

Market Performance Framework (MPF) Reform

PAG workshop on Part B tools (second viewing)

13 March 2024

A photograph of a person's hands typing on a silver laptop keyboard. The laptop screen displays a presentation slide with a light beige background and a white border. The slide features the text 'MARKET VALUE ADDED' in large, bold, black letters, with each word on a separate line. Below this text are two lines of smaller, grey text: '#search #business #concept' and '#keywords #design #innovate'. The laptop is resting on a wooden desk. The overall image has a teal background on the left and top right, and a white background on the bottom left.

MARKET
VALUE
ADDED

#search #business #concept
#keywords #design #innovate

Agenda

	Item	Presenter	Time
1	Welcome & update	Chris (Chair)	10 mins
2	Technology & systems	Miles	20 mins
3	Final review of Part B Tools (T01, T02, T06, T07, T08)	Ollie/Janet	60 mins
4	Metrics introduction	Jak	20 mins
5	Upcoming PAG workshop(s) & AOB	Chris (Chair)	10 mins
			Total: 2 hours

Housekeeping



Welcome all (new and well established)



Workshop format
Minutes and slides

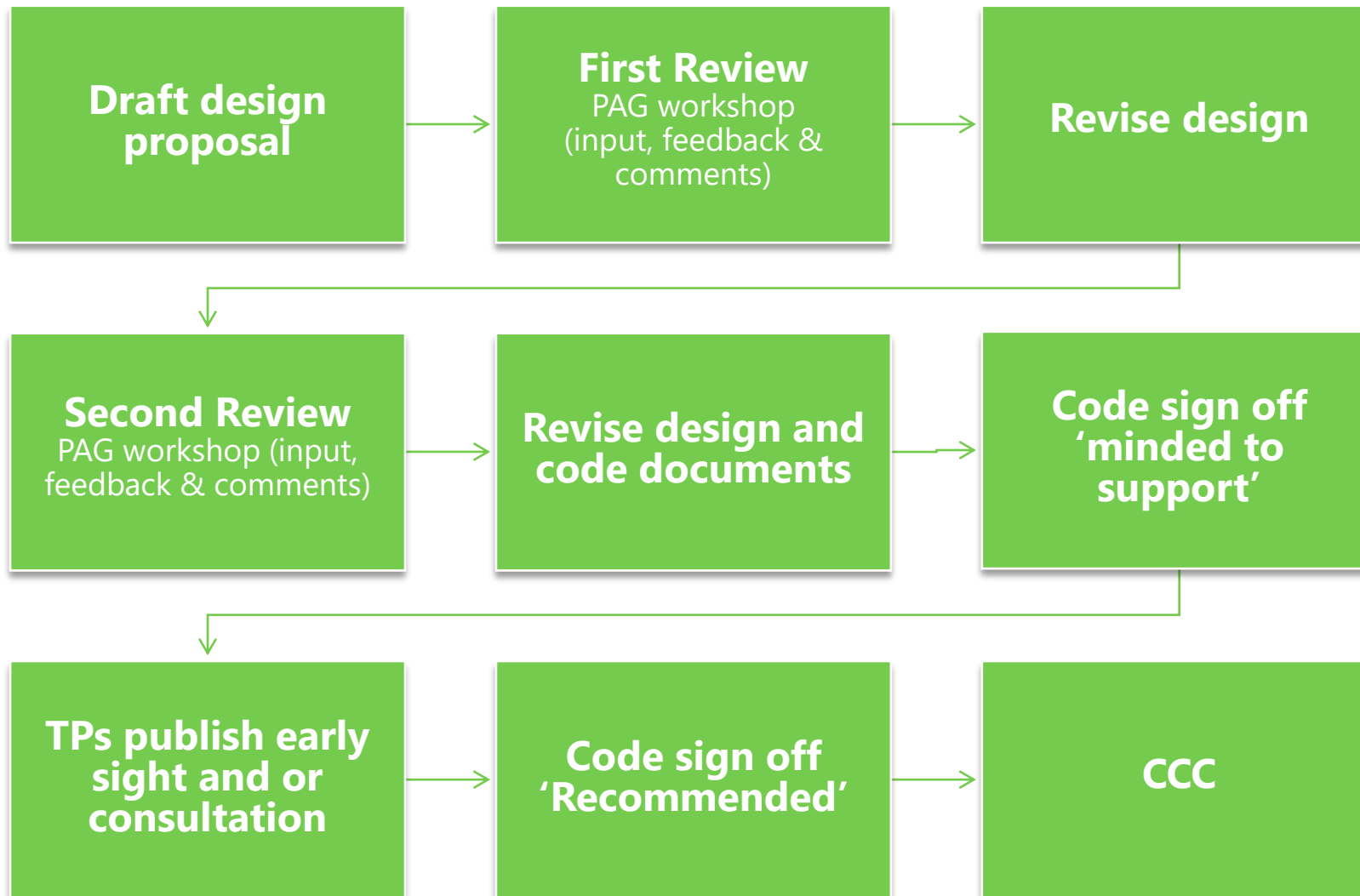


Please introduce yourself



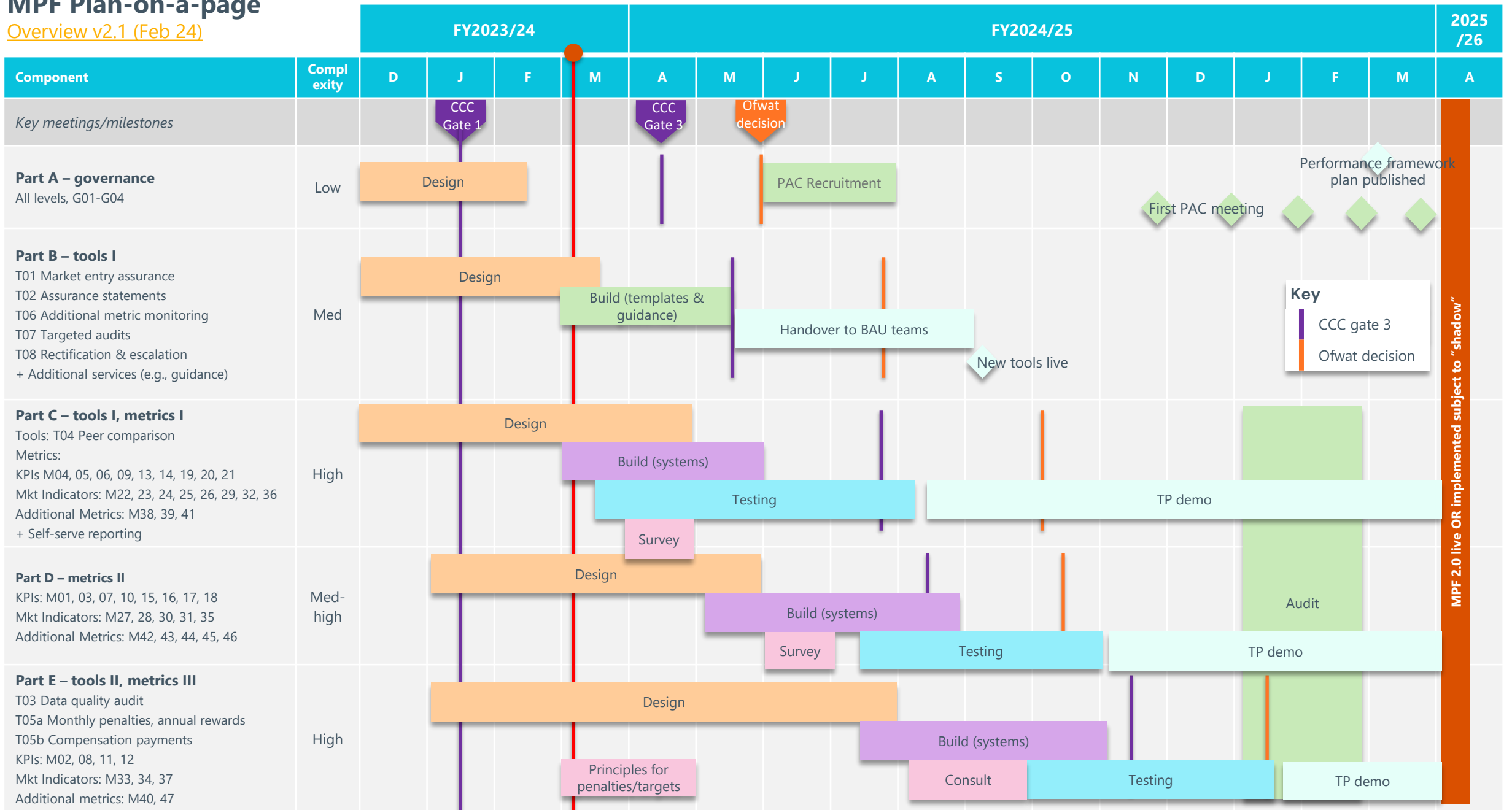
Chat and Questions

Detailed design approval process



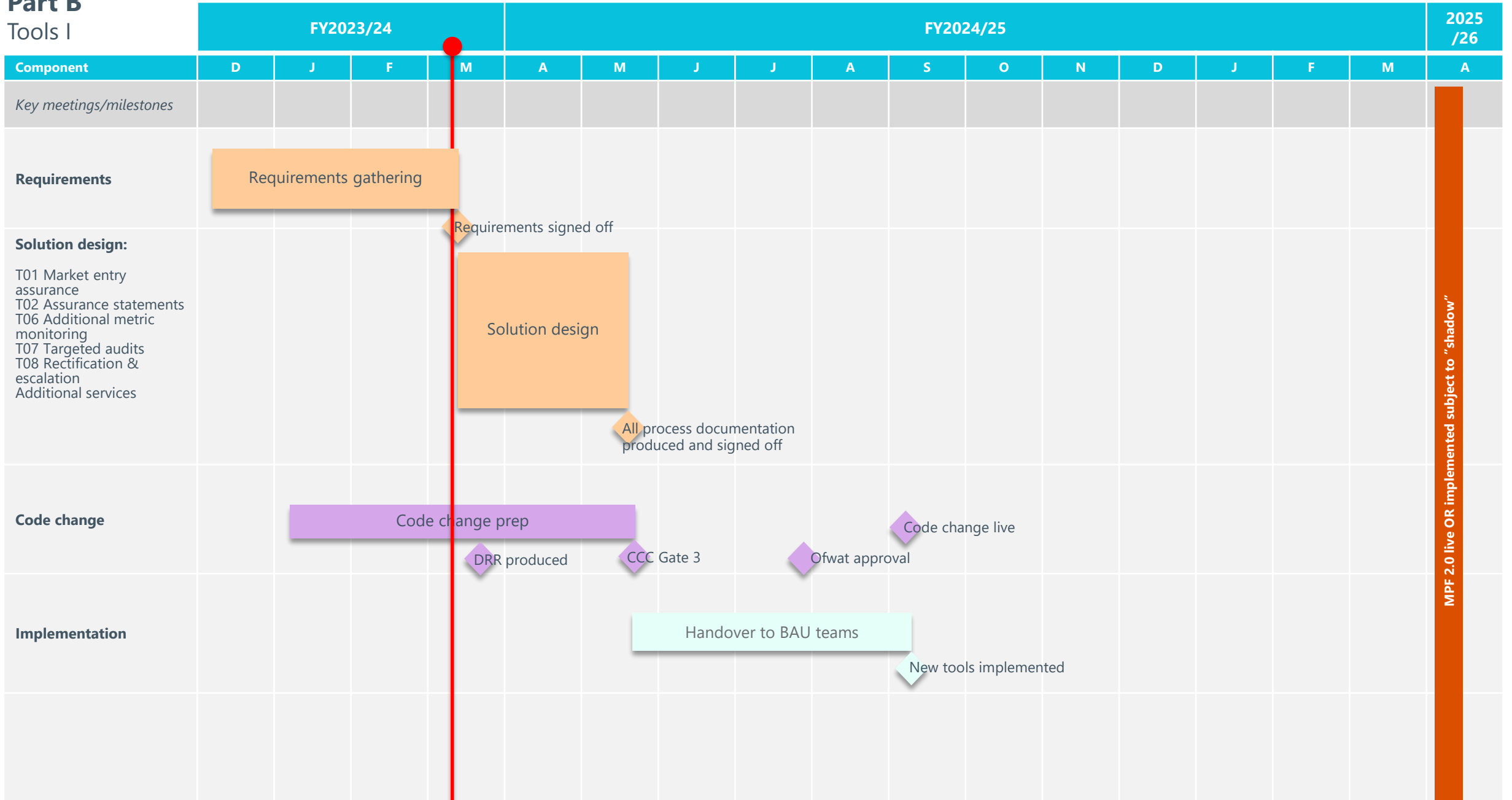
MPF Plan-on-a-page

Overview v2.1 (Feb 24)



Part B

Tools I



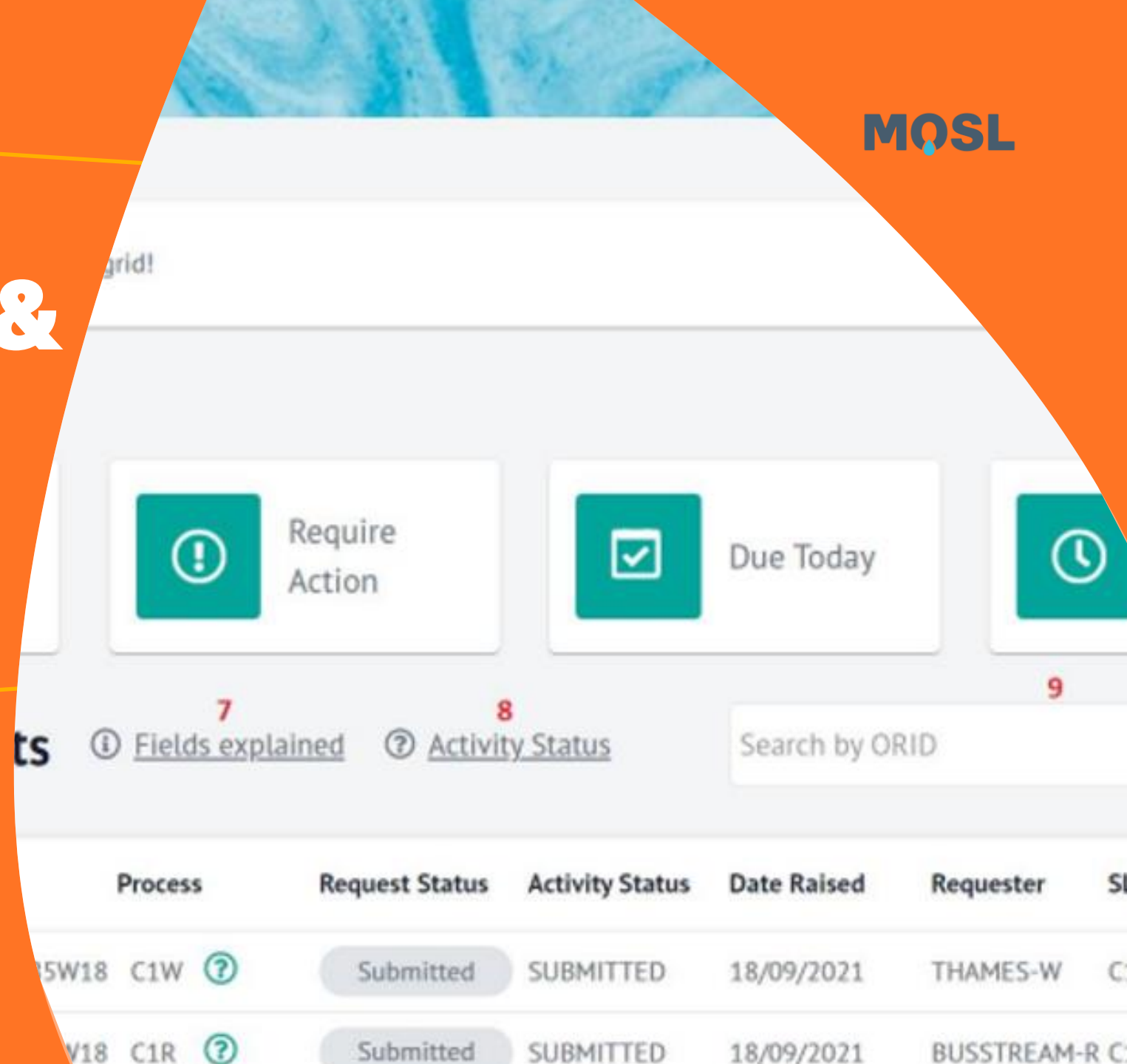
MPF 2.0 live OR implemented subject to "shadow"

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Technology & systems

PAG



13 March 2024

From complexity...

MOSL

Complex, manual processes

High margin for error

Multiple checks and reviews required

Data made available through SharePoint

Several handoffs

Single failure points

Trading Parties

Complex calculations difficult to replicate

TPs not able to get same answers as MOSL easily

Large amount of TP and MOSL time

Performance failures not defined clearly

TPs can't understand why something fails

TPs contacting MOSL to seek explanation

File format and process does not consider TP requirements

Market

Calculations not clearly defined in Codes

Barriers to entry

...to simplicity

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Market


Calculations not clearly defined in Codes


Barriers to entry

Simplicity & transparency

Automated processes with low risk of failure 

Performance calculations defined clearly 

Performance failures explained clearly 

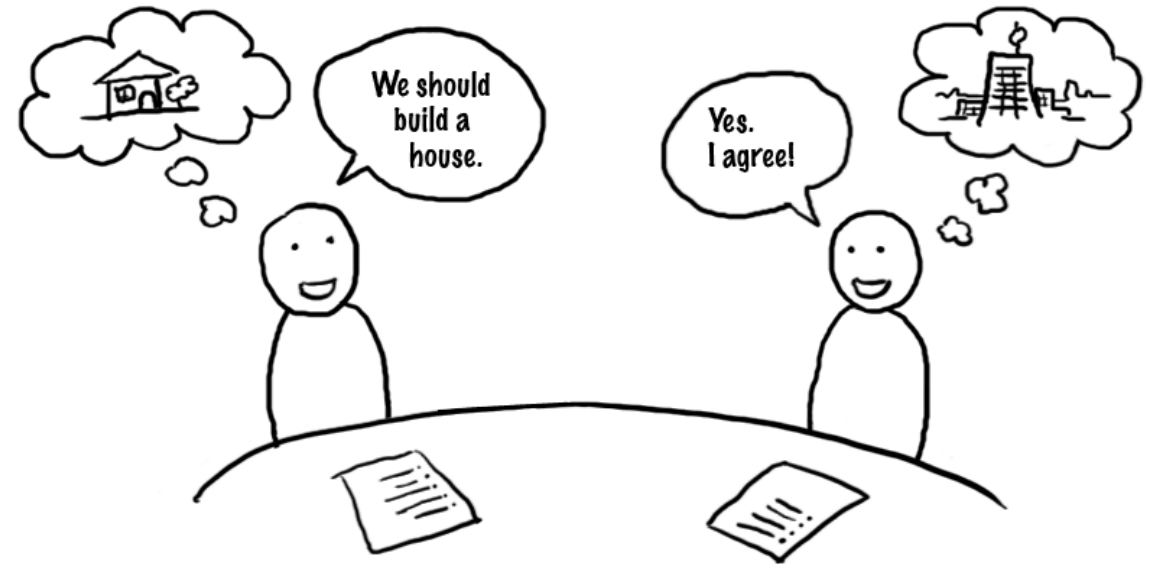
Data easily accessible in multiple formats 

Discussion: systems & preparation

As we consider what the new MPF looks like, we want to better understand trading party system requirements and the time/activities required to prepare:

Q1: How would you hope to interact with the new performance framework?

Q2: What preparation work is required at your organisation ahead of the new framework being implemented?



If you would like to discuss in more detail, please get in touch – mpreform@mosl.co.uk

Key design principles (1/2)

1. KPIs

- How each KPI is defined and calculated (and how any associated charges are calculated, if applicable) will be set in code
- KPIs can only be created, removed or changed through changes to the code

2. Target Performance Levels

- Target performance levels for KPIs (excluding those used for BR-MeX incentives) will be defined outside code. The PAC is responsible for maintaining these.
- The code will set out the steps that must be followed for PAC to change these. Changes must be consulted on, and parties must be given notice of changes

3. Other metrics

- Market metrics (Market Indicators and Additional Metrics) will be defined and maintained outside of code (see slide 29 on T06 - Additional Metric Monitoring). The PAC is responsible for these (API process is driven by MOSL currently).
- The code will set out the steps that must be followed for PAC to change these. Parties must be given notice of changes

Key design principles (2/2)

4. Performance Assurance Committee (PAC) meetings

- PAC will meet quarterly as a minimum, more frequently as required.

5. Reporting metrics

- KPIs will be presented through public peer comparisons which rank parties against each other, with the target performance level clearly shown
- The PAC may remove peer comparisons from public viewing in exceptional circumstances
- Market Metrics (i.e. Additional Metrics and Market Indicators) can be presented on dashboards that are publicly accessible, but there will be no direct ranking of parties against one another. The PAC may request ranked views of these metrics (see slide 29 on T06 - Additional Metric Monitoring)

6. BR-MeX

- Only KPIs can be used to inform BR-MeX incentives
- Where Ofwat has chosen a KPI for BR-MeX, its link to BR-MeX will be set in code
- Such KPIs will be reported through MPF peer comparisons, but will not incur penalties or rewards through the MPF (although it may still require a Wholesaler to directly compensate a Retailer)
- Where performance against a KPI used in BR-MeX is low, Ofwat will determine outcomes in terms of any relevant BR-MeX outperformance payments or underperformance penalties
- The relevant KPI and its link to BR-MeX cannot be changed outside a code change.

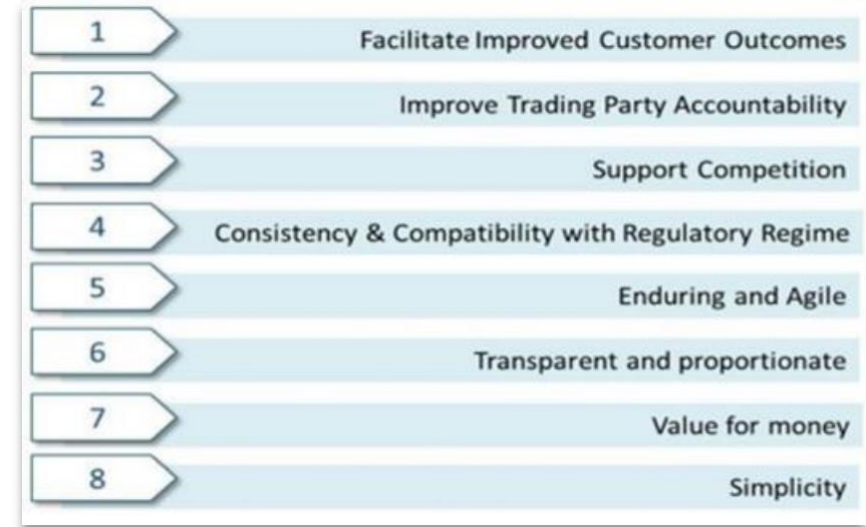
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Recap

MPF success criteria

as per [Full Business Case](#)



Reminder of PAG task for Part B tools:

- MPF model and business case approved by Panel in December 2023
- PAG tasked with helping to deliver this model with a design in line with the key success criteria and key consultation feedback on points of design
- PAG can assist by firming up the rationale for the inclusion of specific tools, but it is more important for PAG to provide rationale for the specific design
- MOSL will capture rationale for how consultation feedback has been considered in the design of a tool. This will not come before PAG has had the opportunity to workshop each tool and reflect key consultation feedback.

Key updates from PAG31 (14 Feb 2024) and PAG 32 (29 Feb 2024):

- Rationale confirmed for inclusion of T01 and T02 MPF tools (slide 17, 22, 25).
- Set out where reassurance fits in alongside T01 and included a possible role for PAC on assuring MOSL performance on MEA (slide 23).
- Suggested detailed content for T02 (slide 26) and explored how to keep the approach proportionate and simple for parties (slide 25).
- Updated T06 to confirm new metrics need to reflect the key success criteria (above) (slide 29) and explored links with other tools (slide 31).
- Confirmed the audit schedule will be published and may be republished throughout the year should priorities change (slide 32)
- Confirmed preference for T07 to be defined flexibly (slide 34) and next steps for non-cooperation (slide 34).
- Set out PAC principles for T08, interactions between T08 and other tools, required content of responses to letters of concern, and approach for dealing with persistent poor performance including escalation as a potential WRC breach to Ofwat (slides 37-38)

T01 - Market Entry Assurance (MEA)

Impact: Assurance and Prevention

Type: Standard Tool, to be applied at Market Entry

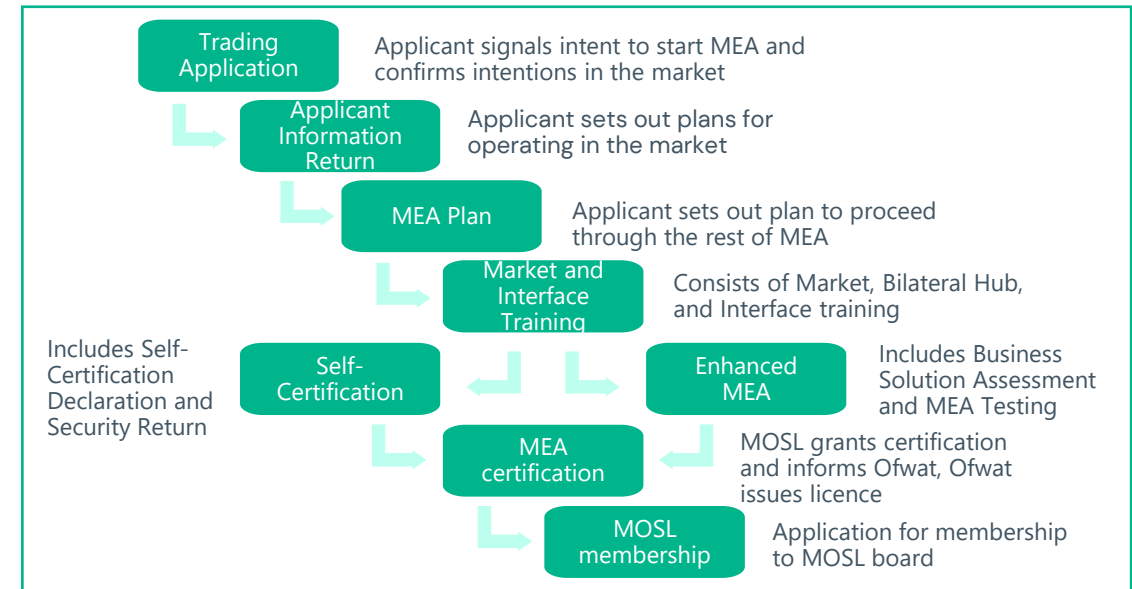
How will Market Entry Assurance (MEA) work in MPF 2.0?

- MEA consists of steps, processes and checkpoints for a company to become a trading party. These requirements (set out in [CSD 0001](#)) will continue to apply under MPF 2.0
- Current MPC responsibilities will pass to PAC:

PAC will be required to perform such functions as delegated by Panel from time-to-time, which includes providing advice, recommendations and support to MOSL on request, commenting or providing advice to MOSL on request in relation to any MEA Plan (or Market Re-assurance Plan), and approving the initial and subsequent versions of the documents which support these processes.

- MEA only applies to new entrants (i.e. parties yet to commence trading), but like other MPF metrics and tools, is important in terms of mitigating risk that extend across other parties and customers.

Summary of MEA process (as set out in [CSD 0001](#))



T01 - Market Entry Assurance (MEA)

How will Market Entry Assurance (MEA) work in MPF 2.0?

- MEA provides assurance that applicant systems & processes meet standards, and that applicants can comply with code obligations
- This mitigates the risk of market processes failing through the actions of a party. Given the shared rationale behind MEA and other MPF components, it is proposed that a clarifying code change be made to formalise MEA as an MPF tool.
- Consultation 3 proposed HVI access assurance would be moved from Market Reassurance (MRA) to MEA, as part of lessening the formality of MRA. This is no longer being proposed as it is now understood this would bring no practical change in terms of assurance steps, but would be complicated to implement. Furthermore, MRA needs to remain a formal process to support the T02 Assurance Statements tool (see Slide 24).
- Consultation 3 also proposed PAC could recommend approval/rejection of market entry applications. It is proposed that this becomes an exception rather than the rule (as per PACs function to support MOSL on request) as this could delay MEA (unless agreed quickly 'ex-committee'). Furthermore, it can only ever be a decision to delay or proceed with MEA, not approve or reject outright, so adding another decision-making layer as a standard step would have limited value relative to cost/effort/time.

Workshop questions:

- 1) From experience of these processes, can any other elements of MEA and MRA be improved?
- 2) Apart from the functions set out above, should there be any other key role for PAC in MEA or MRA?

T01 - Market Entry Assurance (MEA) – key discussion points



Why is MEA proposed to be a tool of MPF 2.0?

- MEA mitigates the risk of market processes failing (and customers and other trading parties being impacted) due to a party not being suitably prepared for entry. With reference to current [Market Risks and Issues](#), some example processes include:

Issue / Risk No.	Issue / Risk	Customer Impact			Trading Party Impact		
		Volume	Individual	Combined Customer Score (1 - 9)	Retailer Score (1 - 3)	Wholesaler	Sum value
VC007	The Supply of Last Resort (SoLR) process may not work effectively when required	3	3	9	3	3	6
CSE021	Retailer not effectively managing customer interactions where issues occur (e.g. keeping informed on progress, including wholesaler driven service issues)	3	3	9	2	1	3
VC002	The new supply process causes delays entering new connections into the market	2	3	6	2	2	4
CSE005	Market systems not operated reliably and effectively causing (MOSL) settlement calculation and bilateral hub process issues	2	3	6	2	2	4
CSE012	Meter reads not taken due to Retailer performance issues (either direct or in supply chain)	1	3	3	1	1	2

- MEA exists today and MPC already has a light touch role (as per previous slides).
- The proposal is for these roles to handover to PAC, and the link between [CSD 0001 \(Market Entry Assurance\)](#) and [CSD 0002 \(Market Performance Framework\)](#) will be made clearer in the code to clarify the existing process' 'status.

T01 - Market Entry Assurance (MEA) – key discussion points



How does reinsurance fit in?

- Reinsurance is a process/service that parties are proactively required to seek out rather than a tool to be operated. However, a party may be required to undergo reinsurance by PAC as a next-step process under T02 Assurance Statements, or as an activity under T08 Rectification and Escalation.

Could/should PAC oversee and assure MOSL performance on MEA as an additional role?

- There is a similar code obligation today on MOSL to provide information on the implementation of the Market Entry Assurance and Market Re-assurance processes within a frequency as agreed with the Panel ([CSD 0002 7.1.2 \(I\)](#))
- It would be a lot of work for Panel/PAC to review every instance of MEA, but it could be a useful option to retain (i.e., Panel/PAC can request to review information on occasion).

Can the MEA forms be tidied up/standardised?

- MOSL will review the forms as part of implementing the tools to ensure that all publicly available versions are up to date and consistent. Any detailed feedback on specific forms would be welcomed.

- **Any other comments or questions?**

T02 Assurance Statements

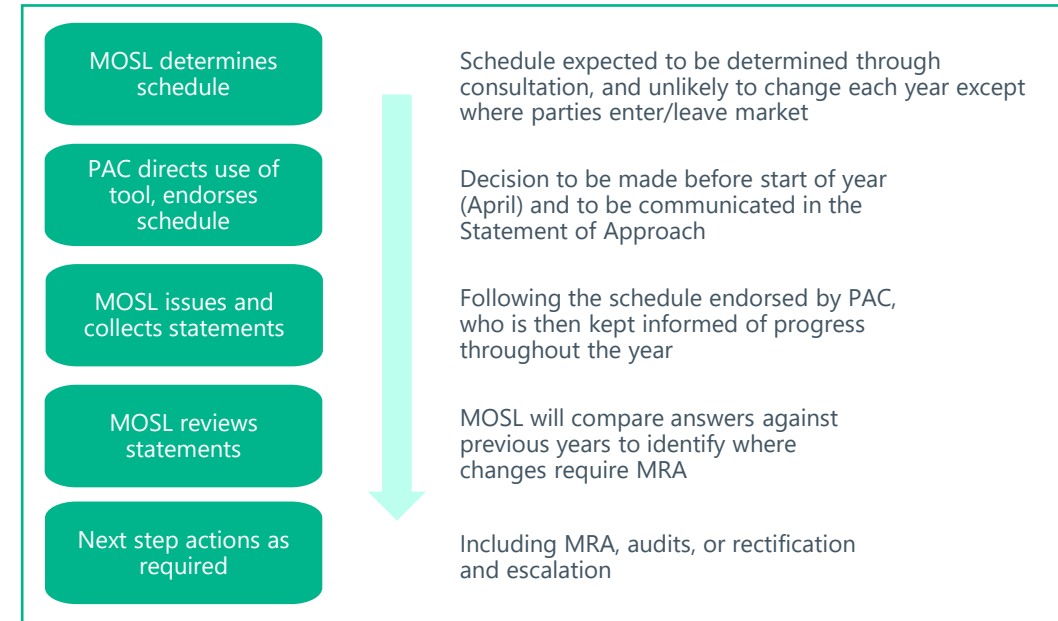
Impact: Assurance, Prevention and Facilitation

Type: Standard Tool, PAC decides annually whether to apply for given year

How will this work in MPF 2.0?

- MOSL will issue assurance statements annually from April 2025, unless PAC directs MOSL not to any given year (as per Statement of Approach). This will be a new MOSL obligation.
- Statements will take the form of a survey which will require respondents to provide information on **company and contact details, use of third parties, transaction/ SPID levels, systems/interfaces, testing methodology, compliance, resourcing**. This will be a new trading party obligation.
- Parties will be asked for this information when the survey is first issued. Subsequent surveys will present previous answers, seeking confirmation that the statements are still expected to be valid. Parties will be able to update responses where required.
- This tool does not replace the current code requirement for parties to be proactive in seeking MRA.
- MOSL will stagger assurance statements for different parties across the year, based on a schedule endorsed by PAC. The schedule is unlikely to change apart from where parties enter or leave the market.
- PAC can use audits to monitor compliance (i.e., audit random selections to test authenticity) and gather further information (slide 32). PAC will also advise on any next step activities as required (inc if rectification and escalation is required, (see slide 35).

Summary of proposed T02 process



T02 Assurance Statements – key discussion points

How do we ensure this tool is proportionate and simple for trading parties?

- Whilst true that the risk of MRA being missed or applied retrospectively might only apply to certain trading parties at certain points in time, the potential impacts are market wide. The market is currently wholly reliant on parties being proactive in seeking MRA, which is not occurring as it should. This tool provides MOSL with up-to-date information and market oversight to mitigate this risk.
- Subsequent iterations will be lighter touch and easier to respond to than the first, i.e., these later surveys will present previous answers for respondents to confirm or update.
- The surveys will invite short and sharp responses. Combining/broadening questions could result in less specific responses being provided and questions being re-asked.
- MOSL could provide templated answers to assist parties in answering the first issue of the survey.
- PAC also has a role in ensuring this tool is deployed proportionately which includes agreeing the frequency. PAC could also be invited to review the scope of the survey.

T02 Assurance Statements – detailed content



Area of change	Question detail	Provide pre-existing answers in subsequent surveys?	Reasoning
Company details (name, company number) have changed	Section at start of survey in which they could provide the Company name, number, registered address etc.	No	Could indicate a change of ownership, therefore a loss of vital knowledge and skills.
Contact Details	Please confirm Contract Managers names and contact details.	Yes	Maintains vital communication pathways.
Use of third parties	Please list Third Parties you use and the service they provide.	Yes	Third parties regularly completed actions for trading parties that they are obliged to meet certain standards under the code, i.e. meter reading.
Transaction/SPID levels	Please indicate size and expected growth rate of your business.	Yes	Growing companies may be looking to improve systems, move to HVI in the next year etc. We can also check this against actual data to identify TP's whose answers don't match the data.
Systems Used	Please confirm system(s) (both hardware and software) that you utilise to undertake your obligations, including current versions.	Yes	Knowing of changes to, upgrades of, or additional systems used allows us to track both assurance levels and potential resilience issues.
Current Interface	Which interface(s) do you use to interact with the Market Systems, and for what purposes?	Yes	We have 3 interfaces for CMOS (LVI, MVI, and HVI), and 2 for Bilaterals. Knowing which interfaces are used for what, along with increases in transactions for MVI can help with future planning and testing if moving to HVI.
Testing Methodology	How do you currently test CMOS releases within your systems, and have you noticed any issues?	Yes	TPs testing their own systems to ensure that they work following a CMOS release is vital to ensure business continuity.
Compliance	Do you feel that there have been any changes to the approach in regard to compliance with Market, Business, or Operational Terms?	No	Straight forward yes or no with a space to provide more details if yes selected. Any areas selected as yes can then be analysed further to determine if further assurance required.
Resourcing	How many FTE staff are responsible for Market Obligations, and what is your current training strategy?	Yes	To determine whether additional training (for TP or market as a whole) is required.

T02 Assurance Statements – key discussion points

Is information of Data Transactions/SPID levels commercially sensitive?

- This is already something that MOSL requires of applicants at Market Entry so there is precedent and standards for managing this information.

Does testing methodology refer to CMOS only?

- The testing methodology question could extend to the Bilateral Hub as well as CMOS.

Is there any duplication elsewhere, e.g., the certificate of adequacy which Ofwat requires parties to update each year?

- The [certificate of adequacy](#) is a higher-level statement that confirms whether a party has the management, financial, technical, operational and other resources required for meeting obligations under its Licence, whereas the assurance statements will focus on lower-level operational capabilities relevant to the Market Terms.
- Not aware of any duplication elsewhere apart from where similar information is captured through MEA itself. Therefore, new entrants will not be asked to complete the first issue until after one year of operating in the market.

T02 Assurance Statements

Workshop questions:

1. What information should the assurance statements require of trading parties, and who determines final scope?
2. Should PAC be able to add additional questions from time to time?
3. Who should decide notice periods and completion times?
4. What happens if a party does not complete and return assurance statements in full and on time?
5. How long after MEA should a new entrant be required to complete assurance statements?
6. Are there any survey methods that parties find more familiar/logical/simple to complete than others, that this process could use?
7. Are there any other possible roles for PAC around this tool?
8. What level of detail needs to be set out in code (e.g., general roles and responsibilities vs detailed process and content of assurance statements)?

Any other comments or questions?

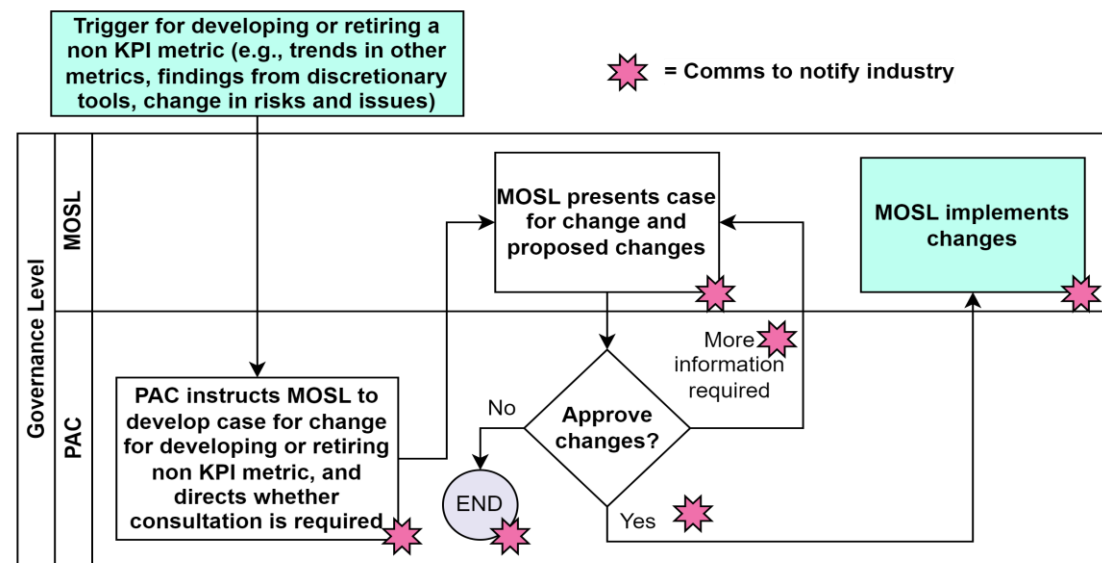
T06 - Additional Metric Monitoring

Impact: Facilitation

Type: Discretionary Tool, to be applied by PAC as required

How will this work in MPF 2.0?

- The PAC is responsible for choosing to create or retire Additional Metrics and Market Indicators.
- MOSL will develop the cases for change and the changes themselves, and new metrics should reflect the key success criteria of the MPF
- Additional Metrics and Market Indicators will be stored in a non-code document to be approved and maintained by the PAC. MOSL and PAC will determine how best to present performance against these metrics, and PAC will be responsible for monitoring performance and directing next step actions when required.
- PAC may seek advice from a range of stakeholders when deciding whether to create or retire Additional Metrics and Market Indicators (e.g., trading parties, Ofwat, RWG, Panel committees, CCW, MOSL), but will determine the level of engagement required on a case-by-case basis. For example, PAC may choose to consult on changes but will not be required to in every instance.
- PAC will be required to provide advanced notice of changes to trading parties before they are made and may implement new metrics "in shadow" initially.



T06 - Additional Metric Monitoring

Workshop questions:

1. Should performance against these metrics be public as standard, or should PAC have the option to limit publication as industry only in some cases?
2. Should PAC be able to request an audit based on trends around Market Indicators and Additional Metrics, e.g., where trends point towards a potential compliance issue?
3. How should additional metrics apply to rectification and escalation? See next slide for options.
4. Should the code set a minimum notice period for changes to these metrics?
5. Should PAC be able to create Additional Metrics on an individual or confidential basis?
6. What level of detail needs to be set out in code (e.g., general roles and responsibilities vs detailed process)?

T06 - Additional Metric Monitoring – key discussion points

Should performance against these metrics be public as standard, or should PAC have the option to limit publication as industry only in some cases?

Mixed response so far. Metrics might need to be implemented in shadow initially (as industry-only viewing), for PAC to then decide whether/how to publish or indeed escalate the metric to the status of a KPI (through a code change). For example, to retain a focused MPF, PAC may only choose to make performance against additional metrics public where the additional metric maps clearly to a code obligation.

Should PAC be able to request an audit based on trends around Market Indicators and Additional Metrics?

Yes, but such requests need to be clear on the reasons why (e.g., performance trends point towards an underlying compliance issue)

How should additional metrics apply to rectification and escalation?

General preference for all rectification and escalation options to apply to Additional Metrics **but only where the Additional Metric links to an underlying code obligation** (rationale being this approach supports agility principle whilst still being clear to parties and proportionate, may provide further insight into other areas which hold significance to customers which are not immediately represented by KPIs).

Should the code set a minimum notice period for changes to these metrics?

Include a minimum accepted notice period **in PAC ToR** with provision indicating this could be changed if required

Should PAC be able to create Additional Metrics on an individual or confidential basis?

General preference for not creating Additional Metrics on an individual/confidential basis, as there are better discretionary tools that could be used e.g. audit and concern if additional monitoring was target for individual trading parties as it would require context to explain reasons for performance and might be reputationally impacting

What level of detail needs to be set out in code?

Needs to be proportionate and balanced – aim to capture enough points of detail without restricting the PAC

New Q - should the non-code document which lists all active additional metrics and market indicators also set out retired metrics?

Any other comments or questions?

T07 - Trading Party Audits (previously Targeted Audit)

Impact: Assurance, Prevention, Correction and Facilitation

Type: Discretionary Tool, to be applied by PAC as required

T07 name and definition

- **Option 1:** T07 defined as Trading Party Audit (or similar). This term and definition is flexible enough to cover a range of audit types, including those which are strategically planned (e.g., multiparty audits informed by Panel priorities) and those which are triggered by MPF metrics performance or compliance concerns.
- **Option 2:** T07 defined as Planned Audits (or similar). This only covers audits which are strategically planned. Audits triggered by MPF metrics performance or compliance concerns will be defined as Targeted Audits (or similar). Targeted Audits will become a rectification activity under T08 - Rectification and Escalation.

How will this work in MPF 2.0?

Statements of work will include audit rationale, the selection criteria for recipients, and the proposed form and timing (e.g., letters, interviews, requests for data or process documents etc.), plus whether external resources are required.

Start of year: MOSL develops and presents schedule of audits.

Start of year: PAC endorses schedule of audits, confirms use of tool in its Statement of Approach.

In year: MOSL may present specific statements of work for PAC to endorse prior to initiating an audit.

In year: MOSL updates PAC where previously unplanned audits are required (e.g., to decode poor performance).

In year: PAC agrees next step actions (e.g., publication of findings, confidential sharing of findings with other committees, code changes, development of other metrics, escalation and rectification etc.).

The schedule will list all planned audits for the year, and general timeframes for 1) agreeing statements of work with PAC 2) providing notice to subject trading parties 3) completing and reporting results, and 4) agreeing next step actions. The schedule will be published for trading parties to view.

A specific statement of work may not always be required for audits which are triggered by MPF metrics performance or compliance concerns.

The schedule may be republished throughout the year should priorities change (e.g., resources are needed to focus on MPF performance audits).

T07 - Trading Party Audits (prev 'Targeted Audit')

Workshop questions:

1. How should T07 be named and defined?
2. Are there any other possible roles for PAC around this tool? What next step actions could the PAC/MOSL take following an audit?
3. What level of detail needs to be set out in code (e.g., general roles and responsibilities vs detailed process and content of audits)?
4. What should happen if a trading party does not cooperate with an audit?

T07 - Trading Party Audits – key discussion points

How should T07 be named and defined?

- General preference for T07 to be defined flexibly enough to cover a range of audit types, including those which are strategically planned (e.g., multiparty audits informed by Panel priorities) and those which are triggered by MPF metrics performance or compliance concerns.
- CAG to pick up specific name and definition (e.g. Trading Party Audit, Targeted Audit, Market Performance Audit, etc).

What should happen if a trading party does not cooperate with an audit?

- Process needs to be flexible enough to cover all shades of failure to cooperate (e.g. an unexplainable lack of engagement should be escalated to PAC (and beyond if required) and treated in same way as serious underperformance)
- Equally, MOSL and PAC will cater for situations where it proves unrealistic for all parties to produce information which is required.

Any other comments or questions?

T08 Rectification & Escalation

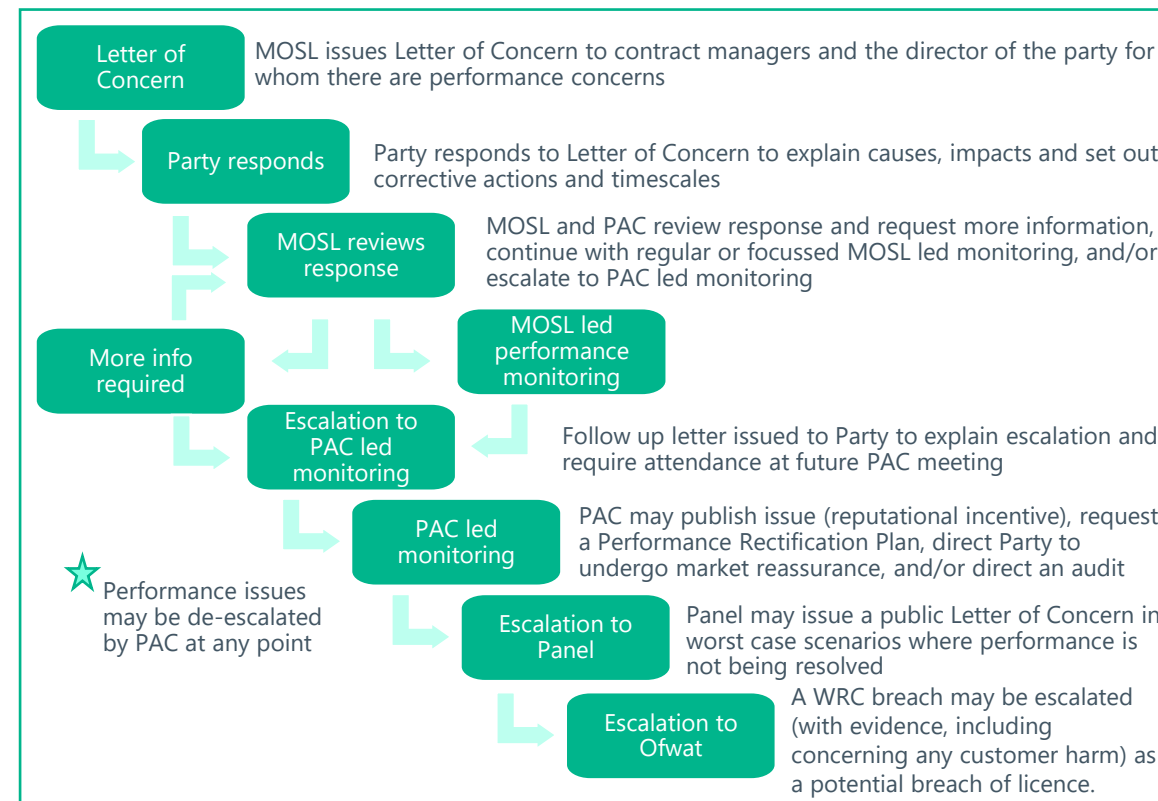
Impact: Reputational , Corrective and Facilitatory

Type: Discretionary Tool, to be applied by PAC as required

How will this work in MPF 2.0?

- Rectification and Escalation in MPF 2.0 proposed to be largely performed [as per the recently revised process](#), noting that PAC will replace the MPC (so route of escalation is MOSL > PAC > Panel).
- PAC to meet quarterly as a minimum, more frequently as required
- The first step where poor performance is being sustained and/or having a significant impact, will see MOSL issuing a Letter of Concern. Parties will be now required by code to respond to these letters
- The Initial Performance Rectification Plan step will be removed from code for clarity
- There will be a new provision for the Strategic Panel to issue a public letter of concern in worst case scenarios where issues have been escalated
- The [current working practice document](#) will be updated along with the code. This working practice document will be owned by Panel and reviewed annually
- Potential license breaches may be escalated to Ofwat.

Summary of proposed process (based on recently revised process [as set out in working practice](#))



T08 - Rectification & Escalation

Workshop questions:

1. Should these activities be limited to KPIs or also extended to Additional Metrics?
2. What areas of rectification and escalation can be improved?
3. What factors should MOSL consider before escalating an issue to PAC?
4. Should the process define triggers/criteria for interventions by MOSL and PAC or should these be discretionary?
5. What level of detail needs to be set out in code (e.g., general roles and responsibilities vs detailed process and content of rectification activities)?
6. Is there value in establishing a formal, bespoke challenge process for rectification and escalation?
7. What should a letter of concern (and response to such) be required to set out?

T08 - Rectification & Escalation (continued)

How could rectification & escalation work alongside other tools?

- T01 - n/a
- T02 - PAC may require a party to undergo Market Re-assurance (MRA) as part of rectification.
- T06 - Performance against Additional Metrics could be used to trigger rectification and escalation, or at least used to inform rectification activities (see PAC principles, right). Over time, rectification and escalation may identify new metrics for consideration
- T07 - Audit findings may be a trigger for rectification and escalation (as PAC will want to see issues/non-compliances being addressed and resolved). An audit activity may be pursued as part of checking rectification or investigating underperformance.

PAC principles for rectification & escalation

- PAC will constitute a group of effective decision makers who will be independent of MOSL.
- PAC will not rely on arbitrary triggers to intervene on performance issues. A binary mechanical approach could prove restrictive, inefficient, and offer less value than an approach which would allow the PAC to consider a range of information from different sources prior to intervening (or not intervening).
- Specific interventions (or lack of) by the PAC will reflect the specific performance scenario and any contributing factors. Where performance is poor the minimum time elapsed before rectification action will be at least one month. The maximum time will depend on the scenario.
- Example factors PAC **may consider at their discretion** when determining interventions include:
 - How is the party performing across all other metrics (not just a select KPI)?
 - How is the party performing relative to its peers (particularly those of a similar size, operating model, customer base, geography etc)?
 - What is the impact of performance on customers, other parties, and market as a whole?
 - Can drops or other trends be explained and justified?
 - What is the history of performance (e.g., are there any intermittent but repeating/regular patterns which could indicate unique issues or gaming behaviours)?
 - Is an audit required to assist in identifying and decoding any of the above?
 - What is the expected value of intervention?
 - Is the target performance level for the relevant KPI(s) set at a reasonable level?
- The meetings of the PAC shall be held in open forum except to the extent that confidential information will be considered (e.g. relating to the performance of a particular TP) or personal privacy matters arise. This will be a code obligation which mirrors that for Panel and CCC.

T08 - Rectification & Escalation – key discussion points

What should a response to a letter of concern be required to set out?

- The codes should require a substantive response from the recipient, directly addressing each point of concern and outlining next step actions if requested.

What should happen in the case of persistent poor performance?

- Persistent poor performance could be escalated as a potential WRC breach to Ofwat, if it transpires that this fits with Ofwat's enforcement guidelines (TBC), but this should be in exceptional circumstances where standard rectification and escalation is having no sustained effect.

Are the PAC principles for rectification and escalation (see previous slide) suitable?

- General agreement but it is important that these are guiding principles and kept flexible/discretionary.
- These principles should not constrain PAC (e.g., PAC should not be required to consider all metrics in every individual case of reviewing performance).
- The “expected value of intervention” should focus on individual customer outcomes to ensure that the performance of all trading parties (not just larger parties) can be subject to intervention.
- Needs to be proportionate and balanced – aim to capture enough points of detail without restricting the PAC

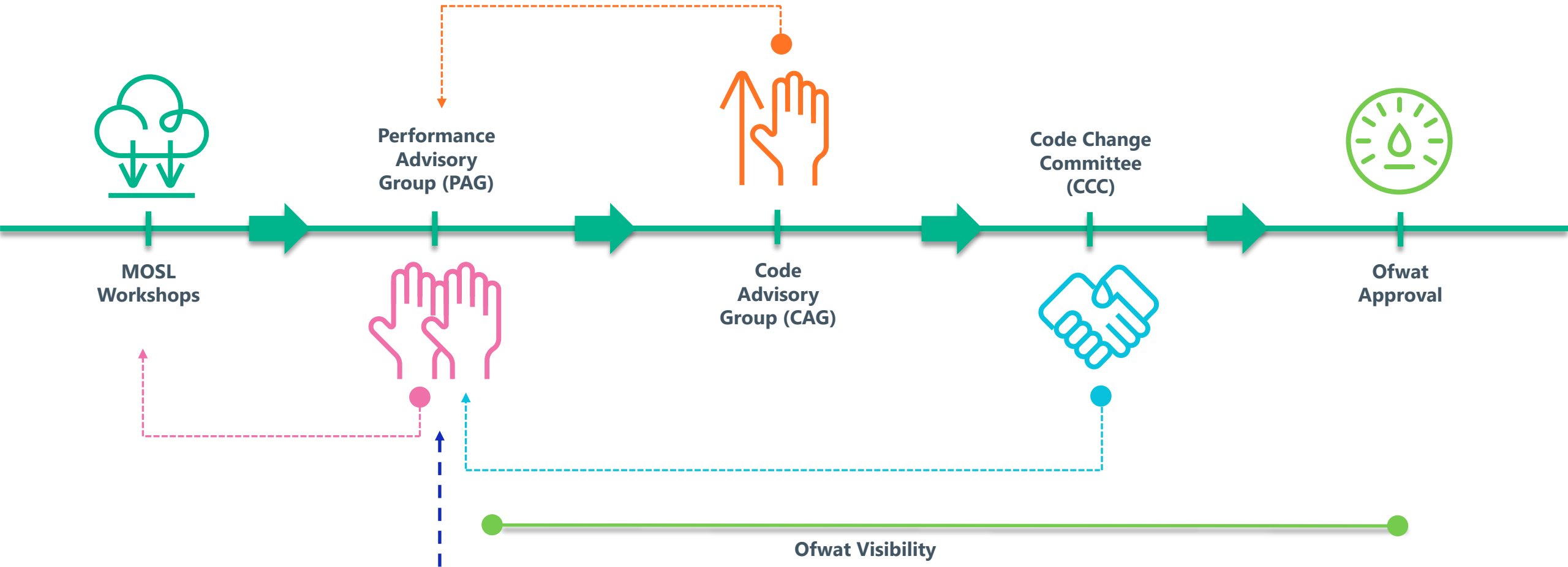
New question: Should the PAC principles be set out in code or in the PAC terms of reference?

Any other comments or questions?

Agenda

	Item	Presenter	Time
1	Welcome & update	Chris (Chair)	10 mins
2	Technology & systems	Miles	20 mins
3	Final review of Part B Tools (T01, T02, T06, T07, T08)	Ollie/Janet	60 mins
4	Metrics introduction	Jak	20 mins
5	Upcoming PAG workshop(s) & AOB	Chris (Chair)	10 mins
			Total: 2 hours

Metrics – High Level Journey



Today (13/03/2024) High level introduction of **Transfer Read Metrics**



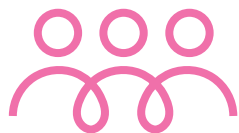
What **behaviour** are we trying to influence?

Swift submission of **actual** transfer meter readings, taken within **proximity** of the “**transfer date**” (registration start date)



What is the **Customer Benefit**?

The receipt of an **accurate** and **timely final bill** from an outgoing retailer, and an **accurate starting point for consumption** with the new retailer

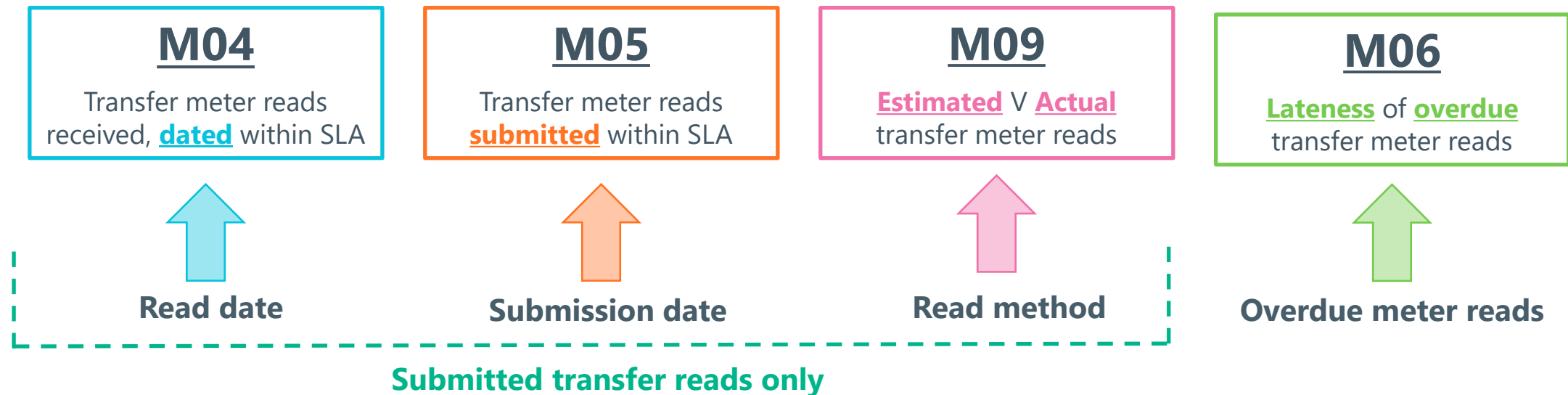


What is the **Trading Party Benefit**?

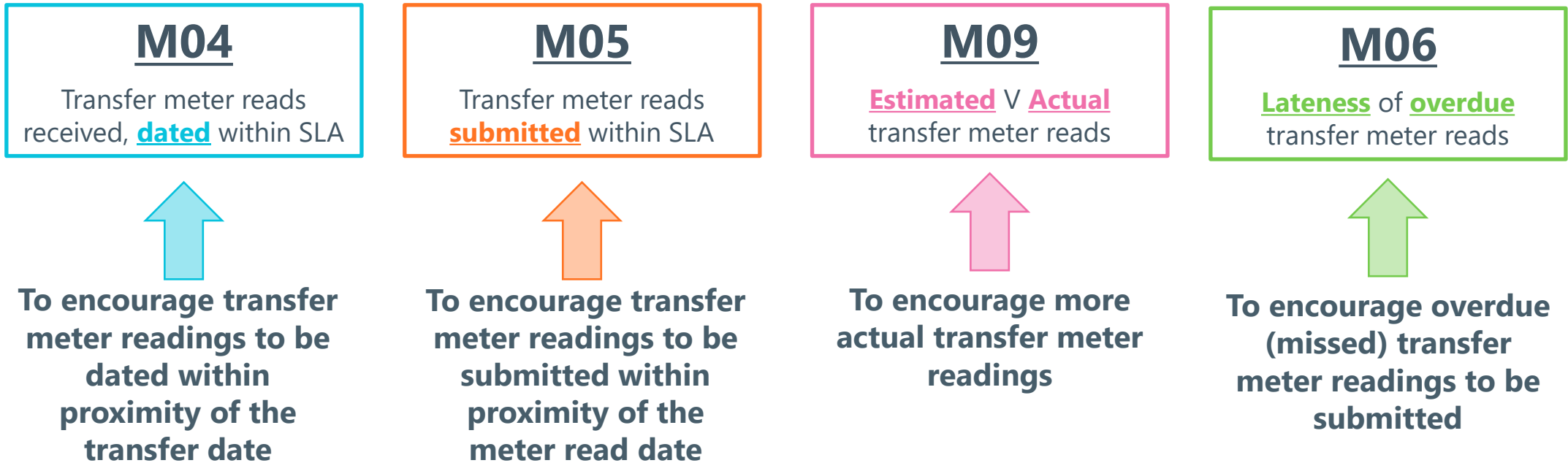
Supports **accurate settlement**, **accurate and timely billing**, and **alignment** between retailers.

Transfer Reads – Metric focus

- 4 metrics (versus two current MPS metrics – MPS16 & MPS17)
- 4 areas of focus:
 1. **Read date** (Proximity of read date to transfer date)
 2. **Submission date** (Proximity of submission date to read date)
 3. **Read method** (Estimate and Actual, including remote and customer)
 4. **Overdue meter reads** (Lateness of reads not received)



Transfer Reads – Influence mapping

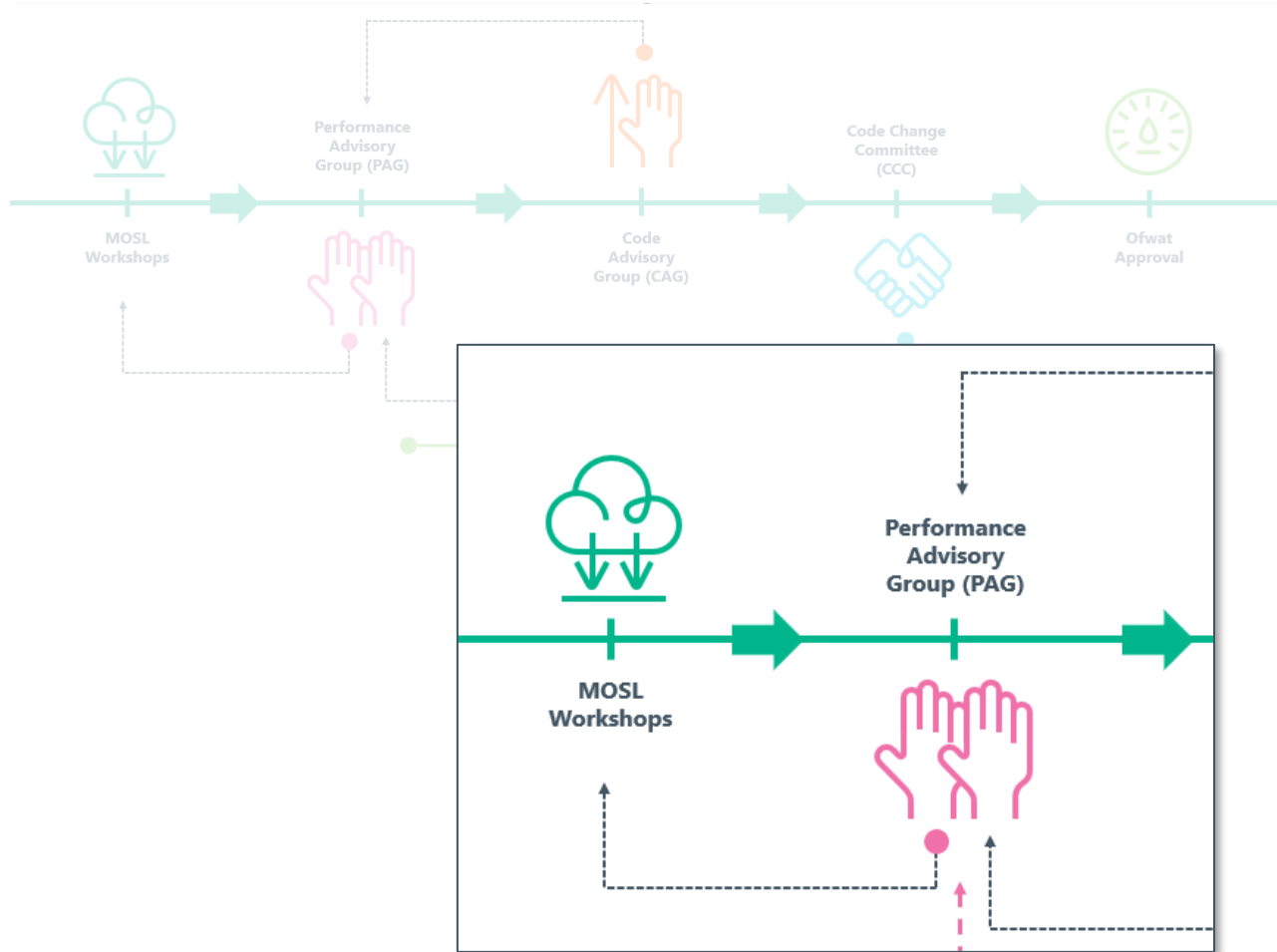


Swift submission of **actual** transfer meter readings, taken within **proximity** of the “**transfer date**” (registration start date)

What are we doing?

- **Reviewing** current code obligations & service level agreements
- **Questioning** whether the above accommodates the desired outcome (**swift** submission of **actual** transfer meter readings, taken within **proximity** of the “**transfer date**” (registration start date))
- **Considering** how we incentivise adherence to code obligations and SLAs, i.e.:
 - What will encourage best behaviours?
 - What will discourage poor behaviours?
 1. Service levels
 2. Data items
 3. Performance level & calculation
 4. Penalty/reward
 5. Value of performance penalties/rewards
 6. System solutions

What's next?



- MOSL continue to define M04, M05, M06 & M09
-> Aim to return to PAG with proposed 'detailed designs' in April
- Other metric focus ongoing within MOSL
- PAG agendas circulated prior to scheduled meetings
- Request for trading parties to bring 'subject matter expert' colleagues to PAG sessions to provide operational support and assistance in metric development

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AOB

- Governance update Panel & CAG update

Upcoming PAG workshop(s)

Date	For discussion	Detail
3 rd April	MPF Metrics	Part C – tools & metrics
17 th April	MPF Metrics	Part C – tools & metrics

MOSL

