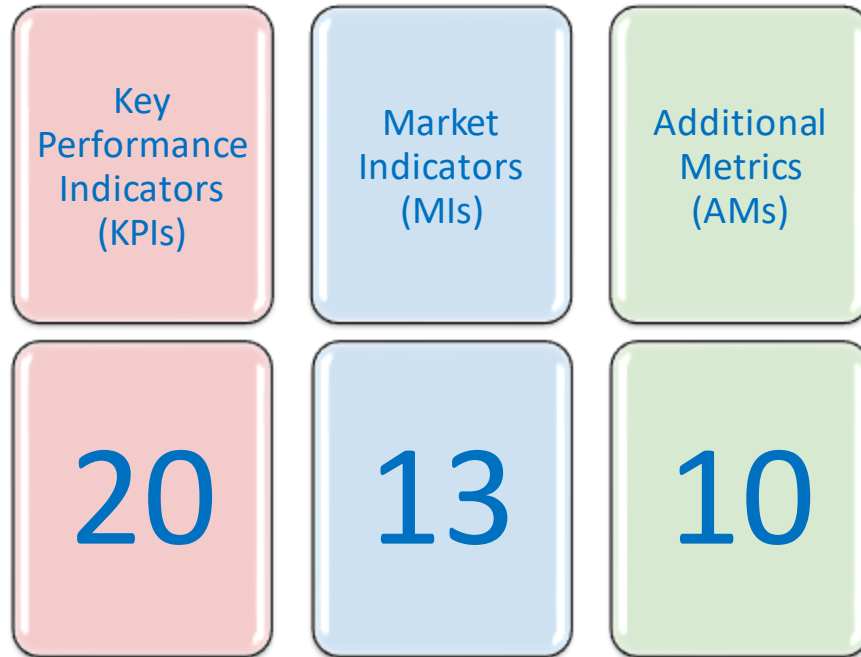
Additional Metrics

Data on these metrics is collected and monitored as appropriate. They do not correlate as closely (as KPIs) with strong performance as there may be other drivers that affect them. However, they are useful to monitor as they may indicate areas of concern or further investigation – using discretionary tools – e.g. audits.

◆ Note that:

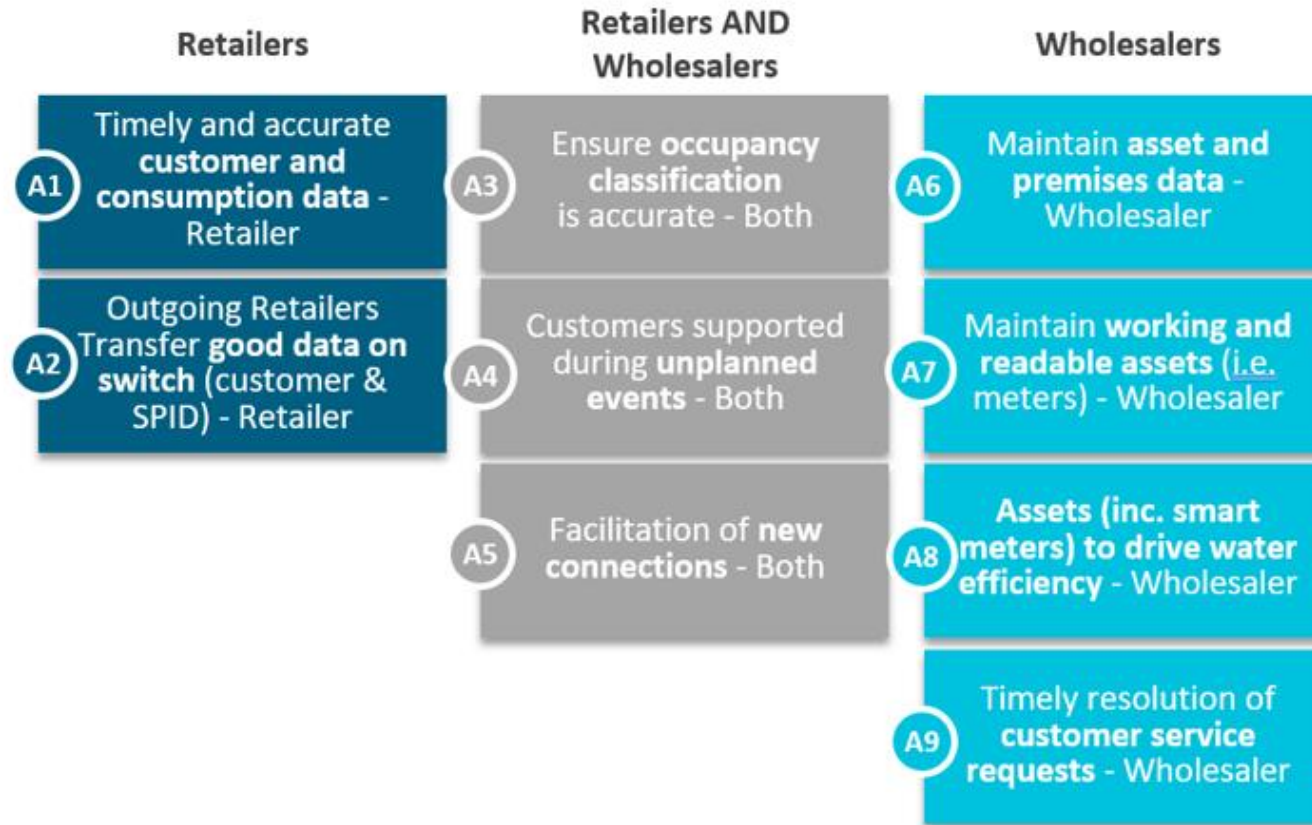
- ◆ Not every KPI will attract a financial incentive. This will be decided through selection of intervention Tools
- ◆ Once Tools are agreed, detailed parameter setting will follow in later stage
- ◆ Further refinement on descriptions, links to risks, etc can take place as we work towards Consultation 3
- ◆ *We are seeking endorsement that these are credible for Consultation 3 – with focus on any showstoppers*

- ◆ Metrics reviewed against 9 activities identified



- ◆ MOSL (supported by PwC) has reviewed metrics against risks & issues

Nine focus Activities



Good coverage of metrics across nine focus Activities

	Retailers only		Retailers and wholesalers			Wholesalers only			
	A1	A2	A3	A4	A5	A6	A7	A8	A9
	Timely and accurate customer and consumption data – Retailer	Outgoing Retailers Transfer good data on switch (customer & SPID) - Retailer	Ensure occupancy classification is accurate - Both	Customers supported during unplanned events – Both	Facilitation of new connections - Both	Maintain asset and premises data - Wholesaler	Maintain working and readable assets (i.e. meters) - Wholesaler	Assets (inc. smart meters) to drive water efficiency - Wholesaler	Timely resolution of customer service requests - Wholesaler
Key Performance Indicators (KPIs)	4	4	5	-	2	1	5	2	4
Market Indicators (MIs)	2	1	3	-	1	1	2	2	1
Additional Metrics (AMs)	1	-	-	1	1	2	2	2	2
Total	7	5	8	1	4	4	9	6	7

Note: Some metrics are used across several activities to promote efficiency and simplicity

Good coverage of metrics across nine focus Activities (sources)

	Retailers only		Retailers and wholesalers			Wholesalers only			
	A1	A2	A3	A4	A5	A6	A7	A8	A9
	Timely and accurate customer and consumption data – Retailer	Outgoing Retailers Transfer good data on switch (customer & SPID) - Retailer	Ensure occupancy classification is accurate - Both	Customers supported during unplanned events - Both	Facilitation of new connections - Both	Maintain asset and premises data - Wholesaler	Maintain working and readable assets (i.e. meters) - Wholesaler	Assets (inc. smart meters) to drive water efficiency - Wholesaler	Timely resolution of customer service requests - Wholesaler
Key Performance Indicators (KPIs)	4 KPIs <ul style="list-style-type: none"> ● M092C ● M092C ● Developed from M092C ● M020A 	4 KPIs <ul style="list-style-type: none"> ● M029A ● M092D ● M092D ● M092D 	5 KPIs <ul style="list-style-type: none"> ● Developed from M013B ● Developed from M092C ● Developed from M092C ● M060 ● M004 & M032 	0 KPIs <ul style="list-style-type: none"> ● None 	2 KPIs <ul style="list-style-type: none"> ● M004 + M032 ● M020A 	1 KPI <ul style="list-style-type: none"> ● M004 + M032 	5 KPIs <ul style="list-style-type: none"> ● M013B ● M066 ● Developed from M013B ● M010 ● Developed from M038 & M043 	2 KPIs <ul style="list-style-type: none"> ● Developed from M058 ● Developed from M073 	4 KPIs <ul style="list-style-type: none"> ● M013B ● Developed from M013B ● M066 ● M010
Market Indicators (MIs)	2 MIs <ul style="list-style-type: none"> ● M038 ● M073 	1 MI <ul style="list-style-type: none"> ● NEW 	3 MIs <ul style="list-style-type: none"> ● M079D ● M117 ● M118 	0 MIs <ul style="list-style-type: none"> ● None 	1 MI <ul style="list-style-type: none"> ● M079C 	1 MI <ul style="list-style-type: none"> ● Developed from M004 + M032 	2 MIs <ul style="list-style-type: none"> ● M033 ● M033 	2 MIs <ul style="list-style-type: none"> ● M059 ● M059 	1 MI <ul style="list-style-type: none"> ● Developed from M013B
Additional Metrics (AMs)	1 AM: <ul style="list-style-type: none"> ● M043 	0 AMs: <ul style="list-style-type: none"> ● None for this activity. 	0 AMs: <ul style="list-style-type: none"> ● None for this activity 	1 AM: <ul style="list-style-type: none"> ● M034B 	1 AM: <ul style="list-style-type: none"> ● M044 	2 AMs: <ul style="list-style-type: none"> ● M095 ● M037 	2 AMs: <ul style="list-style-type: none"> ● M041 ● Developed from M012 	2 AMs: <ul style="list-style-type: none"> ● M037 ● M058 	2 AMs: <ul style="list-style-type: none"> ● M053 ● M064
Total metrics per activity	7 metrics	5 metrics	8 metrics	1 metrics	4 metrics	4 metrics	9 metrics	6 metrics	7 metrics

Note: Some metrics are used across several activities to promote efficiency and simplicity

Overview of KPIs by Activity

	Retailers only		Retailers and wholesalers			Wholesalers only			
	A1	A2	A3	A4	A5	A6	A7	A8	A9
	Timely and accurate customer and consumption data – Retailer	Outgoing Retailers Transfer good data on switch (customer & SPID) - Retailer	Ensure occupancy classification is accurate - Both	Customers supported during unplanned events - Both	Facilitation of new connections – Both	Maintain asset and premises data – Wholesaler	Maintain working and readable assets (i.e. meters) - Wholesaler	Assets (inc. smart meters) to drive water efficiency – Wholesaler	Timely resolution of customer service requests - Wholesaler
Key Performance Indicators (KPIs)	4 KPIs <ul style="list-style-type: none"> Meter reads performed within SLA (biannual or monthly) for meters at occupied premises Lateness of overdue reads for meters at occupied premises Consumption from meter reads performed within SLA (biannual or monthly) for meters at occupied premises Complete and accurate customer name/banner name and SIC Code 	4 KPIs <ul style="list-style-type: none"> % of transferred SPIDs that have an estimated reading Proportion of transfer reads performed within SLA Lateness of overdue transfer reads Proportion of transfer reads submitted within SLA 	5 KPIs <ul style="list-style-type: none"> Meter reads performed within SLA (biannual or monthly) for meters at vacant premises Consumption from meter reads performed within SLA (biannual or monthly) for meters at vacant premises Lateness of overdue reads for meters at vacant premises Proportion of unassured LTV premises Premises address data accuracy coverage 	0 KPIs <ul style="list-style-type: none"> No KPIs 	2 KPIs <ul style="list-style-type: none"> Premises address data accuracy coverage Complete and accurate customer name/banner name and SIC code 	1 KPI <ul style="list-style-type: none"> Premises address data accuracy coverage 	5 KPIs <ul style="list-style-type: none"> % of Bilateral Transaction tasks completed on time Proportion of Deferred ORIDs Lateness of overdue tasks Average length of deferrals per ORID Number of LUMs with an outstanding B5 or C1 bilateral 	2 KPIs <ul style="list-style-type: none"> Proportion of smart meters read Proportion of consumption settled on actuals vs estimates for smart meters 	4 KPIs <ul style="list-style-type: none"> % of Bilateral tasks completed on time Lateness of overdue tasks Proportion of deferred ORIDs Average length of deferrals per ORID

Overview of Market Indicators by Activity

	Retailers only		Retailers and wholesalers			Wholesalers only			
	A1	A2	A3	A4	A5	A6	A7	A8	A9
	Timely and accurate customer and consumption data – Retailer	Outgoing Retailers Transfer good data on switch (customer & SPID) - Retailer	Ensure occupancy classification is accurate - Both	Customers supported during unplanned events – Both	Facilitation of new connections – Both	Maintain asset and premises data – Wholesaler	Maintain working and readable assets (i.e. meters) - Wholesaler	Assets (inc. smart meters) to drive water efficiency – Wholesaler	Timely resolution of customer service requests - Wholesaler
Market Indicators (MIs)	2 MIs <ul style="list-style-type: none"> Level of Long Unread Meters (LUMs) Settlement on actuals 	1 MI <ul style="list-style-type: none"> Proportion of switches that are rejected 	3 MIs <ul style="list-style-type: none"> Average vacancy duration Vacancy Churn/ Clearance Vacant LLUMs 	0 MIs <ul style="list-style-type: none"> None 	1 MI <ul style="list-style-type: none"> Vacancy performance on new connections 	1 MI <ul style="list-style-type: none"> Average premises address data accuracy coverage 	2 MIs <ul style="list-style-type: none"> G Reads created each month G Reads removed each month 	2 MIs <ul style="list-style-type: none"> % coverage of smart meters % of consumption covered by smart metering 	1 MI <ul style="list-style-type: none"> Market average for % of bilateral tasks completed on Time

Overview of Additional Metrics by Activity

	Retailers only		Retailers and wholesalers			Wholesalers only			
	A1	A2	A3	A4	A5	A6	A7	A8	A9
	Timely and accurate customer and consumption data - Retailer	Outgoing Retailers Transfer good data on switch (customer & SPID) - Retailer	Ensure occupancy classification is accurate - Both	Customers supported during unplanned events - Both	Facilitation of new connections - Both	Maintain asset and premises data - Wholesaler	Maintain working and readable assets (i.e. meters) - Wholesaler	Assets (inc. smart meters) to drive water efficiency - Wholesaler	Timely resolution of customer service requests - Wholesaler
Additional Metrics (AMs)	1 AM: <ul style="list-style-type: none"> Number of meters that have bilateral tasks raised against them (in total and outside of SLA) - by wholesaler 	0 AMs: <ul style="list-style-type: none"> None 	0 AMs: <ul style="list-style-type: none"> None 	1 AM: <ul style="list-style-type: none"> Level of published commitment to RWG good practice guidance on unplanned events 	1 AM: <ul style="list-style-type: none"> Average duration for SPIDs to move from new to partial to tradable 	2 AMs: <ul style="list-style-type: none"> Bilateral Hub data for C1, C5 and C7 retailer raised service requests Level of Legacy Long Unread Meters (LLUMs) 	2 AMs: <ul style="list-style-type: none"> Number of, and average accuracy from, meter accuracy tests Number of multiple B5 bilateral requests on the same meter 	2 AMs: <ul style="list-style-type: none"> Level of Legacy Long Unread Meters (LLUMs) Percentage of all meters read within 12 months 	2 AMs: <ul style="list-style-type: none"> Proportion of rejections on the last day on the SLA Proportional of ORIDS that get resubmitted (after rejection and after completion)

Metrics two-pager

- ◆ Move away from spreadsheets
- ◆ Two-pages per activity giving details of metrics
- ◆ Three included in pre-read
- ◆ Example on following slides

Metrics associated to A3

Activity description		
Market participant work collaboratively to fulfil their respective obligations to ensure occupancy classification is accurate and resolve associated issues		
Ref	Description	Rationale
Key Performance Indicators		
Developed from M092C	Meter reads performed within SLA (biannual or monthly) for meters at vacant premises This metric proposes to monitor the percentage of vacant premises which, at the measurement date, remain within the SLA period since the last meter read (within 200 business days for bi-annually read meters or 25 BD for monthly read meters). Meters with an in-progress B5 or C1 task would be excluded.	
Developed from M092C	Consumption from meter reads performed within SLA (biannual or monthly) for meters at vacant premises This metric would record the consumption of vacant premises which, at the measurement date, remain within the SLA period since the last meter read (within 200 business days for bi-annually read meters or 25 BD for monthly read meters). Meters which have an in-progress B5 or C1 task would be excluded.	If combined with effective tools, this metrics specifically work to encourage the reading of vacant meters helping to identify consumption and therefore potentially incorrect occupancy status (speaking to CSE010) or leakage. It is considered to reflect a balanced facilitation of key selection criteria vs other performance metrics for this activity. If all Retailers read vacant meters, this should support resolving accuracy of occupancy status.
Developed from M092C	Lateness of overdue reads for meters at vacant premises This metric proposes to monitor the lateness of overdue reads for meters at vacant premises. Meters which have an in-progress B5 or C1 task would be excluded.	
M060	Proportion of unassured LTV premises This metric would record the level of unassured long term vacant premises in the market.	
M004 + M032	Premises address data accuracy coverage Metric is proposed to monitor the proportion of a Wholesaler's portfolio of Supply Points where key data (supply addresses, UPRN and VOA) is complete and accurate as percentage of that Wholesalers total portfolio of Supply Points. This metric can only be framed as a KPI once the market cleanse of data has been completed – until that point, it will be reported as a market metric.	This metric is considered to reflect the most balanced facilitation of key selection criteria vs other performance metrics for this activity. Accurate asset data collection is likely to be expedited if the location of premises in CMOS is correct. This would highlight to the Wholesaler whether the site should actually be deregistered from the market. It also indicates whether the nature of the site has been reviewed and potentially how recently, which may have a bearing on vacancy potential (although evidence of recent meter read efforts may be more reliable). When used in conjunction with effective tools, the metric would work towards addressing key risks CSE09 and CSE010.
Market indicators		
M079D	Average vacancy duration This metric proposes to monitor the average number of days of vacancy for vacant premises of a given retailer.	This market metric helps investigate regional variations around vacancy variations, and could highlight individual, regional, or market issues. Stratification helps to shine a light on new connection issues too.
M118	Vacant LLUMs This metric proposes to monitor the proportion of meters at vacant premises that have not been read in a defined extended period (e.g., [X] months before the market went live).	If used alongside effective tools this metric should incentivize the identification of sites that may be candidates for removal from the market (if vacant for a long time) or sites where a lack of recent information may indicate a risk of erroneous vacancy status. This metric also helps to demonstrates levels of collaboration (or otherwise) since market opening.
M117	Vacancy Churn/Clearance This metric would record the number / percentage of new vacants in a given month vs the number / percentage of vacants moved to Occupied/De-registered.	This metric shows the volume of work associated with a active management of vacant SPIDs, and in turn, allows us to determine whether retailers are actively managing their vacancy volume – it will also give insight into vacancy rate and churn.


How the selected metrics give MOSL oversight on the risks associated to A3

Activity description - Ensure occupancy classification is accurate - Both

Market participants work collaboratively to fulfil their respective obligations to ensure occupancy classification is accurate and resolve associated issues

Related key risks or issues

The tracker sets out potential risks or issues that could prevent the activity taking place. Highest scoring risks and issues are set out below with a high-level view of how these will be mitigated

Risk description	Overall risk coverage: Good 	Customer risk	Retailer risk	Wholesaler risk
<ul style="list-style-type: none"> Customer not properly identified during the new supply process - CSE009 	<ul style="list-style-type: none"> 5/5 root causes are covered by the metrics Developed from M092C (all) and M004+M032 KPIs (Developed from M092C (all), M060 and M004+M032) will provide MOSL oversight on whether the readings at vacant premises are occurring regularly or not. The metrics can also inform about the of wholesaler supply points data. Oversight on both these aspects ensures MOSL can monitor how customers are identified during the new supply process. 	6/9	1/3	1/3
<ul style="list-style-type: none"> Customer incorrectly identified as vacant - CSE010 	<ul style="list-style-type: none"> 3/3 root causes are covered by the metrics proposed (Developed from M092C (all), M004+M032, M079D, M117, M118). Metrics related to accuracy (M117, M118 and M079D and M004+M032) and M060 will provide oversight on how accurately a trading party is assessing the occupancy status of properties (i.e. if they are vacant or not). M060 in particular might help drive increased levels of assurance for “higher risk” premises (unassured LTV premises - whose vacancy has not been checked in a longer amount of time). Specific metrics on data accuracy (such as M004+M032) give MOSL visibility on this aspect. Retailers are then more likely to focus their performance on vacant properties readings, which helps identifying incorrect classification. 	9/9	1/3	3/3

Benefits from improving the performance of this activity

Risk description	Rationale
Customer	Less likely that the customer experiences any billing errors, because metering becomes more accurate.
Retailer	Improving this activity would mean that there are less disputes (on bills), less complaints and more savings from having to resolve less of these.
Wholesaler	Avoid providing services to vacant premises.

Required outcome from today's PAG:

Endorse the metrics for inclusion in Consultation 3

- ◆ Are the metrics clear and understandable?
- ◆ Do the metrics provide sufficient coverage across the nine activities?
- ◆ Are any metrics missing?
- ◆ Are there any showstoppers?
- ◆ Is this suite of metrics better than what came before? *If yes, yes, no, yes = endorsement*

AOB future meetings (1 of 1)

Meeting date	Discussion / Introductions / Endorsements
PAG 22 (16 August)	1) Tools and Governance final cut
PAG 23 (6 Sep)	1) Possible Webinar (tbc)
PAG 24 (27 Sep)	1) Possible Webinar (tbc)