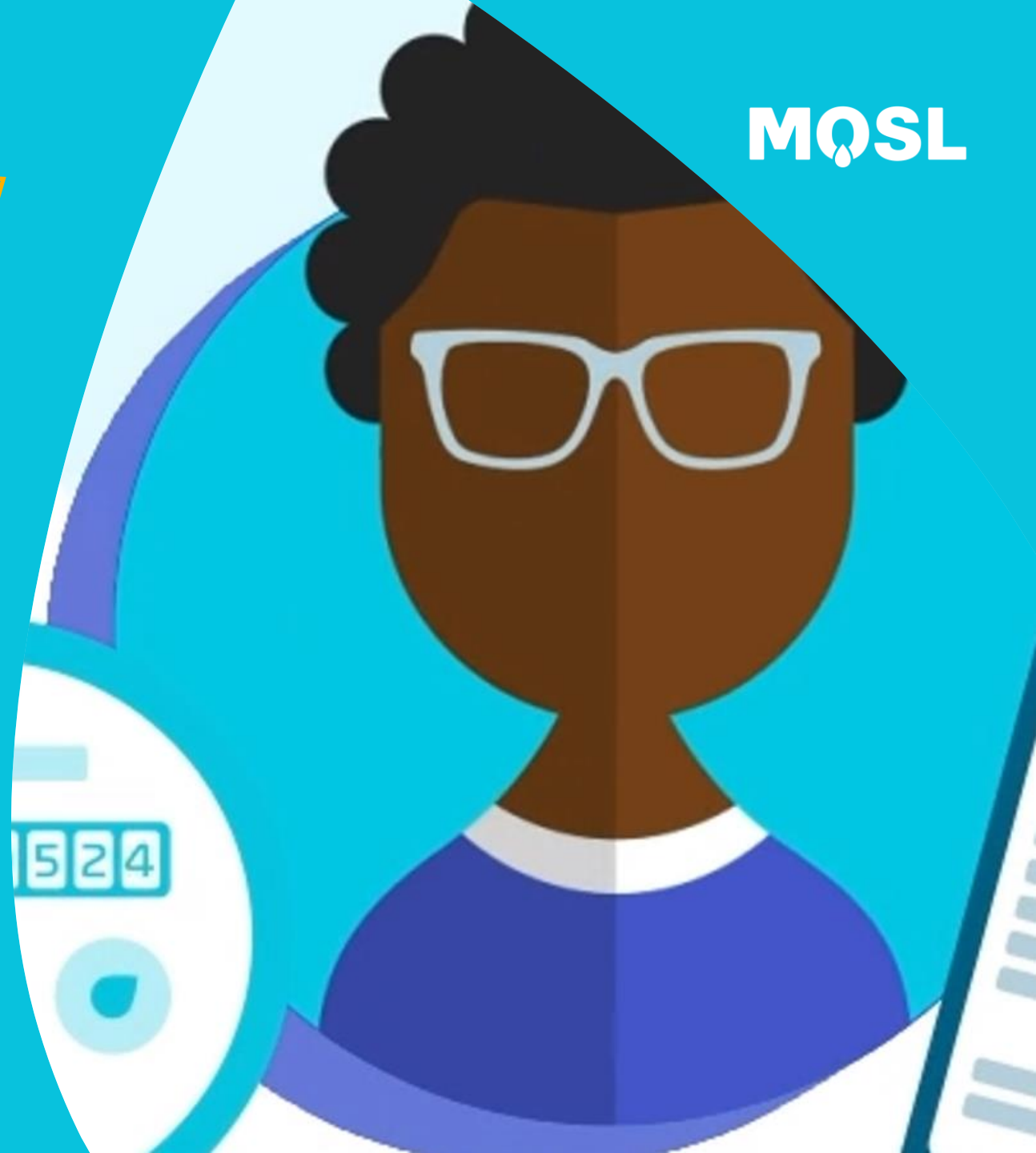


Market Performance Framework

Performance Advisory Group – PAG24

8 November 2023



Agenda

	Item	Presenter	Time
1	Welcome & update	Chair	10 mins
2	Consultation feedback & next steps	Janet Judge & Evan Joanette	50 mins
3	PAG format & cadence for Phase 2 (Detailed design & delivery)	Chris Dawson	20 mins
4	AOB	Chair	10 mins
			Total: 1.5 hour

**Consultation 3:
summary of
responses**

8 November 2023



Overview of respondents

Wholesalers x 14	Retailers x 11	Other x 2
Affinity Water	Business Stream	Consumer Council for Water (CCW)
Anglian Water	Castle Water	The Energy Consortium (TEC)
Dwr Cymru	Clear Business Water	
Portsmouth Water	Dwr Cymru	
SES Water	Everflow	
Severn Trent & Hafren Dyfrdwy	Pennon Water Services	
South East Water	Sefton Council	
South Staffs Water	SES Business Water	Total responses: 27
South West Water	Water 2 Business	
Southern Water	Waterplus	
Thames Water	Wave	
United Utilities		
Wessex Water		
Yorkshire Water		

Notable respondents compared to Consultation 2

Overall, to what extent do you support the proposed components of the revised MPF? (Q8)

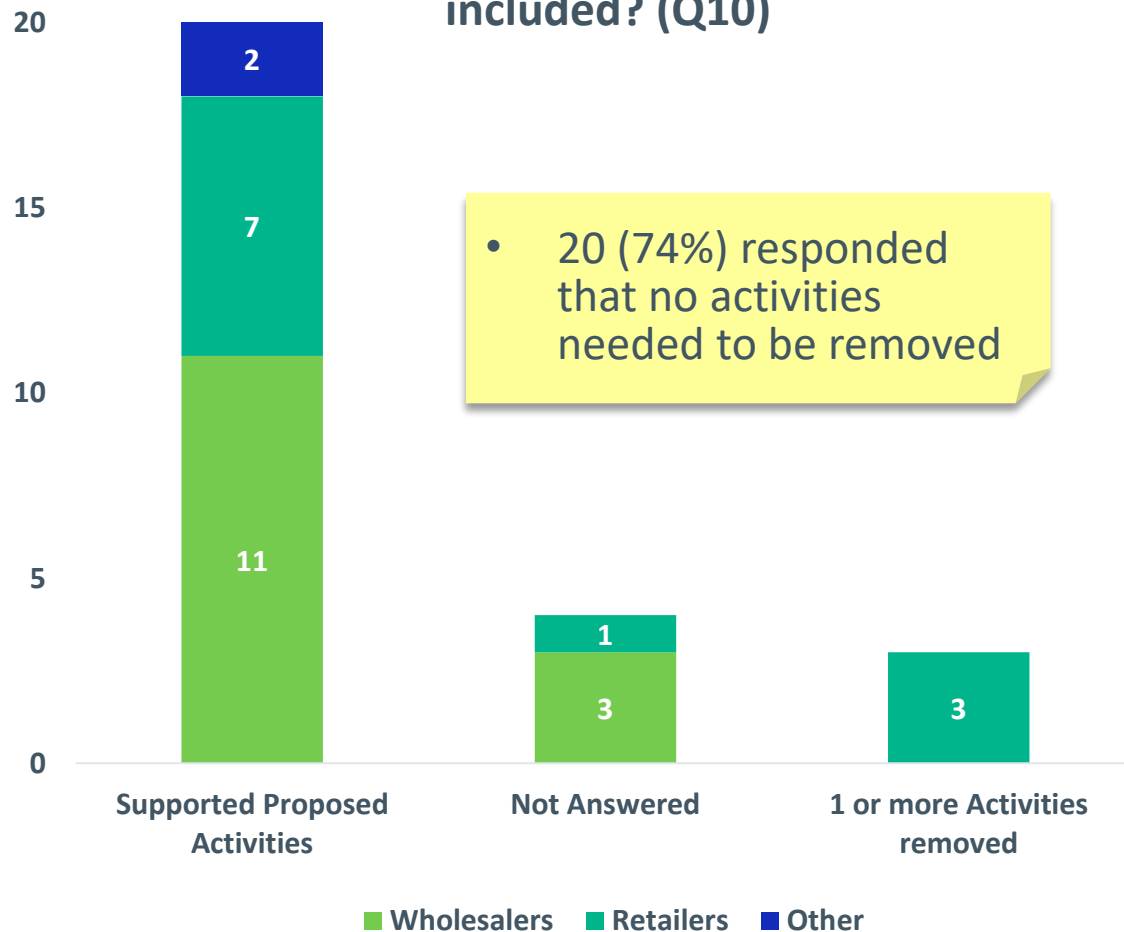


- 81% (22) 'supportive' or 'very supportive'
- Further 11% (3) neutral
- 7% (2) unsupportive

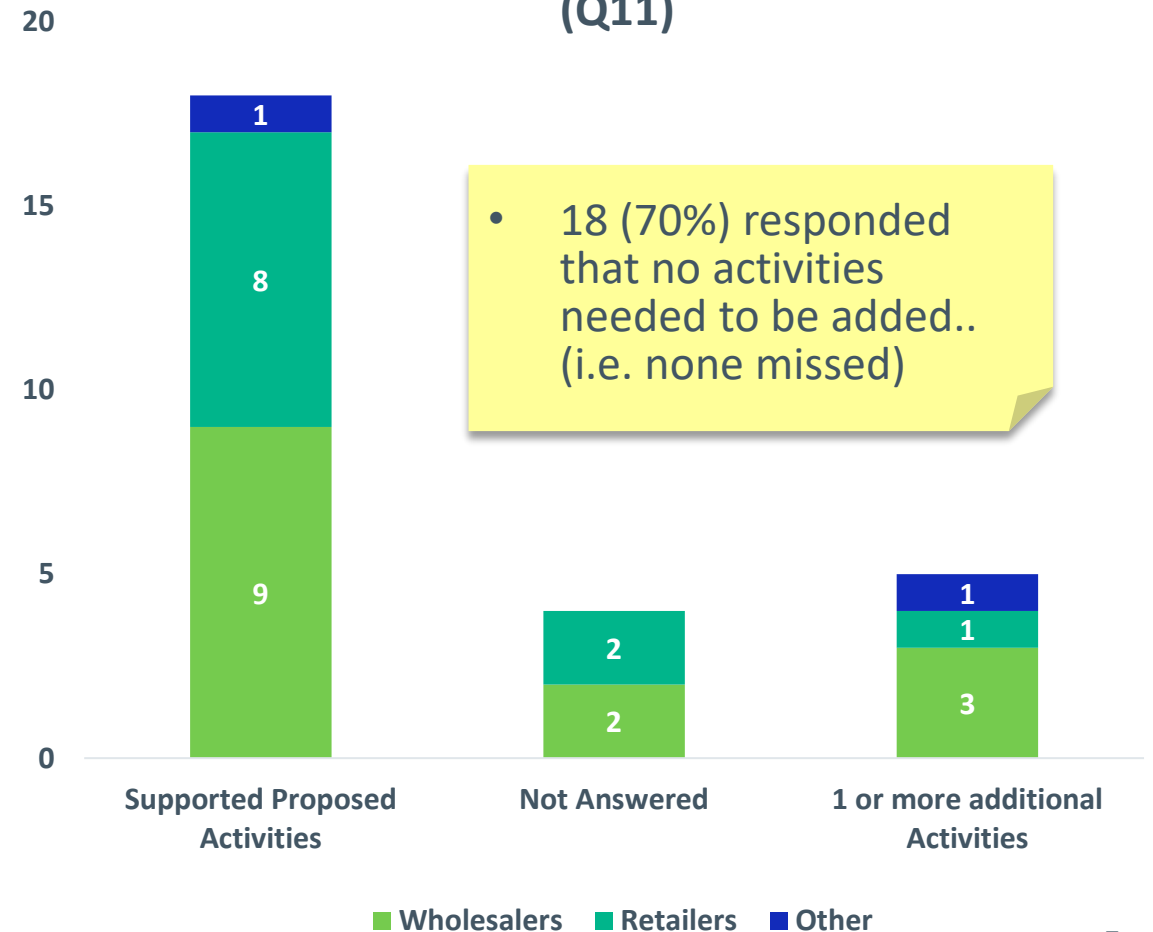


Activities (should we add or remove any?)

Are there any Activities you think should not be included? (Q10)

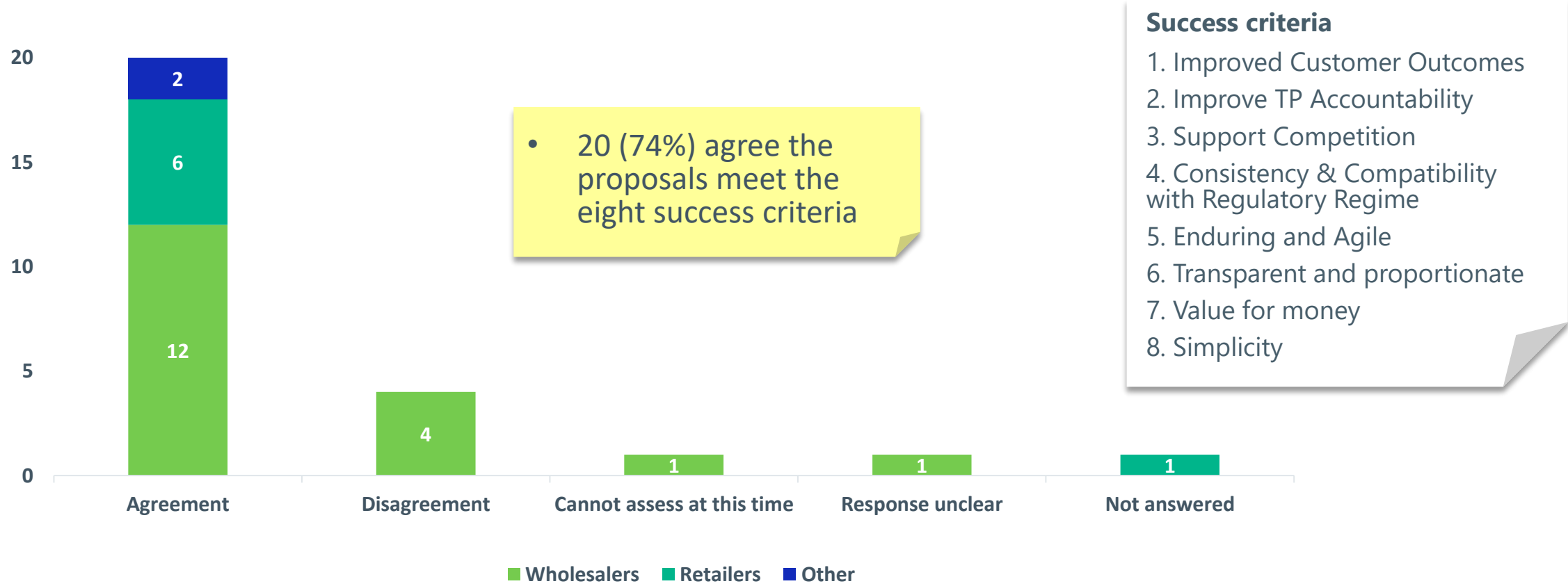


Are there any Activities that should be added? (Q11)



Activities (do they meet success criteria?)

25 Overall, do you believe that the Activities meet the eight success criteria? (Q14)

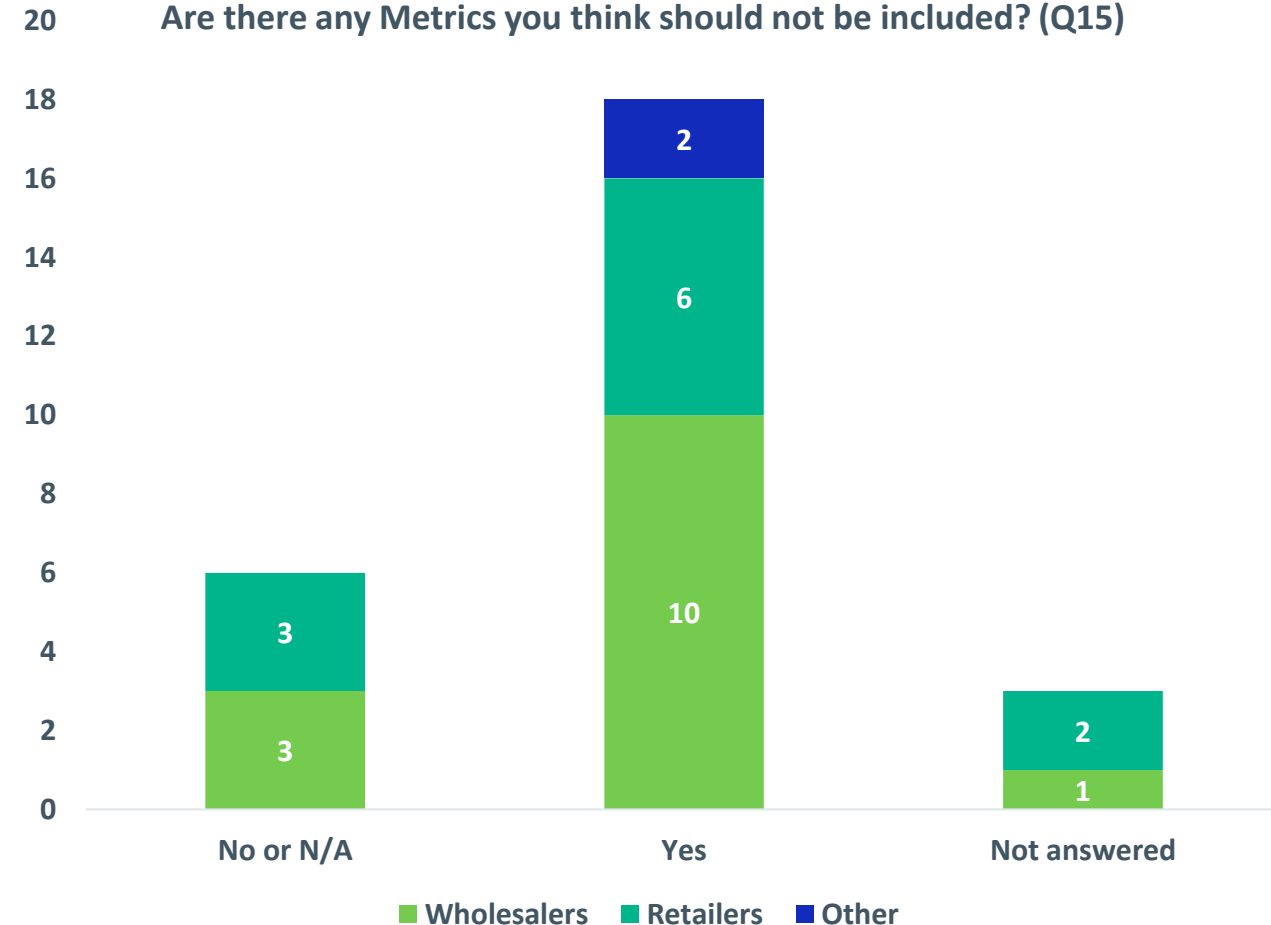


Metrics (should we remove any?)

- 59 comments from 18 parties indicated that a specific metric from the 47 proposed should not be included. This means 95% of cases for comment (total No of metrics * total No of respondents) did not suggest a case to remove a metric.
- Only 31% of metrics received more than one comment to remove, and none received more than four.

Are there any Metrics you think should not be included? (Q15)

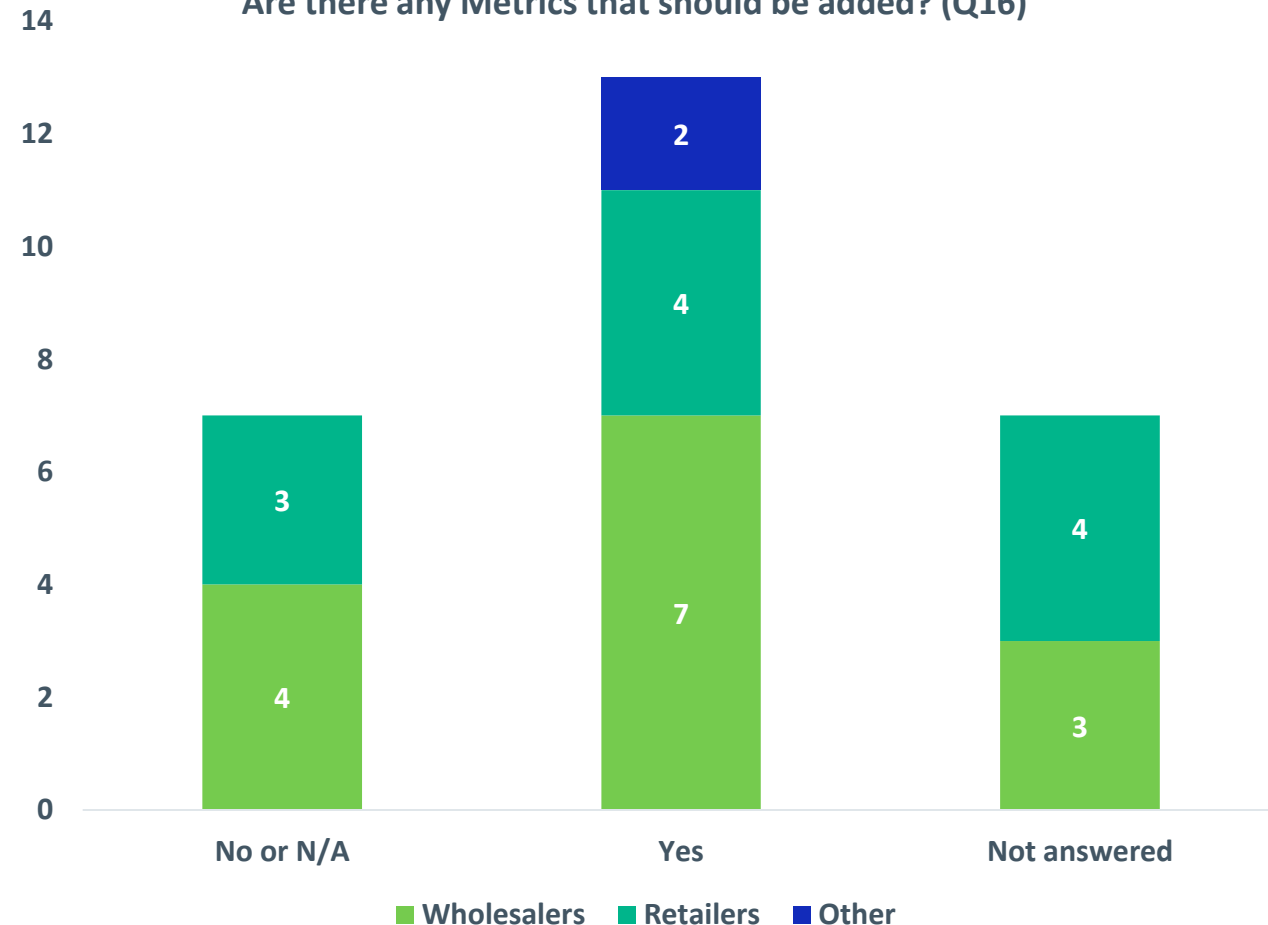
Comments to remove	Number of metrics	% of total	Cumulative %
0	12	26	26
1	20	43	69
2	9	19	88
3	3	6	94
4	3	6	100



Metrics (should we add any?)

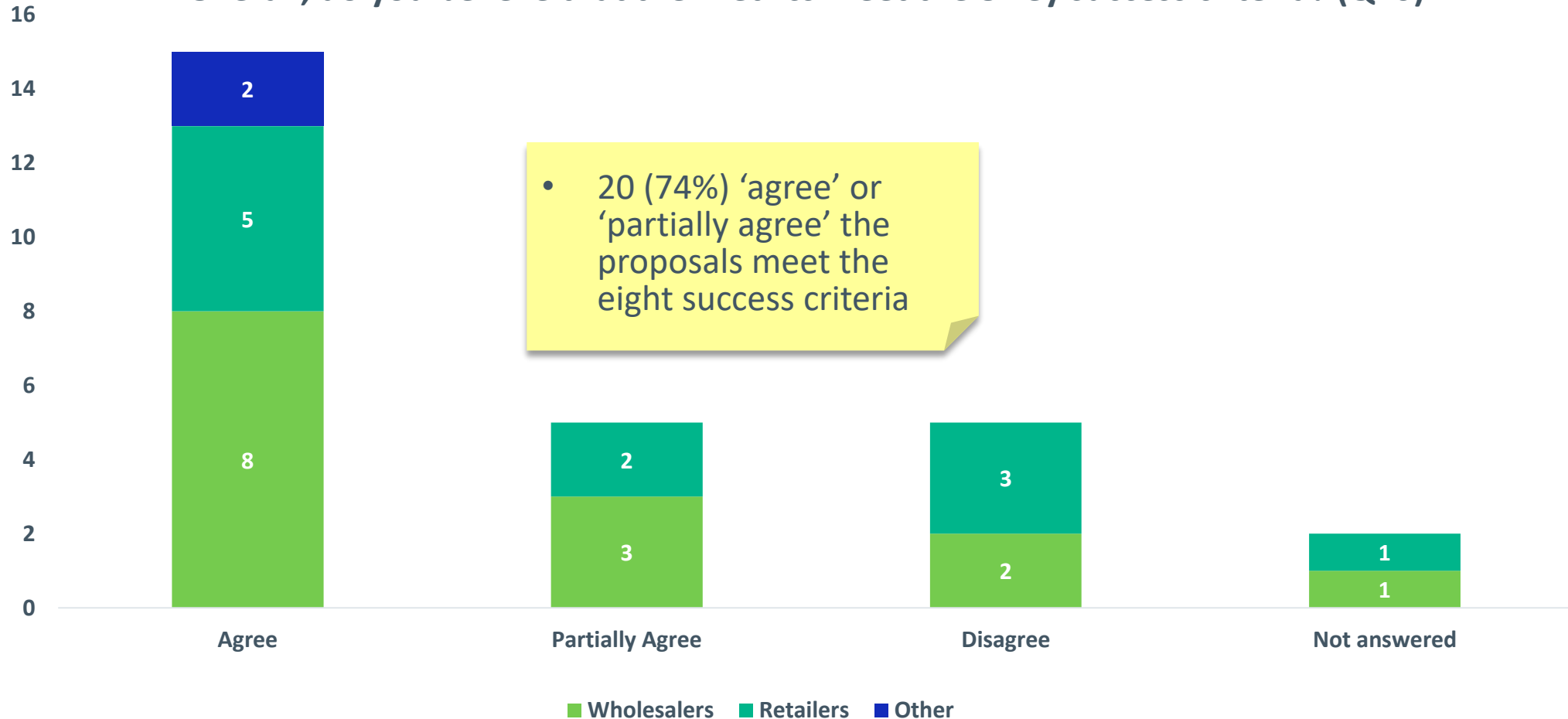
- Between them, 13 parties proposed 16 metrics to be added.
- 12 (75%) metrics were proposed by single parties
- 3 (19%) had two proposers
- The most common proposal was there should be a KPI around emergency contact details for A4: Unplanned events e.g. proportion of customers for which emergency contact information has been provided by the retailer

Are there any Metrics that should be added? (Q16)

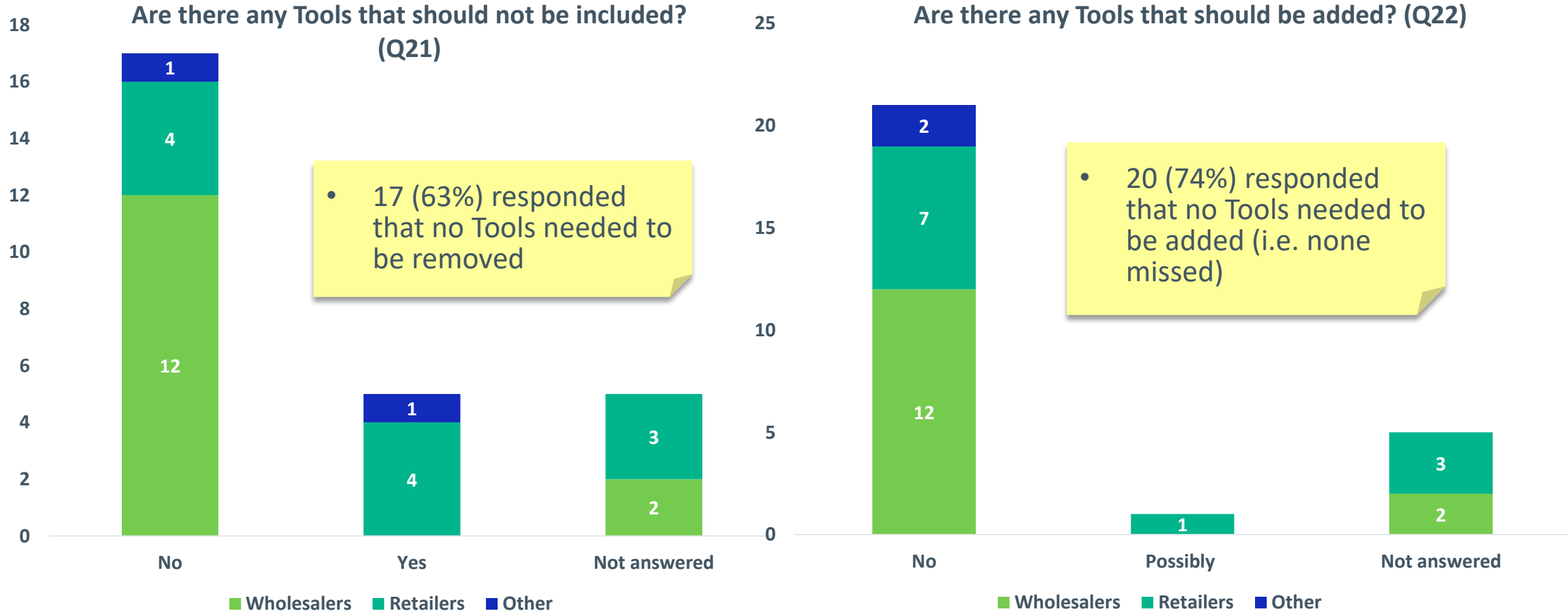


Metrics (Do they meet success criteria?)

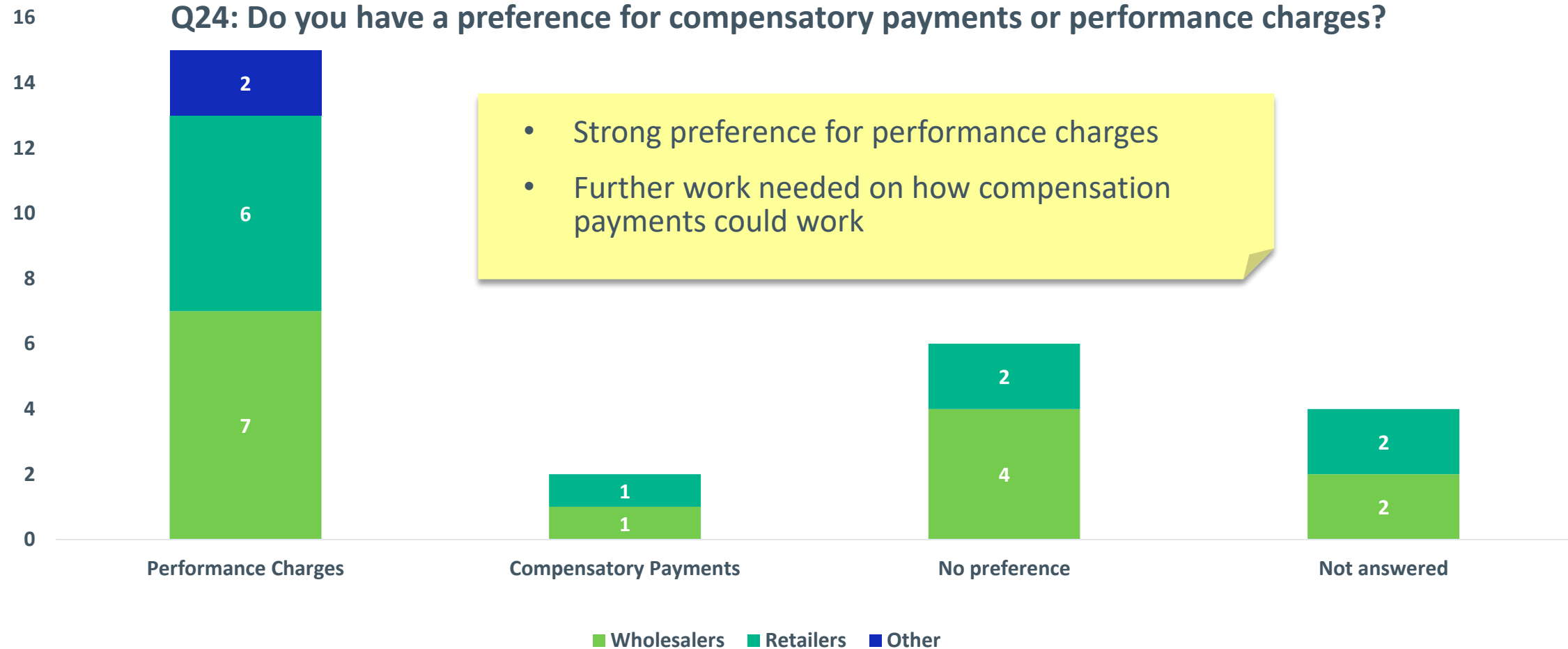
Overall, do you believe that the Metrics meet the 8 key success criteria? (Q20)



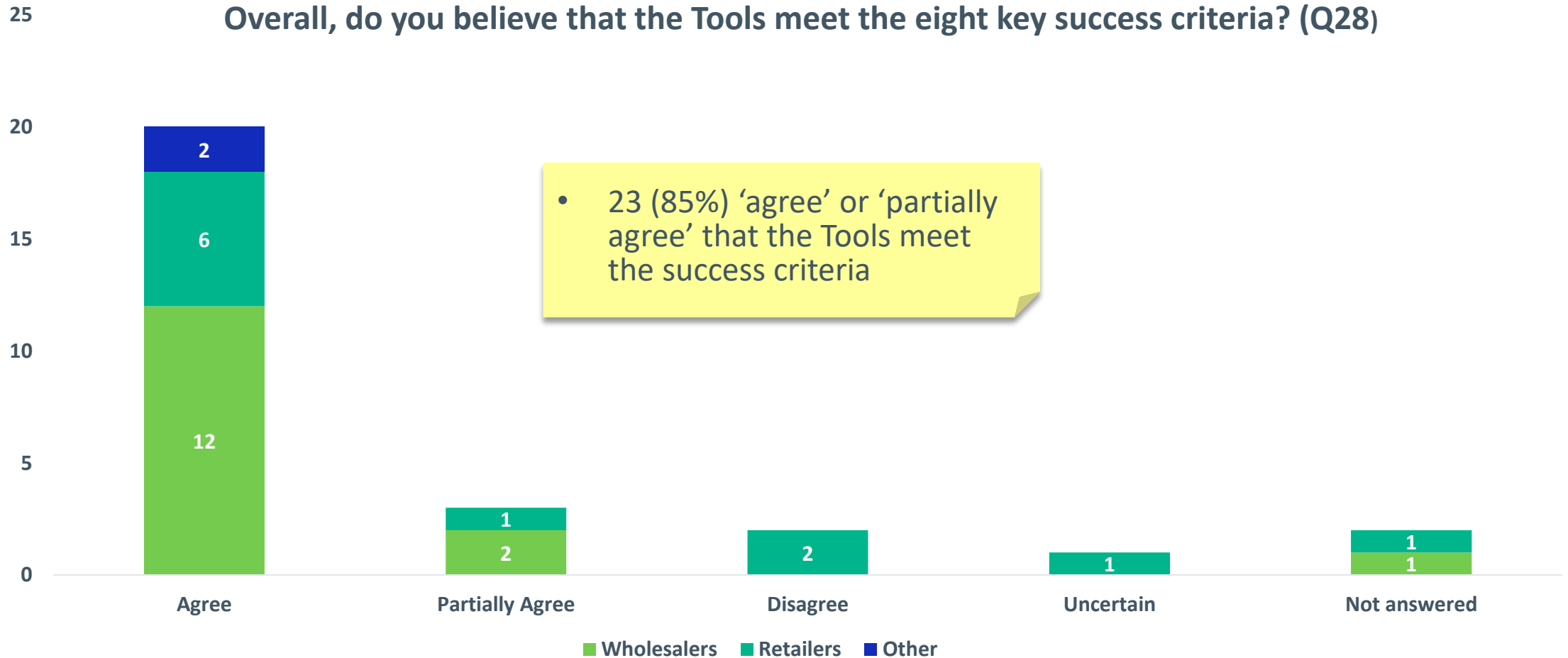
Tools (should we add or remove any?)



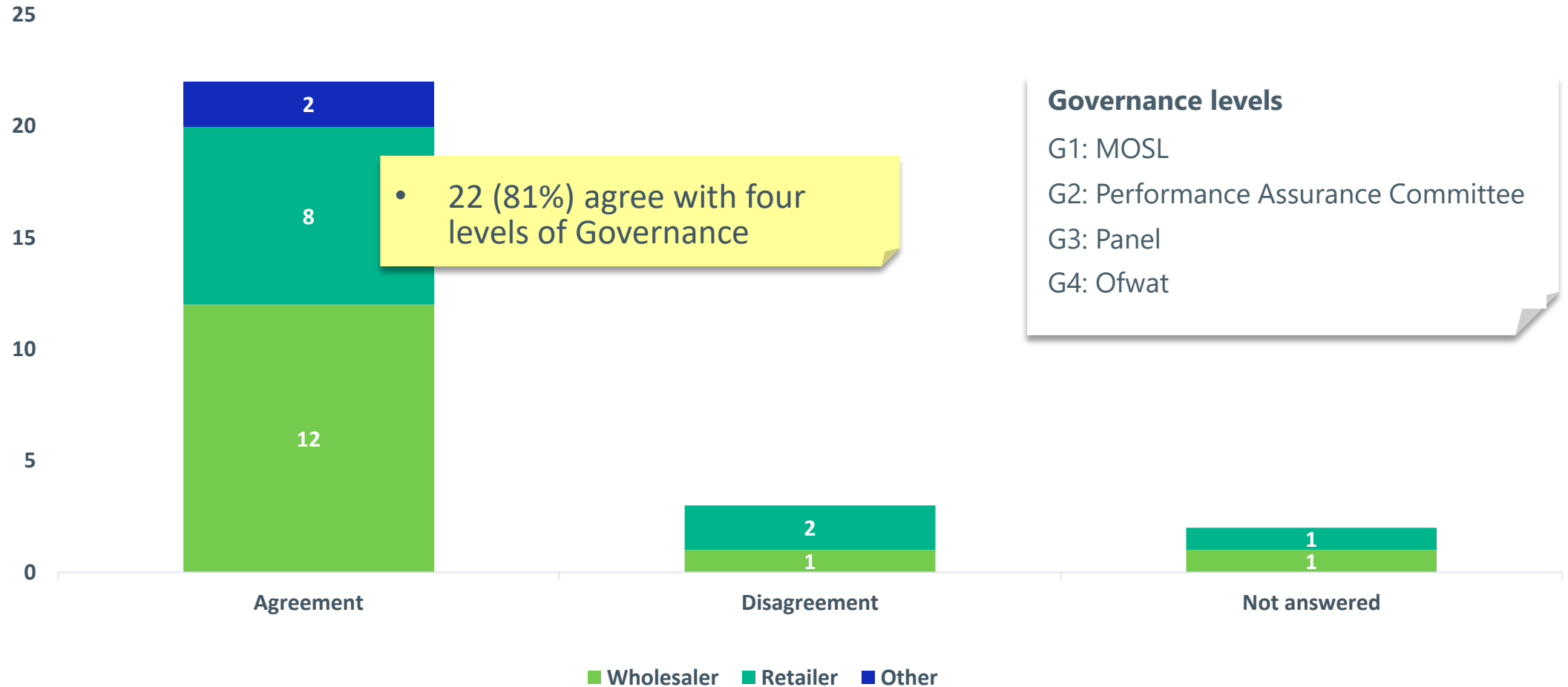
Compensatory payments or performance charges?



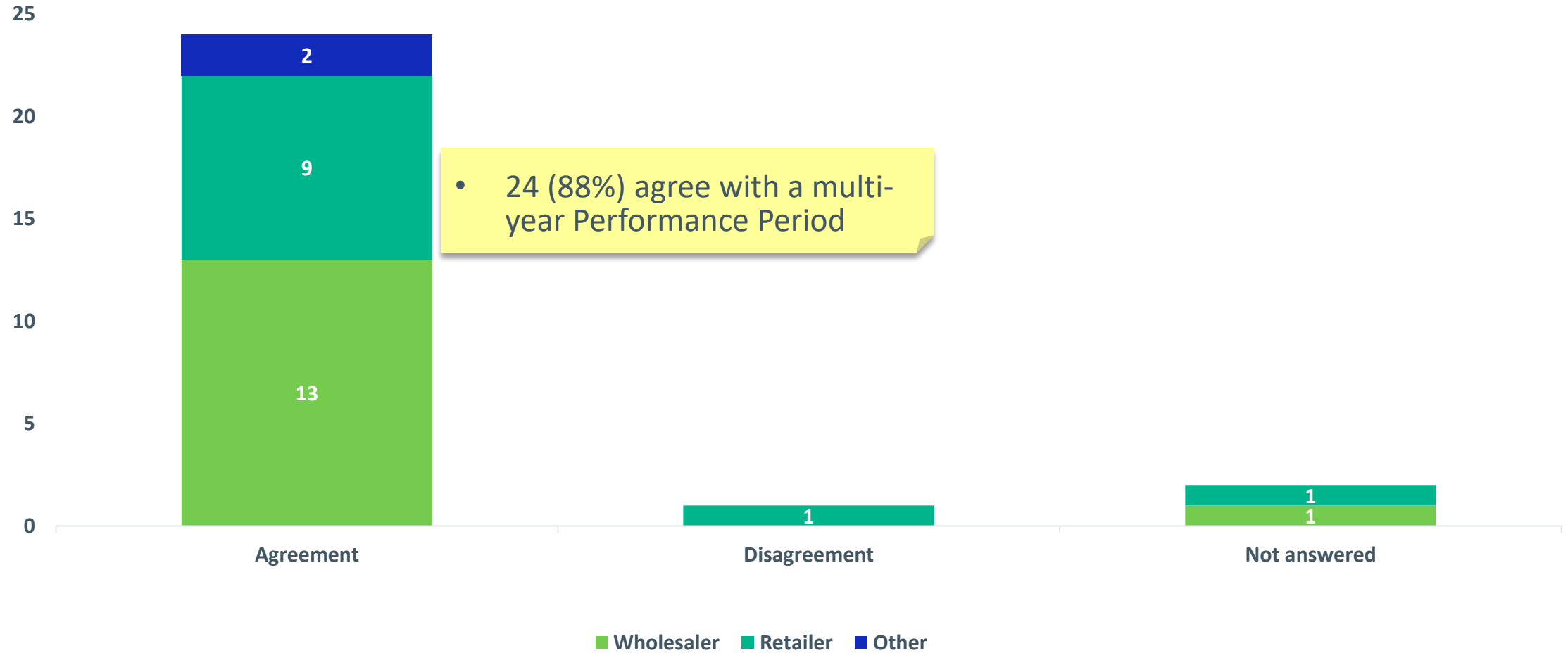
Tools (do they meet success criteria?)



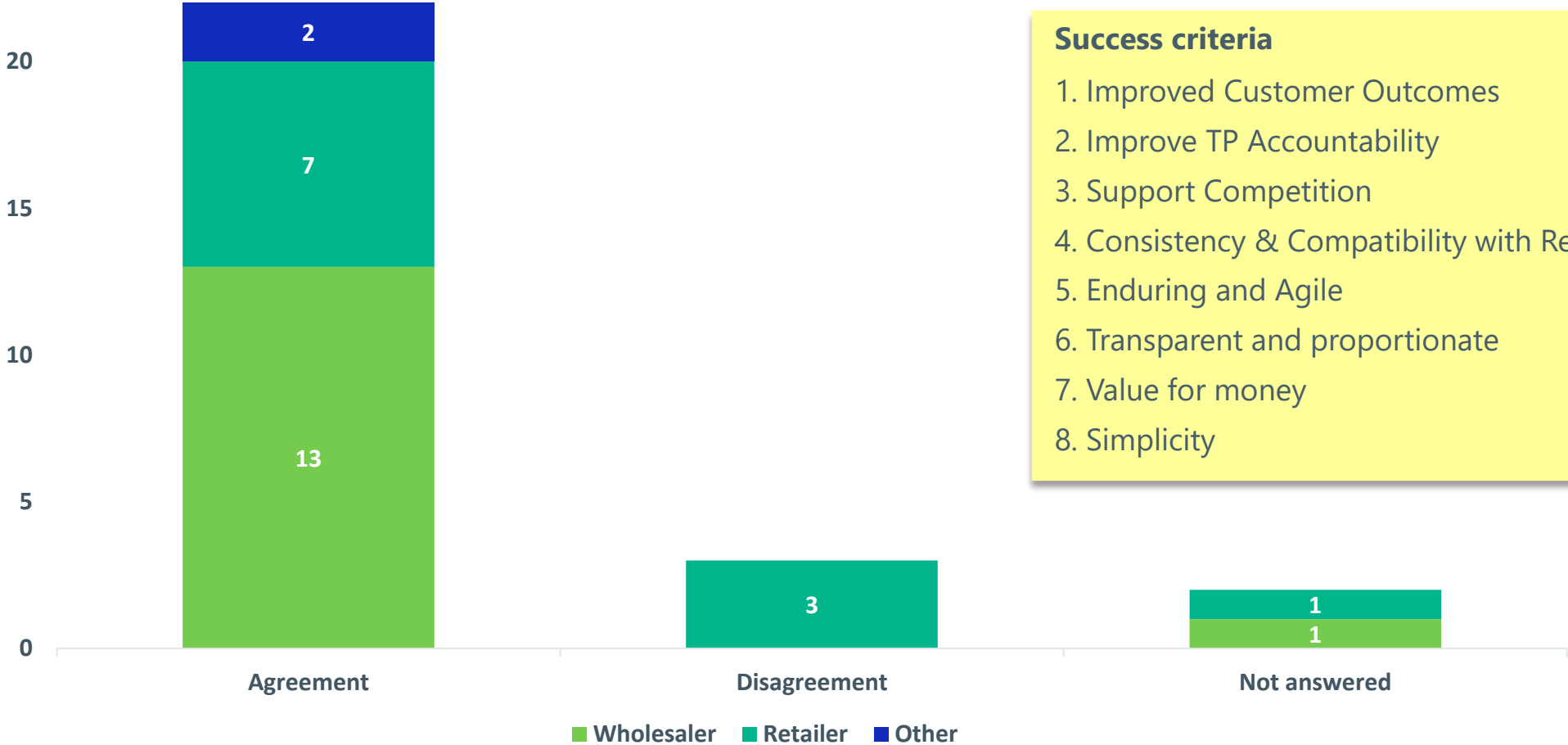
Do you agree with the four levels of Governance as detailed? (Q29)



Do you agree with the principle of operating on a multi-year 'Performance Period'? (Q31)

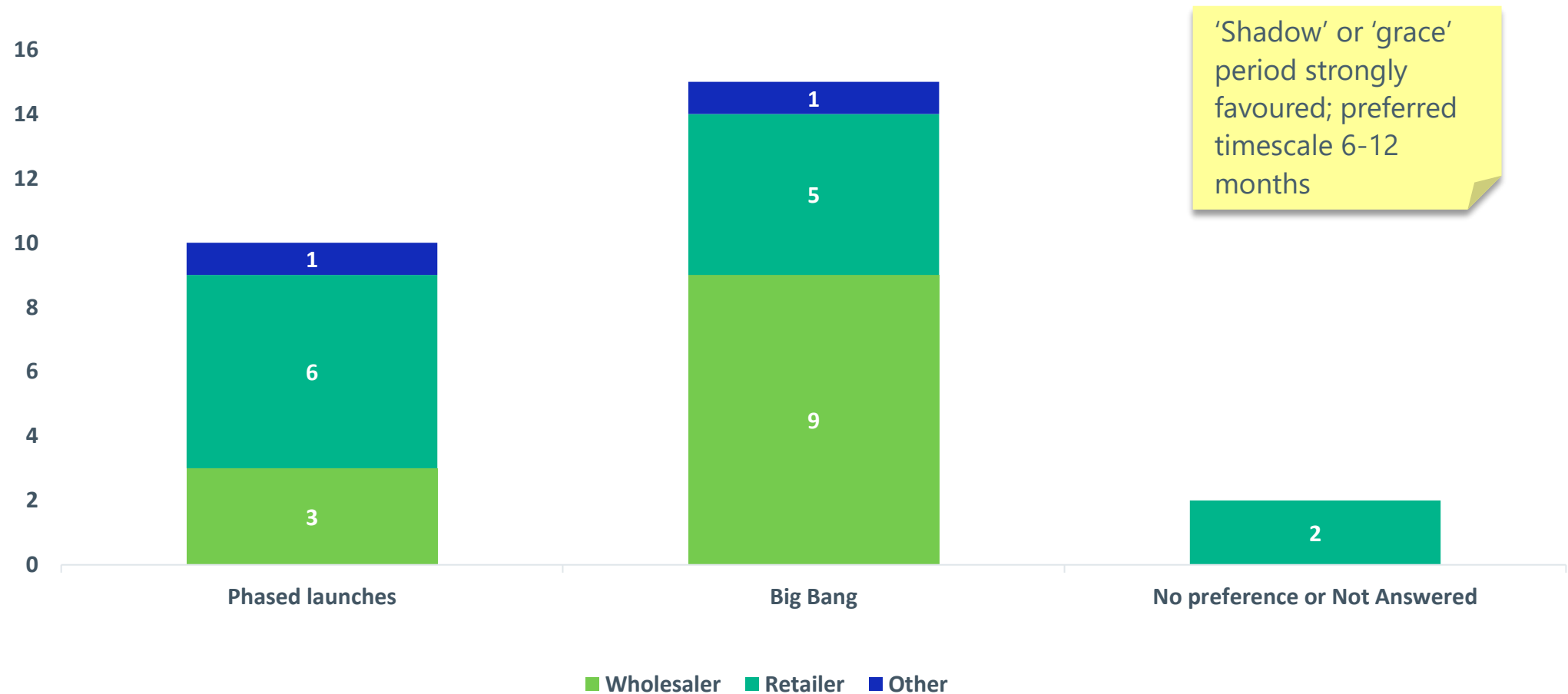


Overall, do you believe that the Governance framework meets the 8 key success criteria? (Q34)

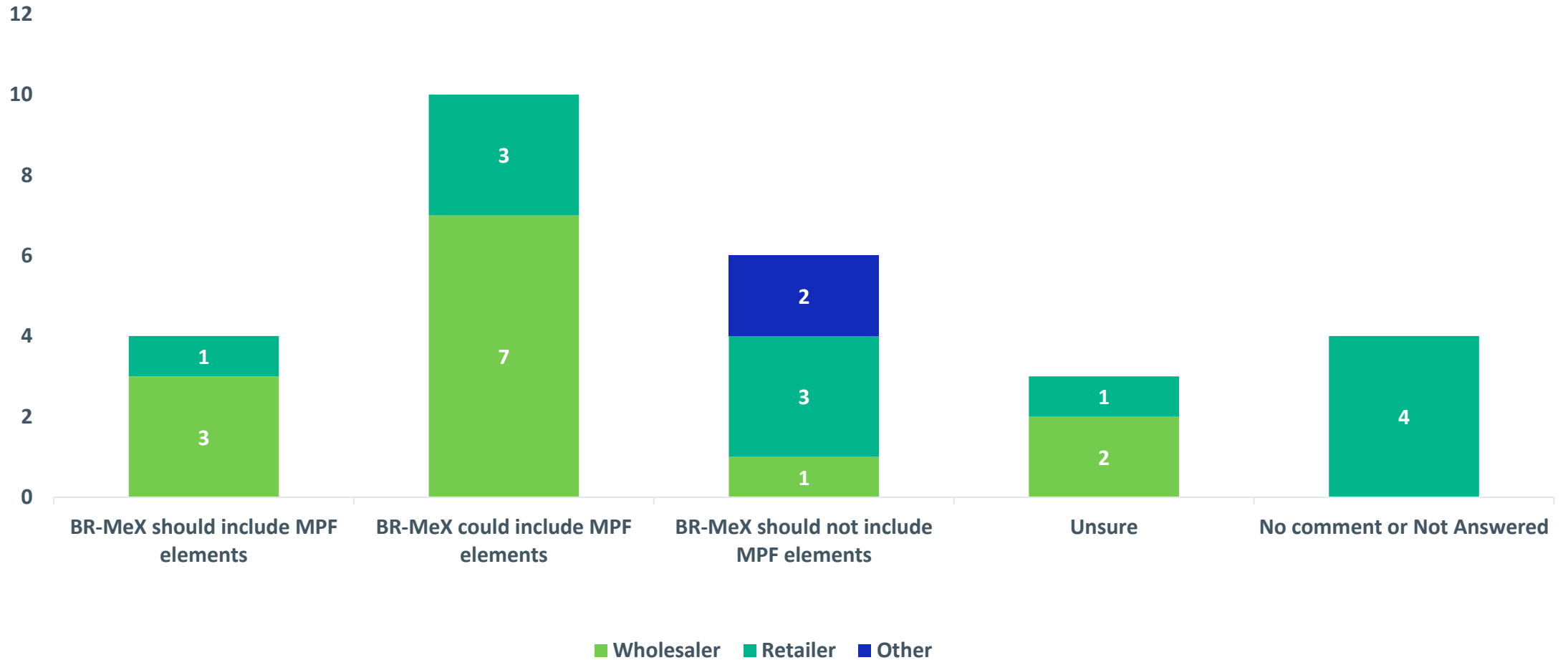


- Success criteria**
- 1. Improved Customer Outcomes
 - 2. Improve TP Accountability
 - 3. Support Competition
 - 4. Consistency & Compatibility with Regulatory Regime
 - 5. Enduring and Agile
 - 6. Transparent and proportionate
 - 7. Value for money
 - 8. Simplicity

Implement in one go ('big bang') or phases? (Q35)



Some of the MPF activities and metrics could be candidates for BR-MeX ...thoughts? (Q38)



Summary findings

- Excellent engagement and very constructive feedback from trading parties
- **81% 'supportive' or 'very supportive' of proposed model**; further 11% neutral
- Nothing major appears to be "missing" from proposal
- Most agreed that the **activities are sufficient** and meet key success criteria.
- **Respondents generally accept the proposed metrics** (~95% of cases for comment did not suggest a case to remove metric(s))
- Majority support concept of MPF metrics feeding **BR-Mex scores**
- Almost all agreed that the **proposed tools are sufficient as a whole**
- **Preference for performance charges**; compensatory payments need further consideration
- Most **supportive of the Governance proposals**
- Split on whether implementation should be '**phased**' or '**big bang**'

- **Strong support for proposed model**
- **Subject to approval by Strat Panel will move into detailed design**



MOSL



The MOSL logo is located in the top right corner. It consists of the letters 'MOSL' in a bold, white, sans-serif font. A small white water drop icon is positioned below the letter 'O'. The logo is set against a teal background.

MOSL

The background features a stylized illustration of a woman with dark skin, curly hair, and white-rimmed glasses. She is wearing a blue top and a purple garment. To her right, a white document titled 'Your water bill' is visible, showing some greyed-out text and a blue icon. The entire scene is set against a background of teal and light blue geometric shapes.

Market Performance Framework (MPF) Reform

*High level plan and rationale
for delivery order*

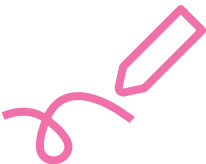
8 November 2023

PAG Format

PAG Structure



PAG moving to detailed design phase



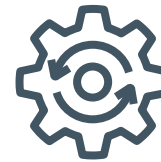
Minimum of 2 reviews:

- Strawman presentation
- Revised design following feedback



CAG will be utilised for Code review

PAG Agenda



Moving to detailed designs:

- Governance
- Metric
- Tools

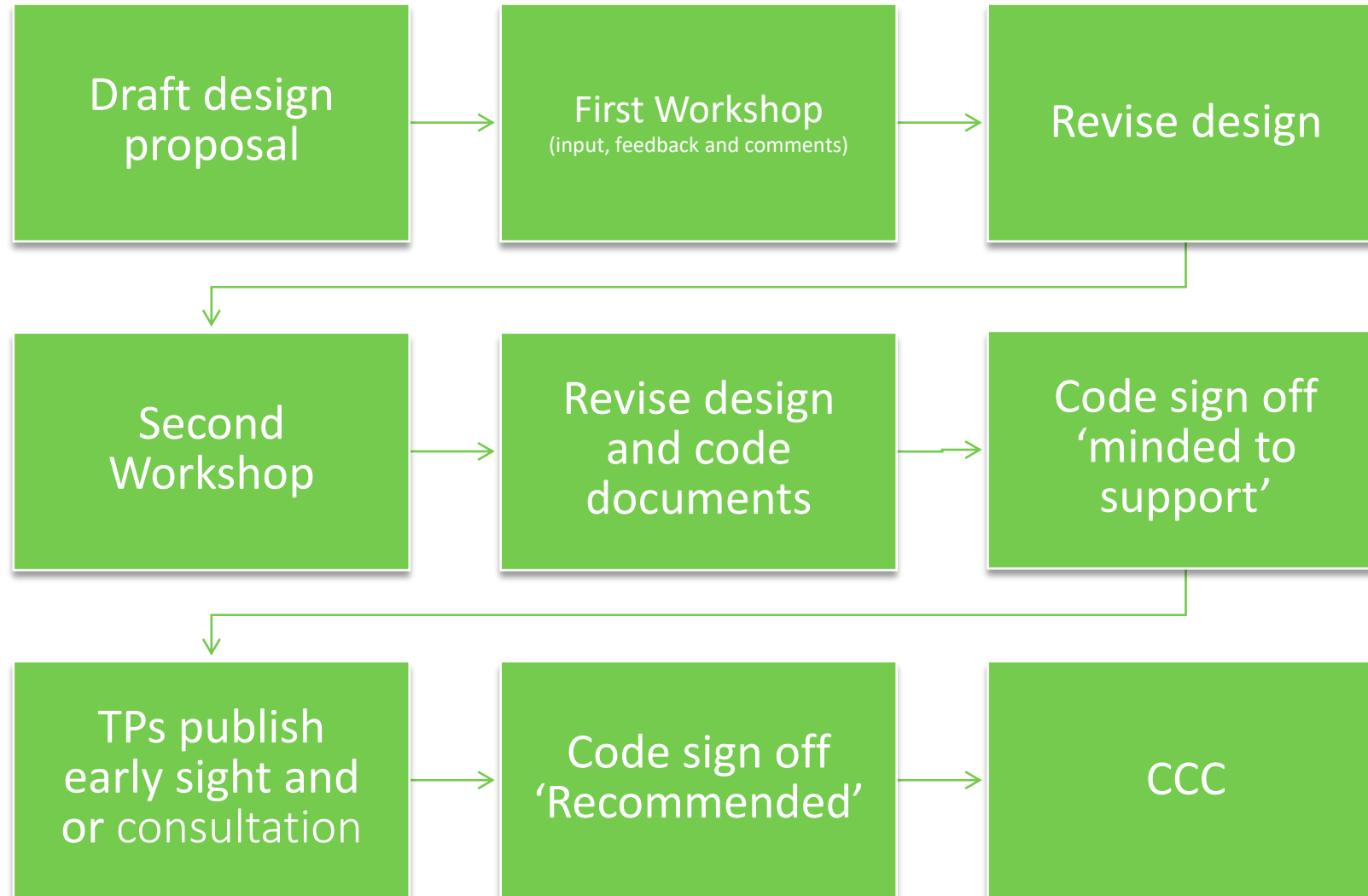


Starting with Governance detailed design



Following meetings Tranche 1 Metric and Tools

Detailed design Approval signoff



AOB: Future meetings

Date	Discussion / Introductions / Endorsements
PAG25 22 November	Detailed drafting
PAG26 6 December	Detailed drafting
PAG27 20 December	??????

MOSL

