

Minutes of the Performance Advisory Group 22

16 August 2023 – 10:00 to 12:00

MEMBERS PRESENT

Wendy Monk	WM	Wave	Emily Jerrome	EJ	Water2Business
Trevor Nelson	TN	Business Stream	Shaun Kent	SK	Ofwat
Rebecca Gale	RG	Waterscan (Alternate)	Gillian Bladen	GB	South West Water (Alternate)
Kevin McCalliskey	KM		Kate Russell	KR	Yorkshire Water

OTHER ATTENDEES

Chris Dawson	CD	MOSL (Chair)	Adam Richardson	AR	MOSL
Janet Judge	JJ	MOSL	Evan Joanette	EJo	MOSL
Sam Webb	SW	MOSL	Lisa-Ann Lott	LAL	MOSL (Notes)
John Gilbert	JG	MOSL	Oliver Robins	OR	MOSL
			Adrian Smith	AS	MOSL

APOLOGIES

Jamie Davies	JD	Castle Water	Claire Yeates	CY	Waterscan
Ryan Simmons	RS	Southwest Water	Mike Rathbone	MR	Severn Trent
David Morris	DM	Water Plus	Adam Boyns	AB	CCW
Jon Fuller	JF	Wessex Water	Steve Formoy	SF	MOSL

ACTIONS FROM MEETING(S)

NO	Action required	Action by	Action Date

1. Welcome & Actions from previous meeting & update.

CD welcomed attendees to the meeting, noted apologies and confirmed the agenda highlighting the intention to seek endorsement of both the metrics and tools for inclusion in consultation 3.

2. Final review of metrics

JJ thanked members for previous challenges and feedback in relation to the metrics.

JJ reminded members of the three metric types, Key Performance Indicators (KPIs), Market Indicators (Mis) and Additional Metrics (AMs).

JJ noted there are 22 unique or individual KPIs highlighting some KPIs are applied to multiple activities. 15 market indicators and 10 additional metrics.

JJ ran through updates to potential metrics shared prior to the meeting.

WM highlighted a current MIF project which may inform the aged meter metric which had received negative feedback noting some manufacturers meters and certain ages appear to have issues.

JJ noted aged meter metric could be included as an additional metric and would be retained within a list for review to utilise in future.

TN noted current data on meter make and serial numbers within CMOS is not reliable and therefore difficult to utilise as a metric and should the MIF project indicate certain meters experience difficulties asset data will need to be updated to enable meter age to be ascertained. TN highlighted the quality of data associated with an asset could be monitored in relation to A6.

EJo noted the agile nature of the future framework will enable different metrics to be incorporated once MIF or data cleanse projects identify issues within the market.

JJ acknowledged the current data within CMOS being difficult to use to identify age of meters.

WM noted this indicates the requirement to ensure meter data is improved and therefore a metric would be useful.

JG noted room for improvement however need to establish XY coordinates in the first instance and can then move onto other data and can adapt the MPF to incorporate these in future if identified by other projects.

JJ ran through the metrics per activity reminding members some metrics are utilised against multiple activities.

JJ noted the updates made to overview of KPIs by activity following the feedback at the previous meeting and where metrics are used against multiple activities those have been italicized.

JJ highlighted in relation to market indicators no metrics are used against multiple activities however for additional metrics one metric (LLUM) is duplicated.

SK enquired how KPIs compare with current MPS/OPS metrics. JJ confirmed smaller number providing more efficient regime.

EJo enquired if members believe additional metrics should include customer complaints.

KR noted could be added to activity A9 re timely resolution of customer service requests for Wholesalers and an element of timely resolution of the Retailers service request utilising Bilaterals auto-close rate.

WM noted two types of complaints, those direct to trading parties and those which go to CCW and may be difficult therefore to audit/compare and would require careful consideration as will risk double counting if complaint is escalated.

EJo acknowledged it is likely customer complaints would form an additional metric not a KPI.

Chair requested endorsement from members present on the inclusion of the metrics into consultation 3, noting one member had provided this in advance. All members present agreed to endorse.

3. Final review of tools

OR provided members with an update on the process to date and ran through the intervention toolbox summary which was provided in the pre-read.

OR highlighted eight candidate tools, comprising 5 standard which would be applied against all parties at a defined frequency and three discretionary tools which would be used to deep dive into performance is required.

OR provided details of the rationale for choice of the tools noting the shortlisted tools have been included to achieve the key program aims.

OR highlighted some tools have not been included at this stage where overlaps with other regimes such as BR-MeX are likely to occur and therefore be difficult to manage.

OR explained the governance model will enable discretionary tools to be applied where appropriate and the cost benefit is clearly identified.

OR noted the chosen tools have been selected based on feedback from consultation 2 indicating the framework should be simple and not rely solely on financial interventions.

OR ran through the fundamental principles relating to mapping tools to metrics noting only KPIs could inform financial tools, public peer comparison and formal rectification and escalation.

OR further ran through details of how the activities, metrics and tools could fit together.

OR noted TN's comment outlining the difference between 2-way payments and compensatory payments noting this will be reviewed in the detailed design phase.

SK highlighted the lack of correlation on A6 and A9 in relation to Wholesalers and indicated BR-MeX will not be a 'solve all' and therefore may require a view from Retailers.

TN agreed MOSL should work to the knowns, not the unknowns when presenting the tools for consultation 3 as BR-MeX not confirmed as yet.

CD enquired if BR-MeX considerations could be removed and therefore financial tools be apportioned at present for members to consider noting the agile nature of the revised framework will enable future changes should BR-MeX not encompass all the necessary incentives.

Chair requested endorsement from members present noting one member had provided this in advance. The majority of members present agreed to endorse on the basis of the inclusion of the amendments to A7 and A9 as detailed above. One member did not agree noting not enough information to endorse as not known what was included in the list of 37 and whether the eight are therefore the most appropriate to move forward.

4. Governance

EJo provided an update on the proposed governance structure following feedback from consultation 2 noting governance proposals also reviewed by Strategic Panel on several occasions.

EJo noted Ofwat's discretion is not being fettered by the proposed governance structure.

EJo highlighted the inclusion of the proposed performance assurance committee noting its remit will likely include everything currently under the remit of Market Performance Committee (MPC) and potentially wider provided there is no overlap.

EJo noted the need to ensure all obligations are clear and will likely include review of the codes and supporting documents.

EJo noted the governance document will be published at the end of August in advance of consultation 3.

TN noted the change of role of the Market Operator in so much as MOSL will be recommending potential metrics to the PAC reducing the MO's autonomy to update as will need to seek permissions from the PAC to make changes.

Chair requested minded to support from members present, all members agreed content for governance to be presented as is within consultation 3.

5. AOB

Extra meeting not required and will be cancelled.

Chair noted PAG meetings will not be required during consultation period however members requested to attend the webinar and drop-in sessions scheduled for during that period. Separate invites to be sent to members for these.

OR displayed the updated Tools overview as requested by members during endorsement.

JG noted members will be asked to comment at the webinar preferably one Retailer, one Wholesaler.

There being no other AOB the Chair closed the meeting.