

Market Performance Framework

Performance Advisory Group – PAG19

23 June 2023

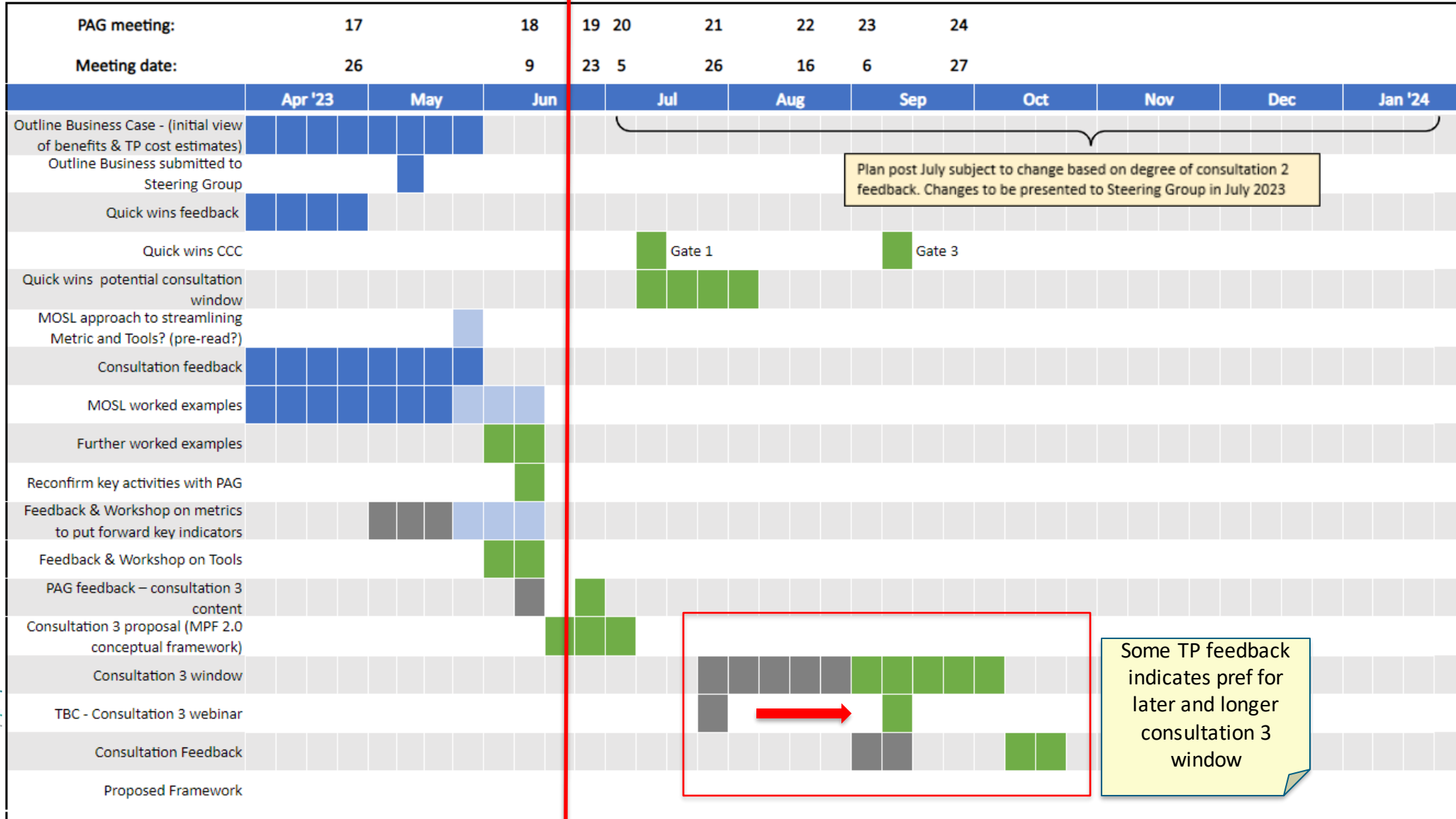
Agenda – 2hrs (10am –12pm)

1	Welcome, Actions from previous meeting & Update	Chair	10 Mins
2	Activities update	Janet Judge	30 mins
3	Update on metrics	Janet Judge	30 mins
4	Consultation 3 content	Evan Joanette	20 mins
7	AOB	Chair	5 mins

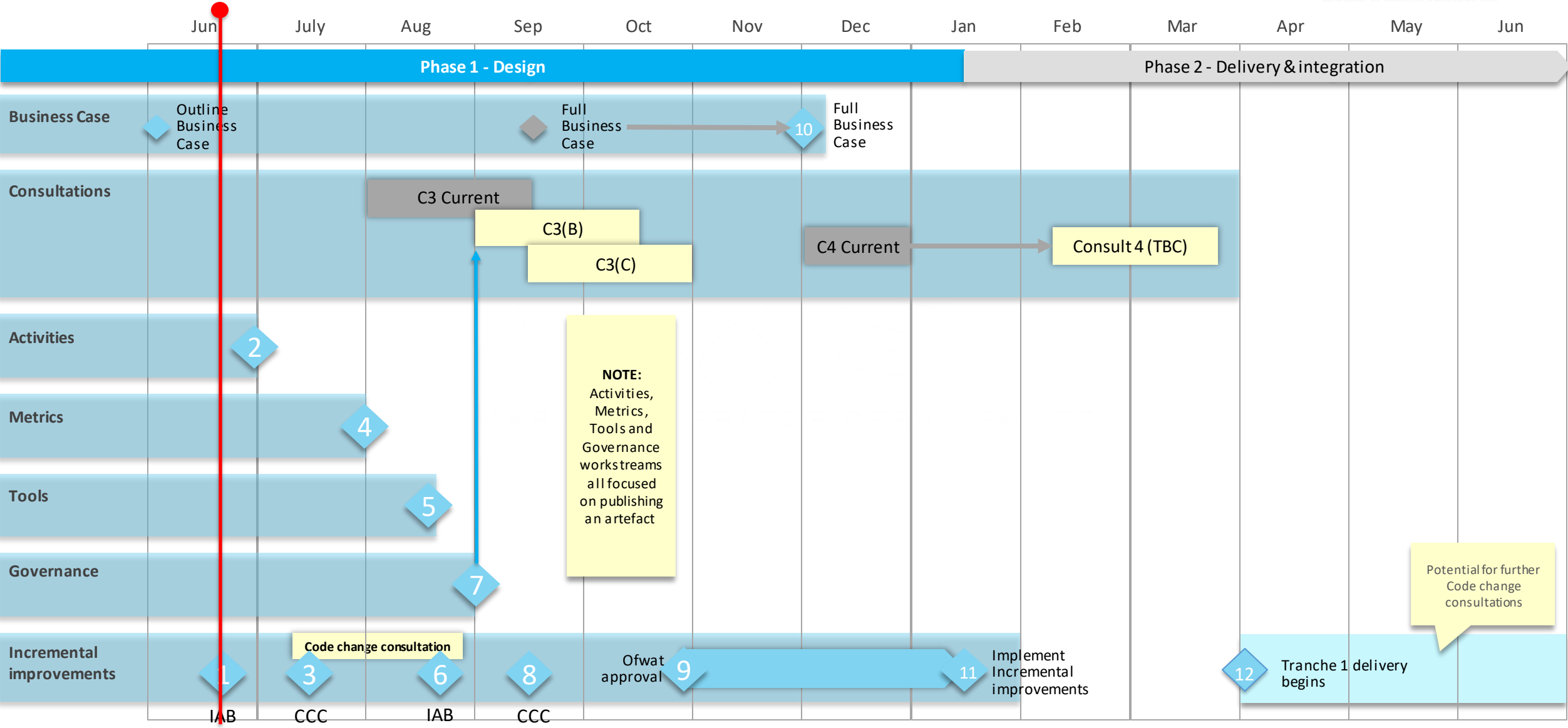
Actions from Previous Meeting (1 of 1) to be updated

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

Review Progress to date (1 of 1)



Review Progress to date (1 of 1)



Milestone	Description	Date Due	Success Criteria
1	Incremental Improvements. Components of MPF 2.0 that can be delivered ahead of final programme completion (these may be changed based on learning) (MR)	29/6/23	Approval from IAB
2	MPF Activities. Activities to be included in the initial MPF launch. Agreed and supporting material published on MOSL web-site. (EJ)	30/6/23	Ideally less than 12 activities Endorsed by PAG and Approved by Programme Team List and supporting rationale published
3	Incremental Improvements. Gate 1 approval at CCC. (MR)	12/7/23	Gate 1 Approval from CCC.
4	MPF Metrics. Metric to be used to track activities . Agreed and supporting material published on MOSL web-site. (EJ) Will not include performance target levels at this point.	31/7/23	Ideally less than 24 metrics Endorsed by PAG and Approved by Programme Team List and supporting rationale published
5	MPF Tools. Tools that can be applied to drive performance in support of the agreed activities. Agreed and supporting material published on MOSL web-site. (EJ) Will not include the value of any financial payments at this point.	31/8/23	Ideally less than 12 tools Endorsed by PAG and Approved by Programme Team List and supporting rationale published
6	Incremental Improvements. Presentation to IAB to detail the planned improvements and timescales. Seek approval to implement. (MR)	31/8/23	Approval from IAB
7	MPF Governance. Governance model that will support the application and decision making for the MPF. Agreed and supporting material published on MOSL web-site. (EJ)	31/8/23	Endorsed by PAG and Approved by Programme Team List and supporting rationale published
8	Incremental Improvements. Gate 3 approval at CCC. (MR)	13/9/23	Gate 3 Approval from CCC. Recommended to Ofwat to approve.

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Milestone	Description	Date Due	Success Criteria
Continue from previous slide			
9	Incremental Improvements. Ofwat Approval to implement. (MR)	31/10/23	Ofwat Approval
10	MPF Full Business case. Approved by Strategy Panel. (JG)		Endorsed by PAG and recommended by Steering Group to Strategy panel. Approved by Strategy Panel Published on MOSL web-site
11	Incremental Improvements. Implementation commences. (MR)	Nov 23 – Jan 24	Ofwat has approved the change proposal. Code mandated start date for MOSL and TPs to adopt components of incremental improvements. MOSL and TP process readiness is assured.
12	Tranche 1: Development and implementation of enduring MPF 2.0 components. (EJ)	April 24?	Change plan established.

Activities update Outcome – Endorsement

Activities update

Summary of changes

- 💧 We've removed some overlaps and duplication between some activities
- 💧 We've changed some wording of activities
- 💧 We've moved some activities between the tiers
- 💧 Result is nine activities to be included in the initial focus of the MPF

Activities update

REF	Activities and Behaviours	Change in position recommended by		
		PAG	MOSL	
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			Premises data
CV.2 / UWE.2	Retailers to make sure that CMOS is regularly updated with sufficient levels of good quality customer and consumption data to support accurate settlement and customer billing			Meter reads/ settlement
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			Settlement
CV.16	Market participants work collaboratively to fulfil their respective obligations to ensure occupancy 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	↑		Service
CV.1	Outgoing retailers to make sure CMOS has good quality timely customer data and incoming retailer to submit timely actual transfer reads on customer switching	↑	↑	Meter reads/ settlement
CV.9	Wholesaler to resolve Request in timely and efficient manner (with regards to customer needs) to the appropriate level of quality			Service
CV.15	Market participants improve processes to facilitate new connections (including non-eligible customers post development or change of use)			Premises 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)			Merged with CV.2 recommended by PAG
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	↓		Removed

Activities to be included in the initial focus of the MPF

Activities update

- 🔹 Seeking endorsement of the 9 activities to be included in the initial focus of the MPF
- 🔹 Next steps:
- 🔹 We will focus on metrics and intervention tools for these nine activities

Update on metrics Outcome – For information

Summary

◆ Where are we now?

- ◆ Using consultation feedback and internal SMEs to consolidate the list of candidate metrics underpinning the initial focus activities.
- ◆ This includes narrowing options based on an assessment of factors including effectiveness, feasibility and risk - **will be inviting PAG to comment on these criteria offline if major omissions are apparent.**
- ◆ Exercise will identify metrics that warrant further work, metrics that can be discounted (for now), prerequisites and dependencies for certain metrics, and may identify/develop new and improved metrics for certain activities.

Summary

Where do we want to get to?

- A concise list of metrics underpinning the initial focus activities, for PAG to endorse in future meetings.
- List will include further information on the practical application and will likely consider a range of both **Performance** and **Market metrics**:

Performance metrics indicate how well Trading Parties are performing a given activity where accountability can be fully or mainly attributed to an individual Trading Party or to a Trading Parties pairing.



Market metrics indicate how well Trading Parties are performing a given activity, but accountability cannot be fully or mainly attributed, or it is impossible to know the "base-level". Can be useful to inform further diagnosis into key areas.

- These metrics will then undergo detailed assessment, requirements gathering, and cost benefit analysis, to provide a detailed evidence base for the design exercises (which PAG will be invited to support).

Metrics selection criteria

- ◆ Is the metric reliable, robust?
 - ◆ Is the metric practical, workable and proportionate?
 - ◆ Is the metric understandable, unambiguous?
 - ◆ Is the metric auditable?
 - ◆ Will the metric improve trading party accountability?
 - ◆ Will the metric improve customer outcomes?
-
- ◆ These criteria will provide the rationale for persisting with the development of key metrics and discounting those that do not align with the [principles of the future market performance framework](#) as informed by the initial MPF reform Call For Input.
 - ◆ Rationale regarding the degree to which each metric satisfies each criterion will consider SME input alongside specific consultation feedback
 - ◆ **PAG are invited to comment on these criteria offline if major omissions are apparent** - the results of the selection (i.e., the optimum metrics beneath the initial focus activities) will be shared in due course for review as well.

Example Approach

- CV.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

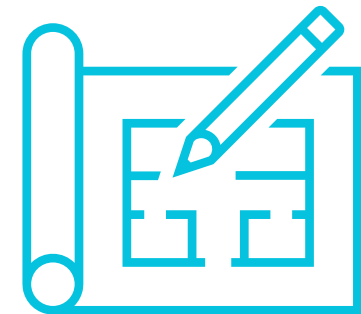


~16 candidate metrics initially shared for consultation feedback

16



Assessed against key criteria with reference to consultation feedback and SME input



3 high scoring Performance metrics identified for further development and assessment:

- M004 Premises address data accuracy and coverage
- M032 UPRN and VOA data accuracy and coverage
- M095 Bilateral Hub data for C1, C5 and C7 Retailer Requests

3

Consultation 3 content – For information

Consultation 3 content

- Focusing on a small number of market activities
(Total of 9 unique activities: 5 for Retailers, 7 for Wholesalers, but three are the same for each)
- Aiming a small number of standard metrics for these activities
(aiming for fewer than the 30+ we have in the current MPF)
- Small number of 'standard' MPF tools
(applied regularly regardless of performance – e.g. monthly peer comparison)
- Small number of 'discretionary' MPF tools *(applied as needed based on observed performance – e.g. support through education materials or compliance review via audit)*
- Set out governance model *(simple, cyclical, flexible to move in/out activities/metrics/tools based on need)*

Not in consultation 3

Parameters for metrics (specific performance levels) or scale of interventions (ie. penalty charges) *(will explore this in Consultation 4)*

Pre-consultation engagement

1

User forum

2

Video

3

Market Focus

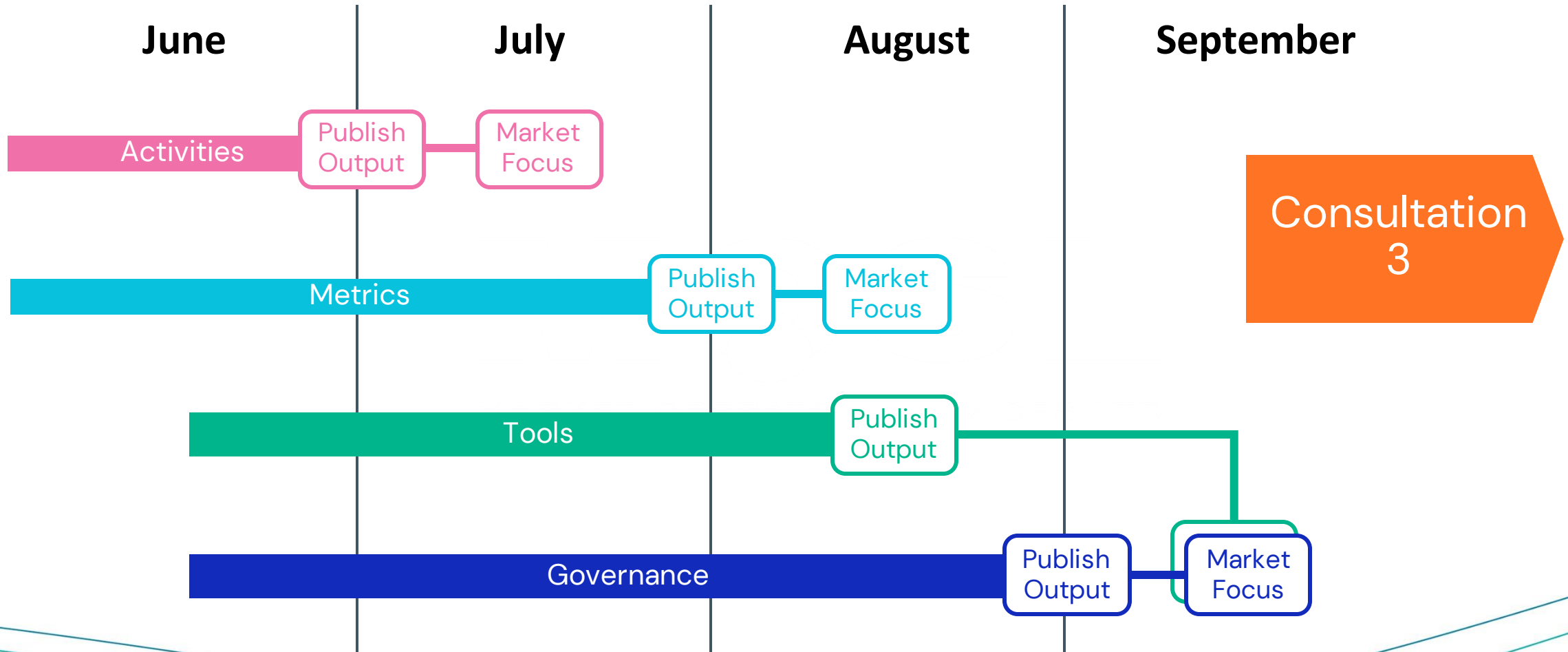
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Contract manager's meetings

5

Standalone documents setting out component scope

Preparing for Consultation 3



AOB Future meetings (1 of 1)

Meeting Date	Discussion / Introductions / Endorsements
PAG 20 – 5 July 2023	<ul style="list-style-type: none">⑩ Feedback & workshop on tools⑩ Draft worked examples
PAG 21 – 26th July	<ul style="list-style-type: none">⑩ TBC