

Market Performance Framework (MPF) Reform

PAG workshop on Transfer read Key Performance Indicators

15 May 2024

A close-up 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 rectangular border. The slide features the text 'MARKET VALUE ADDED' in large, bold, black capital letters, with each word on a separate line. Below this text are two lines of smaller, black, lowercase 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 sides.

MARKET
VALUE
ADDED

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

Agenda

	Item	Presenter	Time
1	Welcome & update	Chris Dawson (Chair)	10 mins
2	M04/M05 Proportion of successful transfer reads	Jak Davidson	10 mins
3	M06 Lateness of overdue transfer meter reads	Jak Davidson	90 mins
4	Upcoming PAG workshop(s) & AOB	Chris Dawson	10 mins
			Total: 2 hours

Housekeeping



Welcome all - Please introduce yourself in the chat



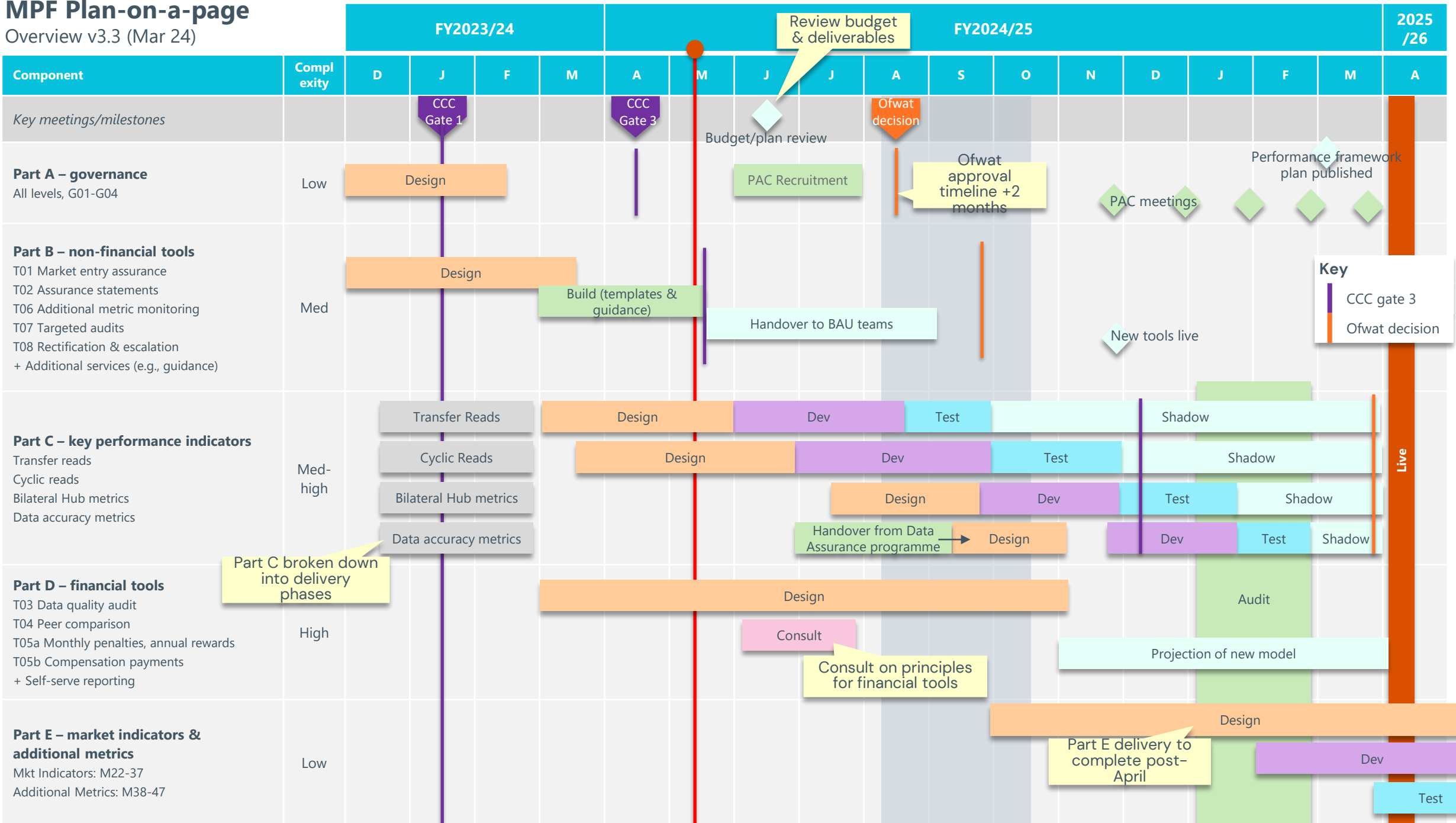
Workshop format
[Minutes and slides](#)



Chat and Questions
mpreform@mosl.co.uk

MPF Plan-on-a-page

Overview v3.3 (Mar 24)



Key

- CCC gate 3
- Ofwat decision

Part C broken down into delivery phases

Review budget & deliverables

Ofwat approval timeline +2 months

Consult on principles for financial tools

Part E delivery to complete post-April

Live

Agenda

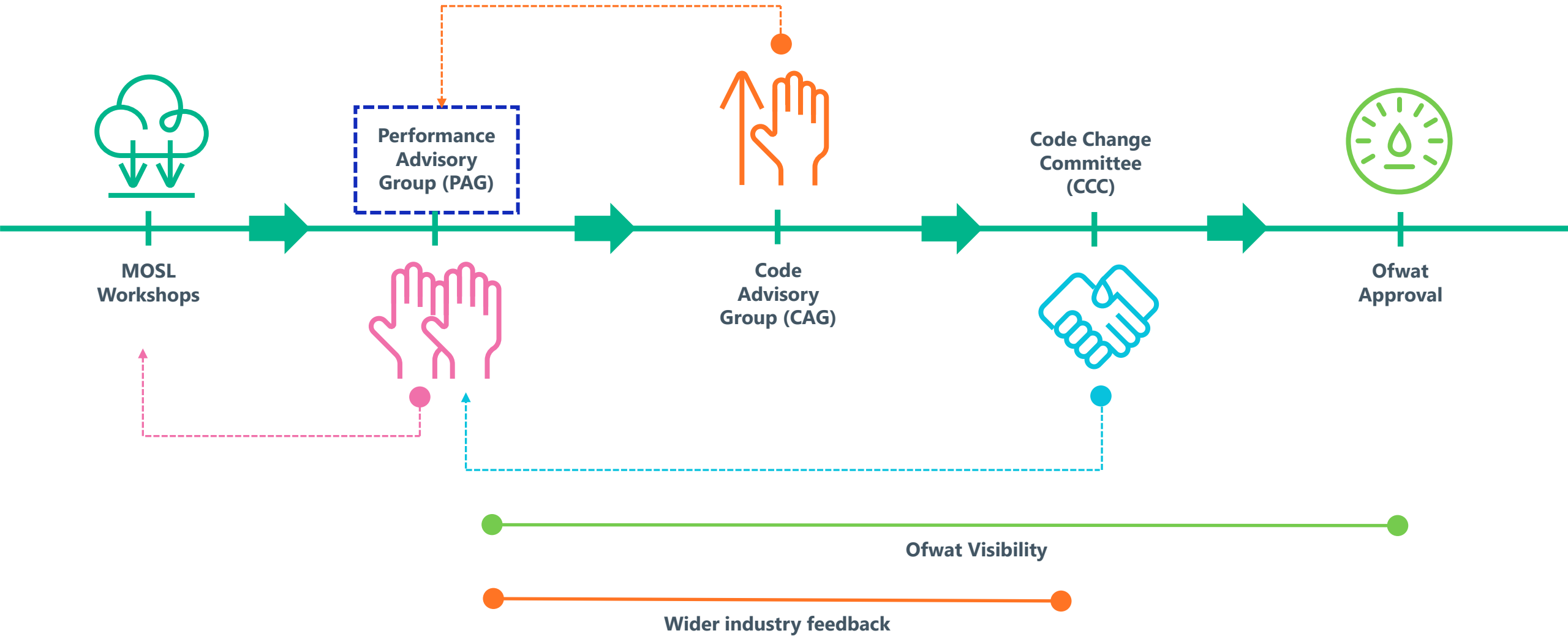
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Agenda

- Metric High-Level Journey
- PAG input – What are we trying to get out of today
- Influence & Benefits
- M04 & M05 Decision
- M06 - Lateness



Metrics – High Level Journey



PAG Input

What do we need from PAG members?



Feedback on the metric **concept**



Feedback on whether new metric options measure and track the right **activities**



Feedback on whether the new metric options promote the best outcome for the **customer**

Transfer Reads - Influence & Benefits



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 – Problem Statements

Billing complaints – Highest reason for complaints from end customer

Estimated readings are **significantly higher than actuals** for transfer reads

Reinforce the **accountability** of the **relevant trading party** (Incoming Retailer)

Design must support and continue to encourage current **high performance**

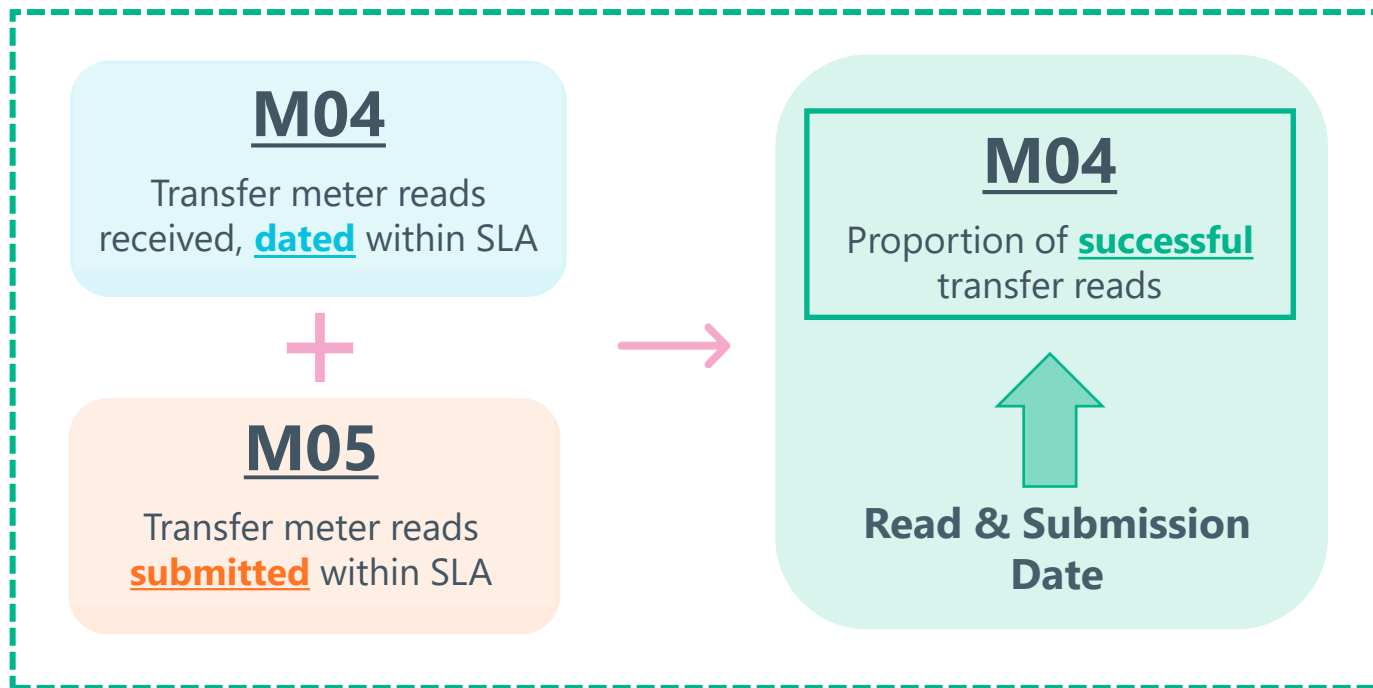
Transfer Reads – Consultation Feedback

M04, **M06** and M09: "These metrics could have unintended consequences in that **retailers may not compete for SPIDs that have long unread meters**. Therefore, in the same way that these metrics will exclude a meter with an active C1 or B5 bilateral request, they **should also exclude long unread meters**

M06: "We are **highly concerned around the use of 'lateness'** as the metric for failed Meter Reads, as we believe such an approach can potentially disincentivize the submission of reads to the market. We do not believe that any incentive structure should lead to a position where a Retailer may be potentially 'better off' for not submitting an accurate actual read to the market."

M04 & M05 Decision

Transfer Reads – M04/05 Decision



PAG VIEW (UNMERGED OR MERGED)	
UNMERGED (M04 & M05)	PAG
MERGED (M04 COMBINED)	PAG
UNMERGED (M04 & M05)	OFFLINE
MERGED (M04 COMBINED)	OFFLINE
MERGED (M04 COMBINED)	OFFLINE
MERGED (M04 COMBINED)	OFFLINE

M04 Unmerged “V” Merged

	READ WINDOW	SUBMISSION WINDOW
	ACHIEVED	ACHIEVED
*	ACHIEVED	NOT ACHIEVED
*	NOT ACHIEVED	ACHIEVED
	NOT ACHIEVED	NOT ACHIEVED

M04 UNMERGED	M05 UNMERGED
PASS	PASS
PASS	FAIL
FAIL	PASS
FAIL	FAIL

M04 <u>MERGED</u>
PASS
FAIL
FAIL
FAIL

M04
MERGED

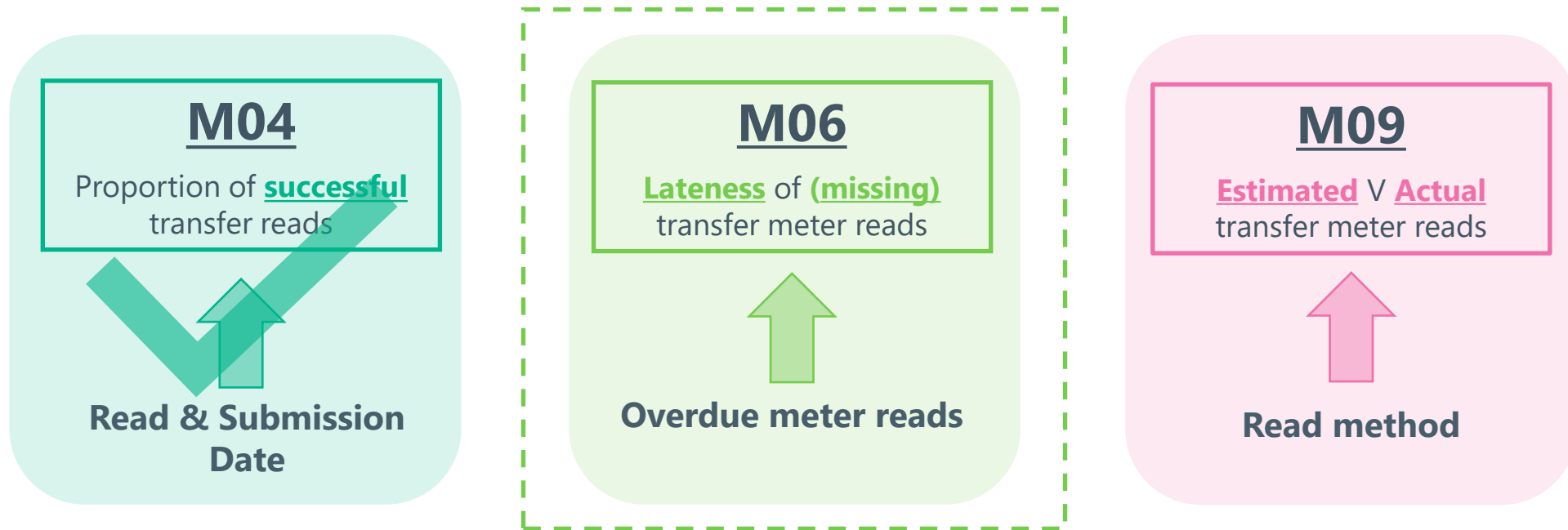
Proportion of successful transfer read = Read dated within the read SLA window & submitted within the submission SLA window


PERFORMANCE - Reported at metric level
(DETAIL ON SLA FAILURES **MUST** BE AVAILABLE/PROVIDED)

* See appendix slides for unmerged M04 & M05 risks

Transfer Reads - Overview

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



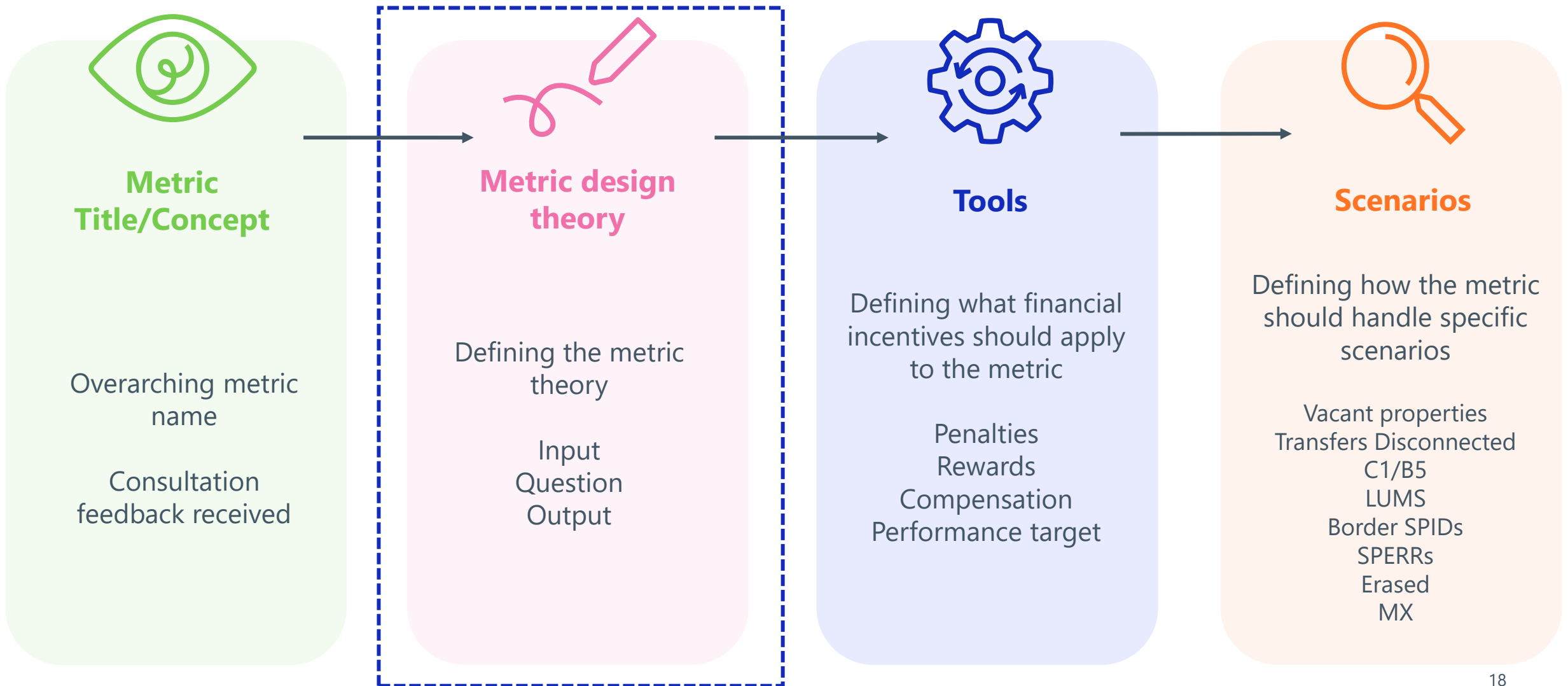

M04 = Metric design theory complete
M06 = Focus today

M06 – Lateness

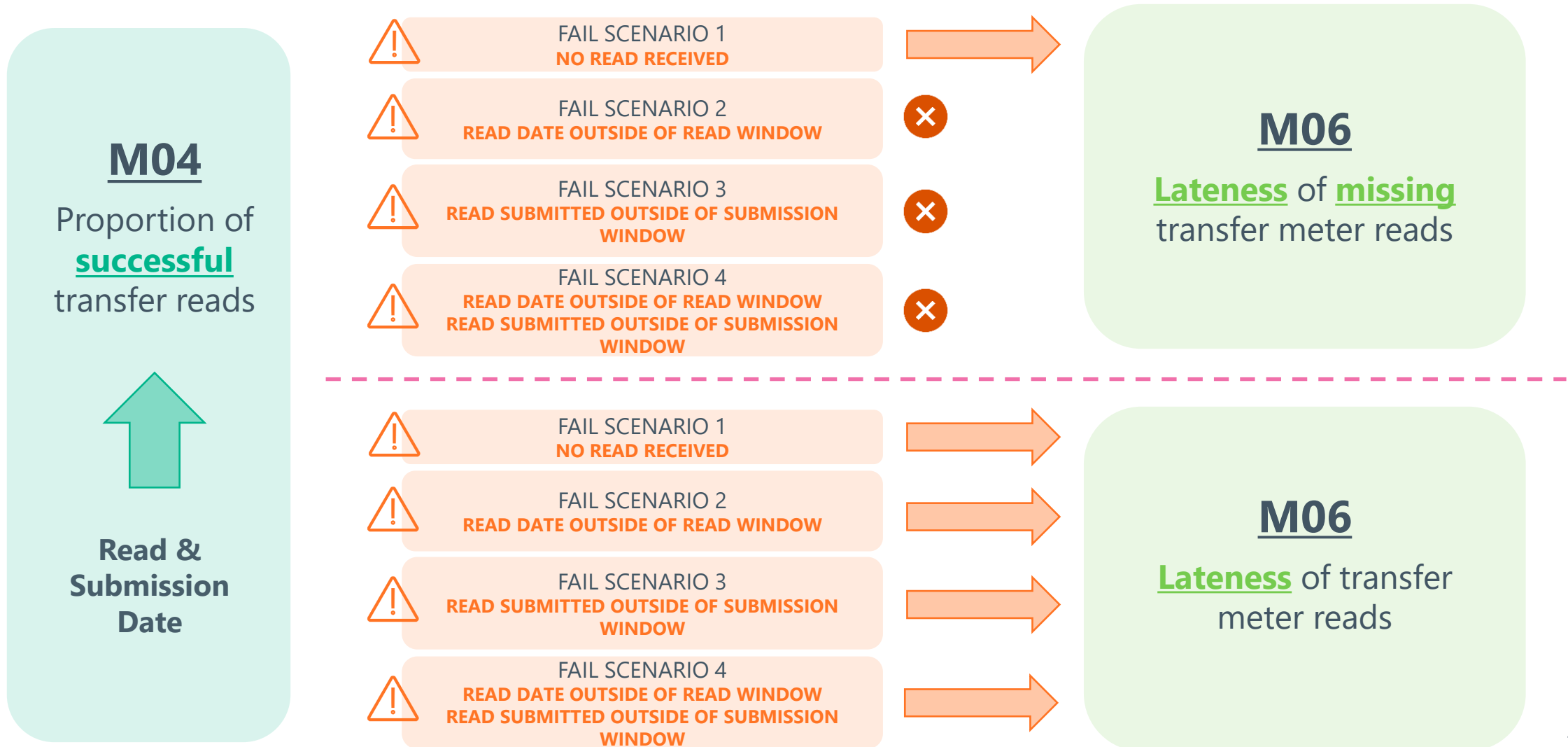
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Metric Design Journey – M06




Metric link - M04 to M06



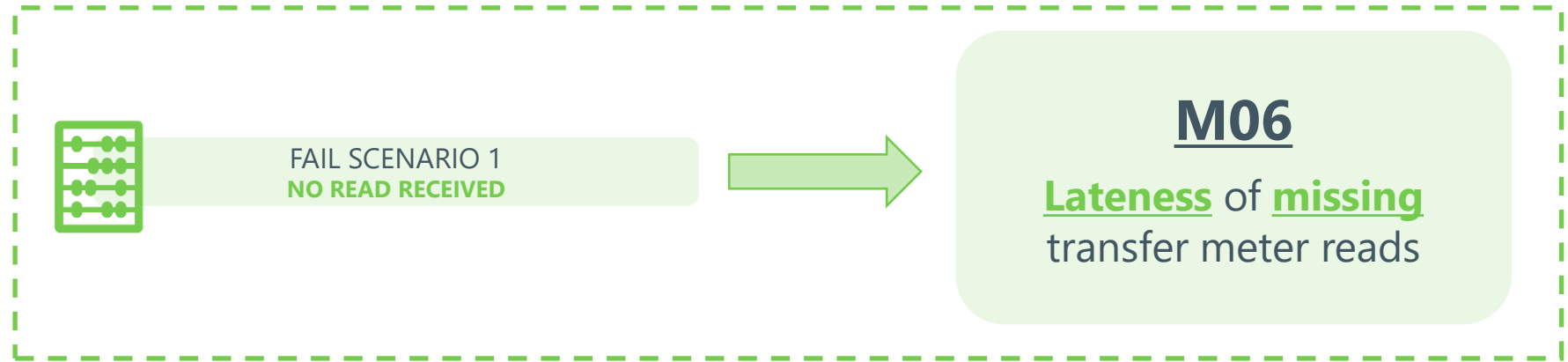
M06 – Lateness of Missing

M06 – Missing Only

M04
 Proportion of **successful** transfer reads



Read & Submission Date



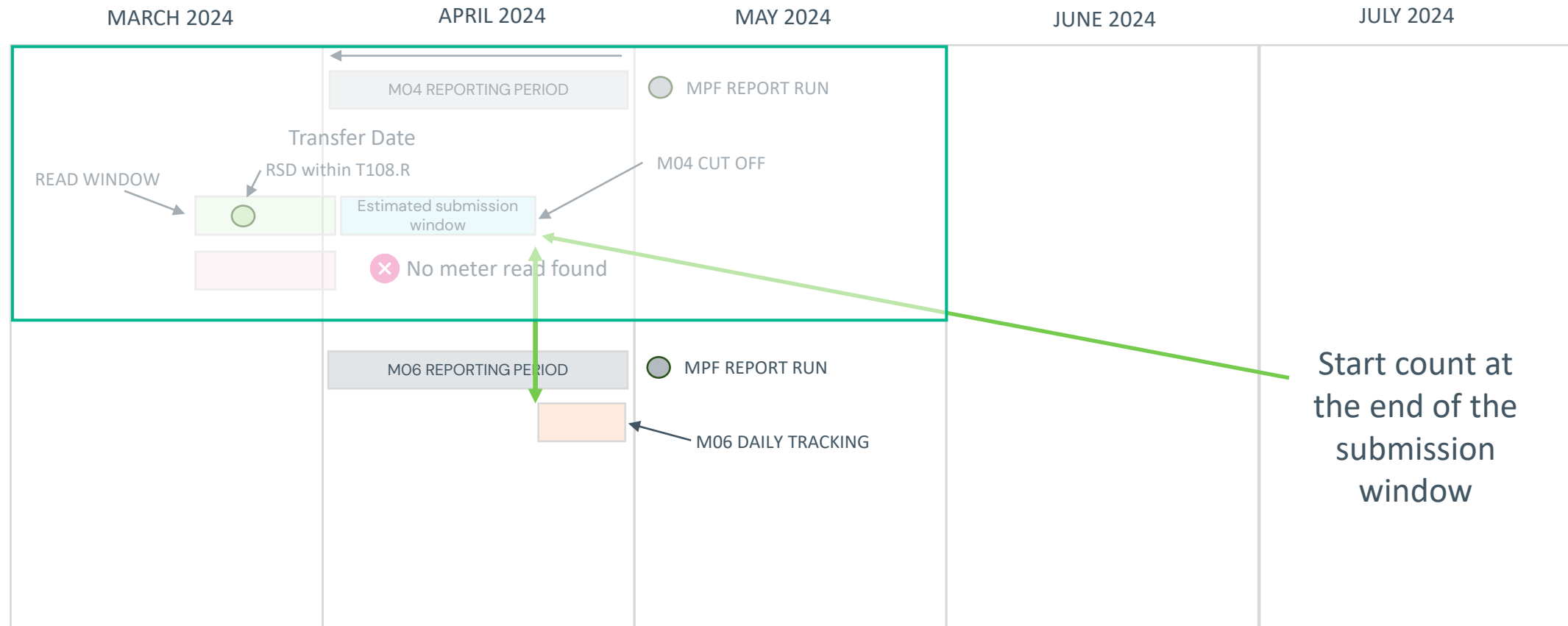
⚠️ AGE OF LATNESS NOT TRACKED FOR: ⚠️

- ⚠️ FAIL SCENARIO 2
READ DATE OUTSIDE OF READ WINDOW ❌
- ⚠️ FAIL SCENARIO 3
READ SUBMITTED OUTSIDE OF SUBMISSION WINDOW ❌
- ⚠️ FAIL SCENARIO 4
READ DATE OUTSIDE OF READ WINDOW
READ SUBMITTED OUTSIDE OF SUBMISSION WINDOW ❌

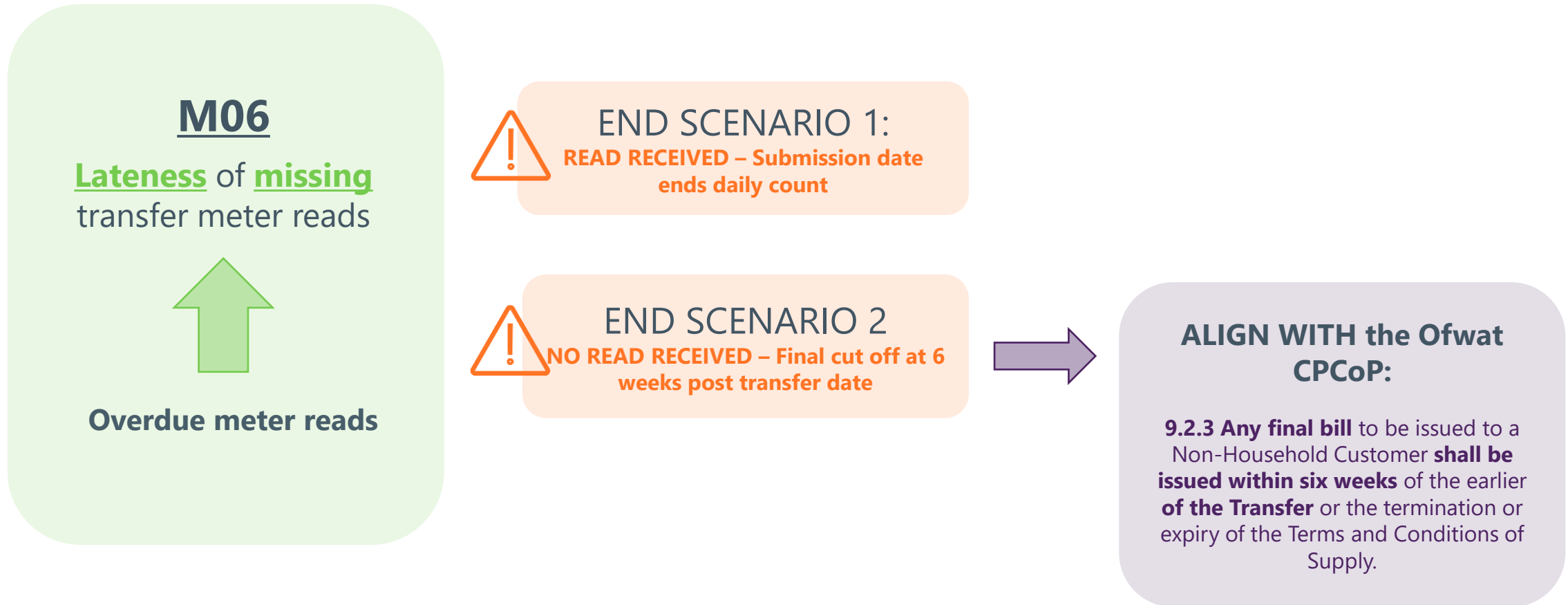
- Will have failed on M04
- Lateness will be within 1 month
- Cannot be rectified
- Dilutes the focus on correcting missing transfer readings
- Complex calculation if included (submission & read window to count lateness)

M06 - Starting point

- Include all M04 Fail Scenario 1 (NO TRANSFER READ RECEIVED)
- Count each day of "lateness" to encourage swift resolution of missing transfer reads

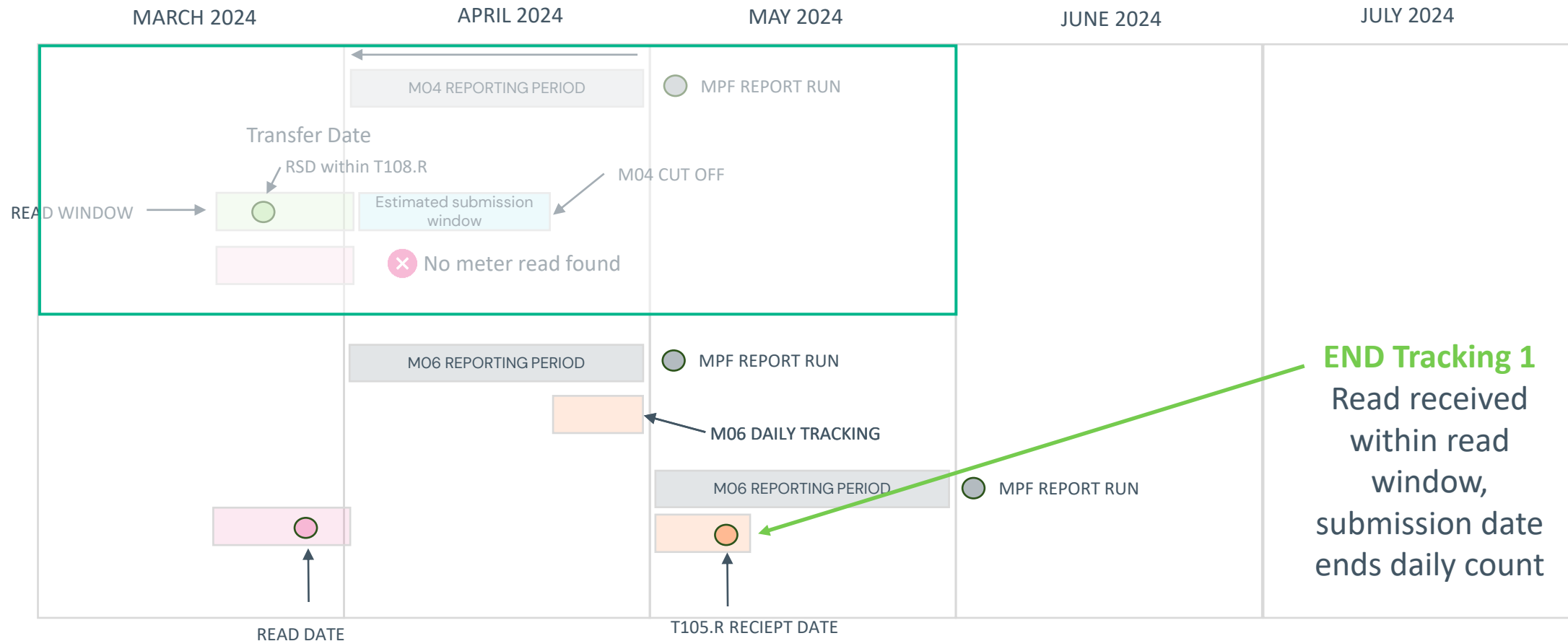


M06 – End scenarios



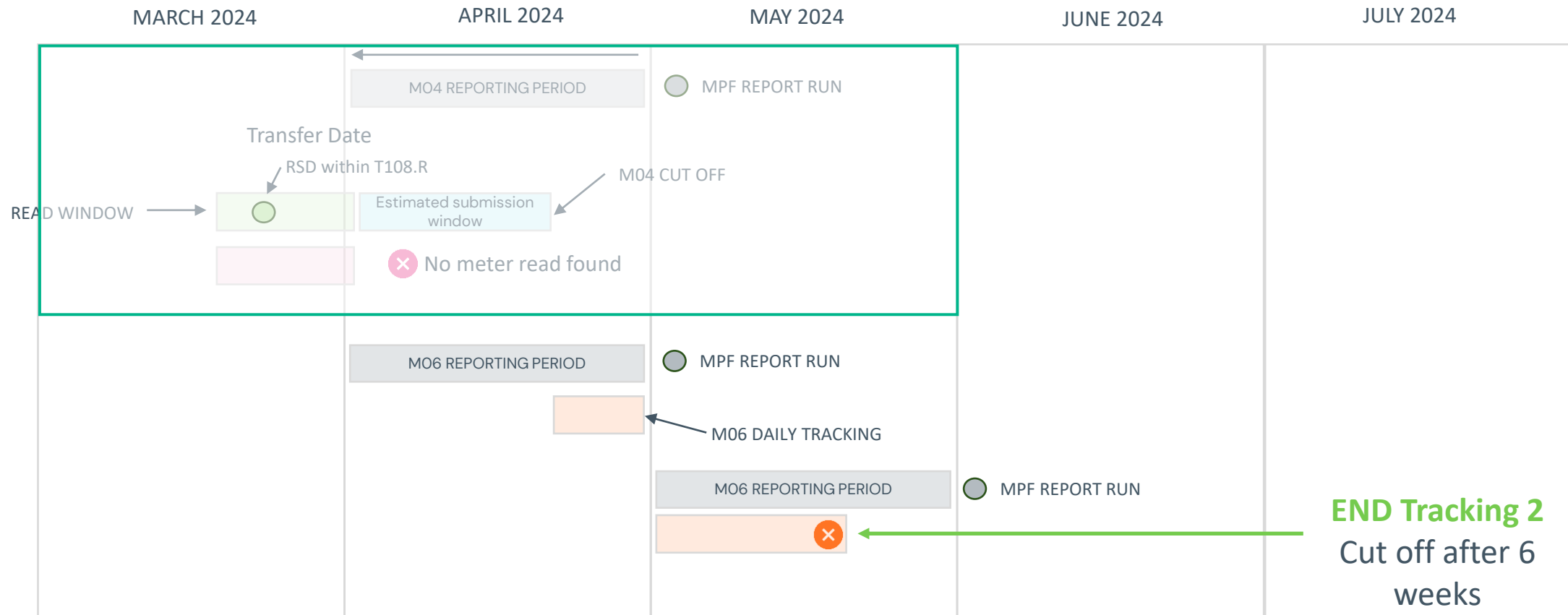
M06 - End tracking 1

- Include all M04 Fail Scenario 1 (NO TRANSFER READ RECEIVED)
- Count each day of "lateness" to encourage swift resolution of missing transfer reads



M06 - End tracking 2

- Include all M04 Fail Scenario 1 (NO TRANSFER READ RECEIVED)
- Count each day of "lateness" to encourage swift resolution of missing transfer reads



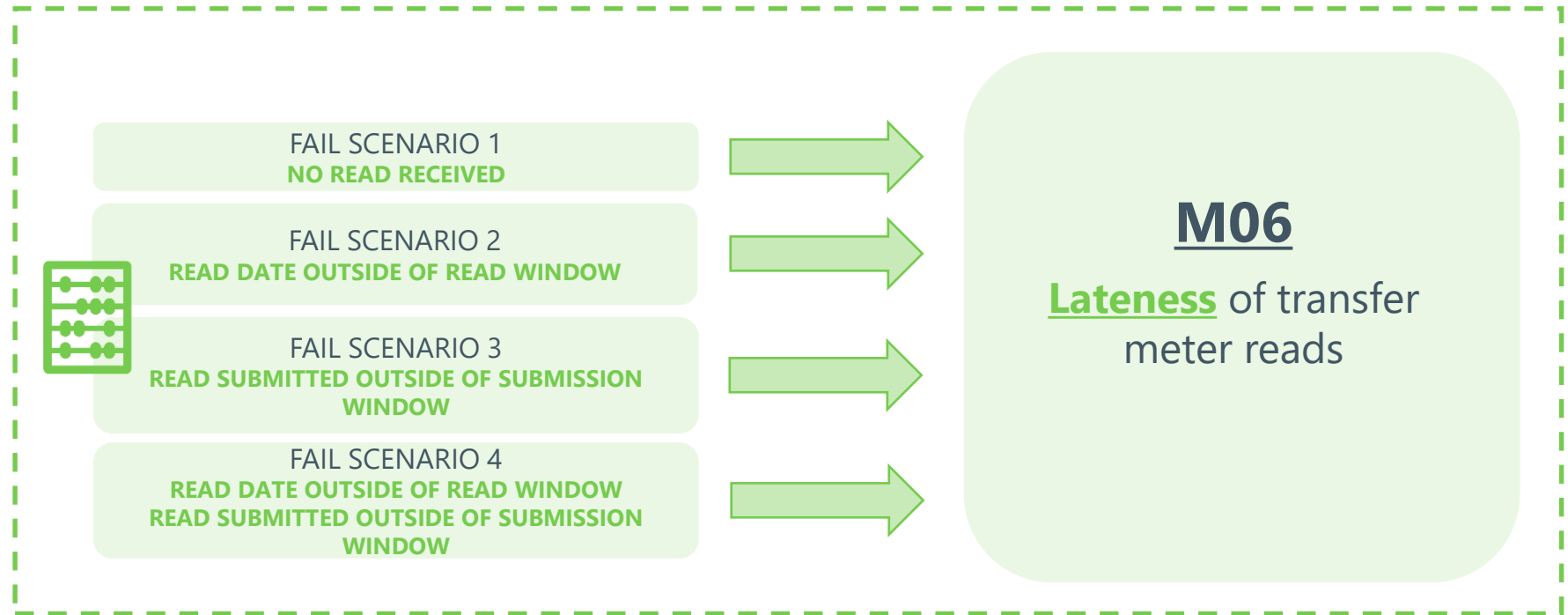
M06 – All lateness

M06 – All Lateness

M04
Proportion of successful transfer reads



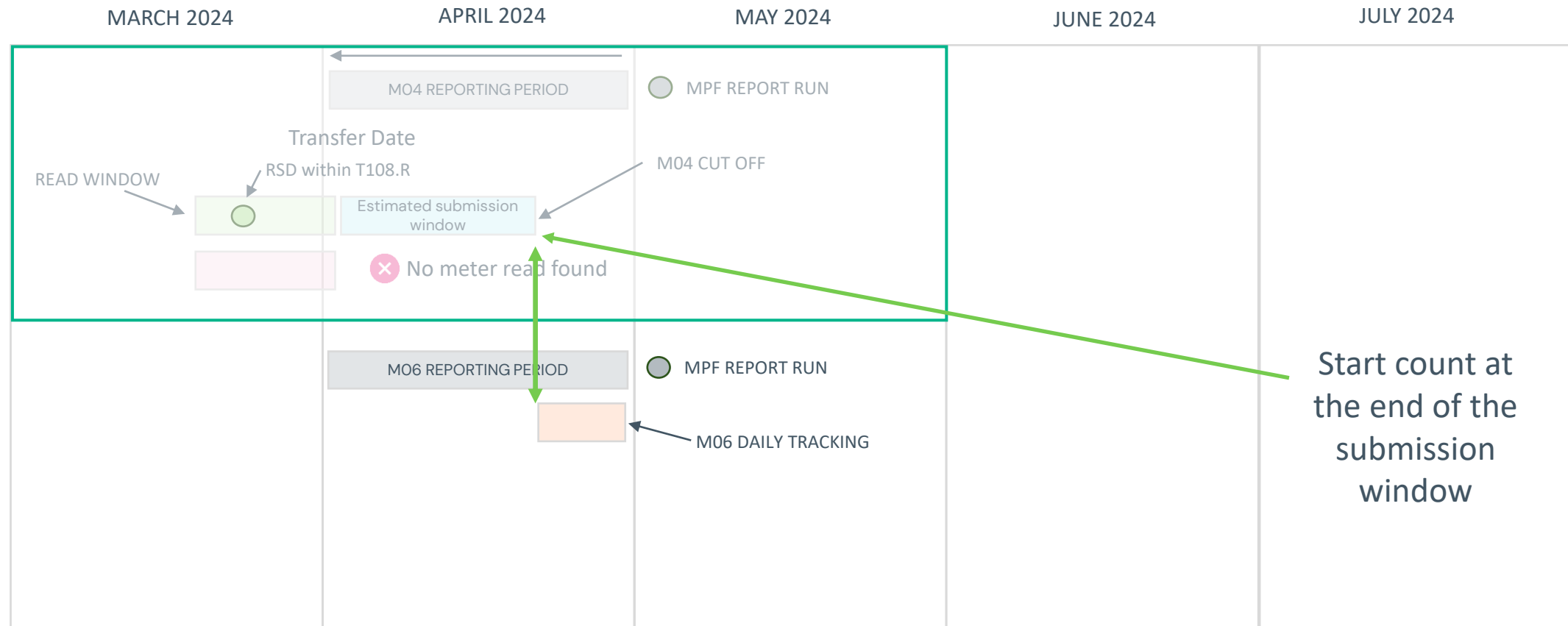
Read & Submission Date



- Missing reads, late read date and late submission date all tracked
- Will have failed on M04 for not meeting SLA – M06 to track how late the failure was/is
- Represents all lateness equally
- Scenarios 2,3 & 4 will appear on one report only
- Scenario 1 will appear until "end" reached

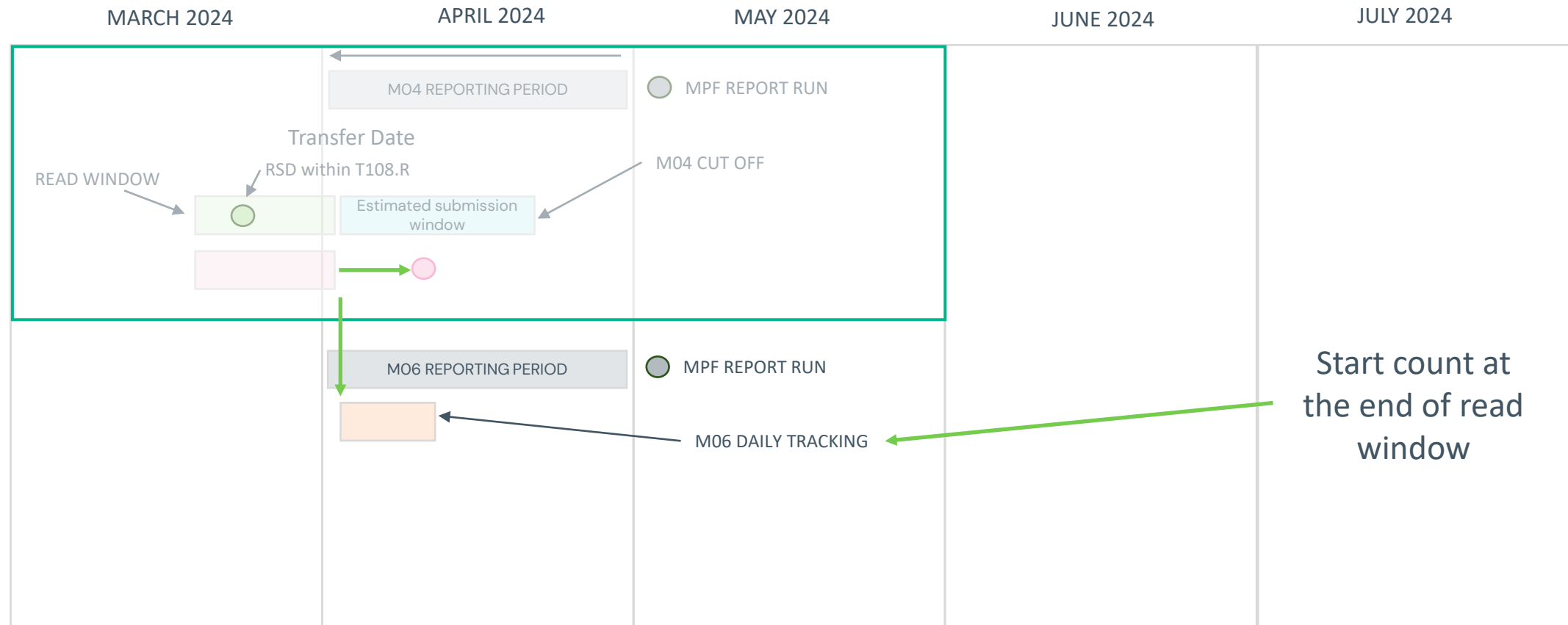
M06 - Starting point (Missing)

- Include all M04 Fail Scenario 1 (NO TRANSFER READ RECEIVED)
- Count each day of "lateness" to encourage swift resolution of missing transfer reads



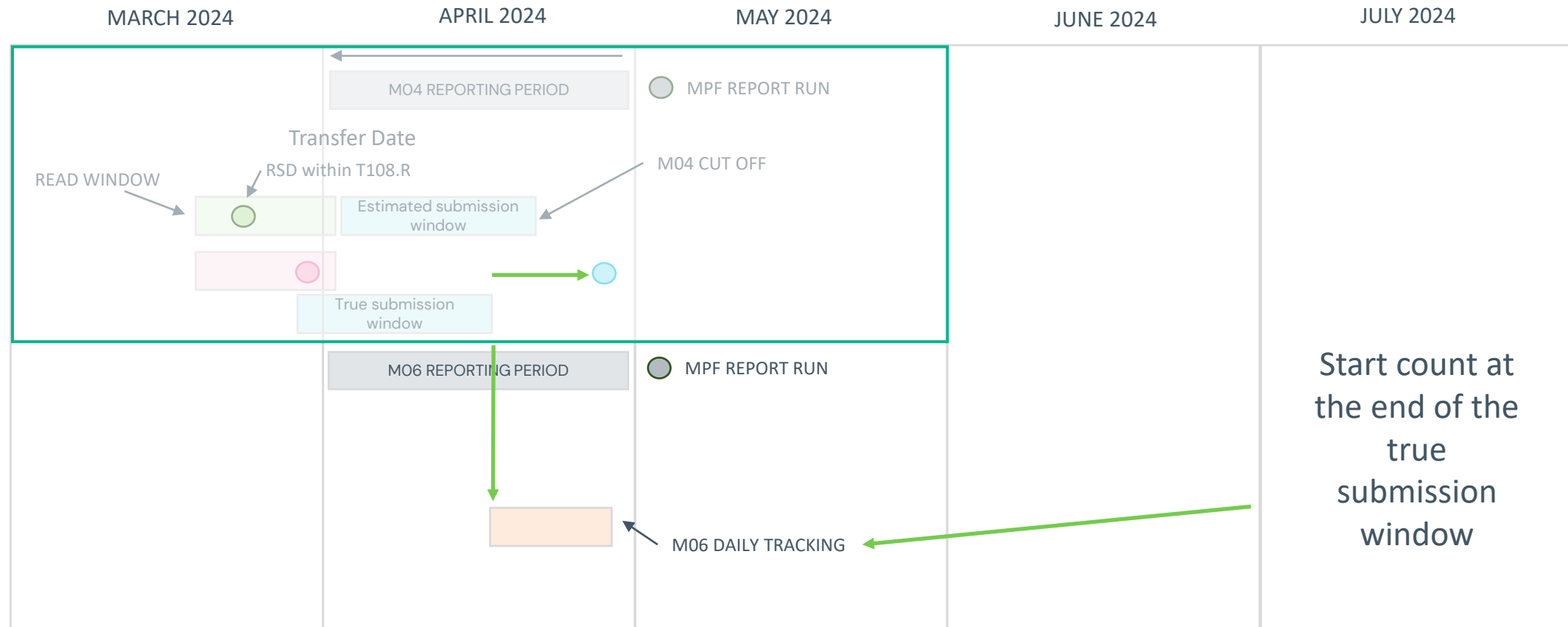
M06 - Starting point (Read date late)

- Include all M04 Fail Scenario 2 (READ OUTSIDE OF READ WINDOW)



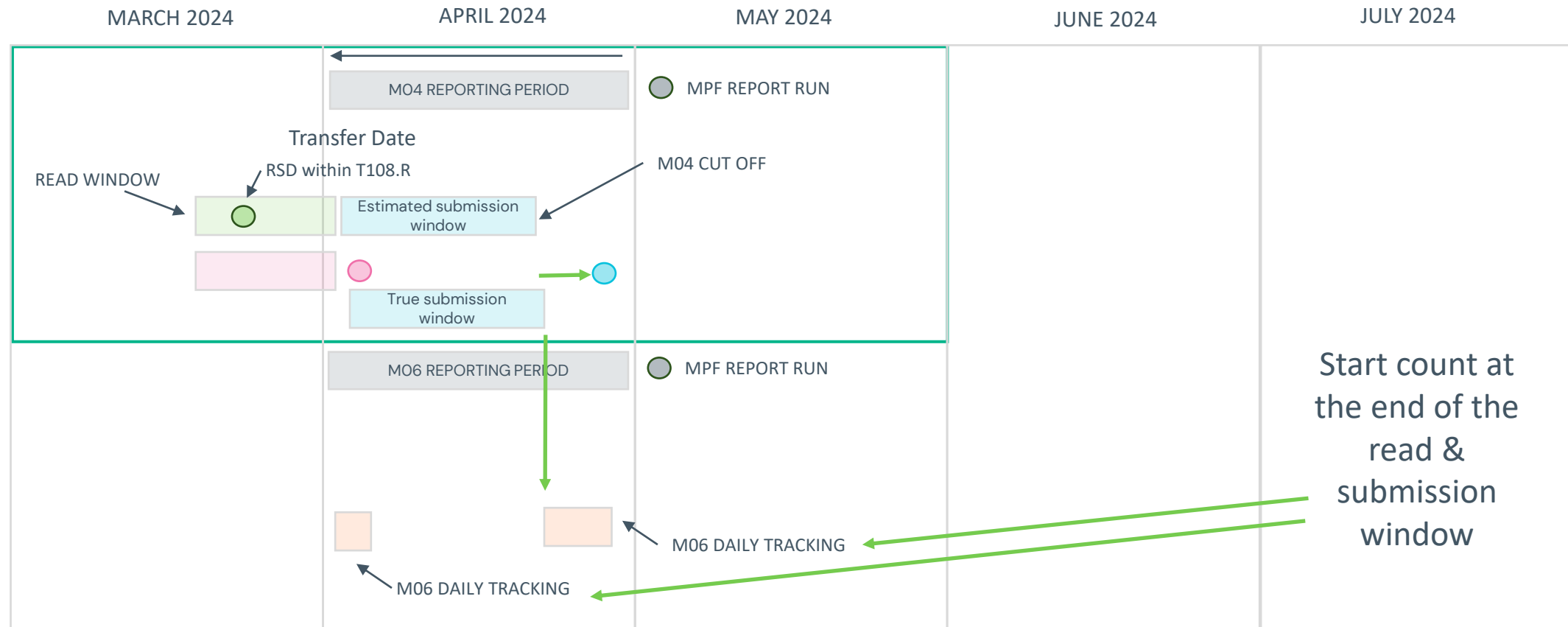
M06 - Starting point (Submission late)

- Include all M04 Fail Scenario 3 (SUBMITTED OUTSIDE OF SUBMISSION WINDOW)



M06 - Starting point (Read & Submission late)

- Include all M04 Fail Scenario 4 (READ DATED LATE AND SUBMITTED LATE)



M06 – All Lateness – End scenarios

IMPORTANT: Cannot pass M06

HOW TO END
M06 FOR “ALL
LATENESS”

FAIL 1

NO READ RECEIVED – **Final cut off at 6 weeks** post transfer date
READ RECEIVED – **Submission date** ends daily count

To work identically to how it would for missing only

FAIL 2

READ RECEIVED – **Read date** ends daily count

FAIL 3

READ RECEIVED – **Submission date** ends daily count

FAIL 4

READ RECEIVED – **Read date** & **Submission date** used collectively to end daily count

PAG View on options

PAG Feedback



What are your **overall thoughts**?



Any concerns?

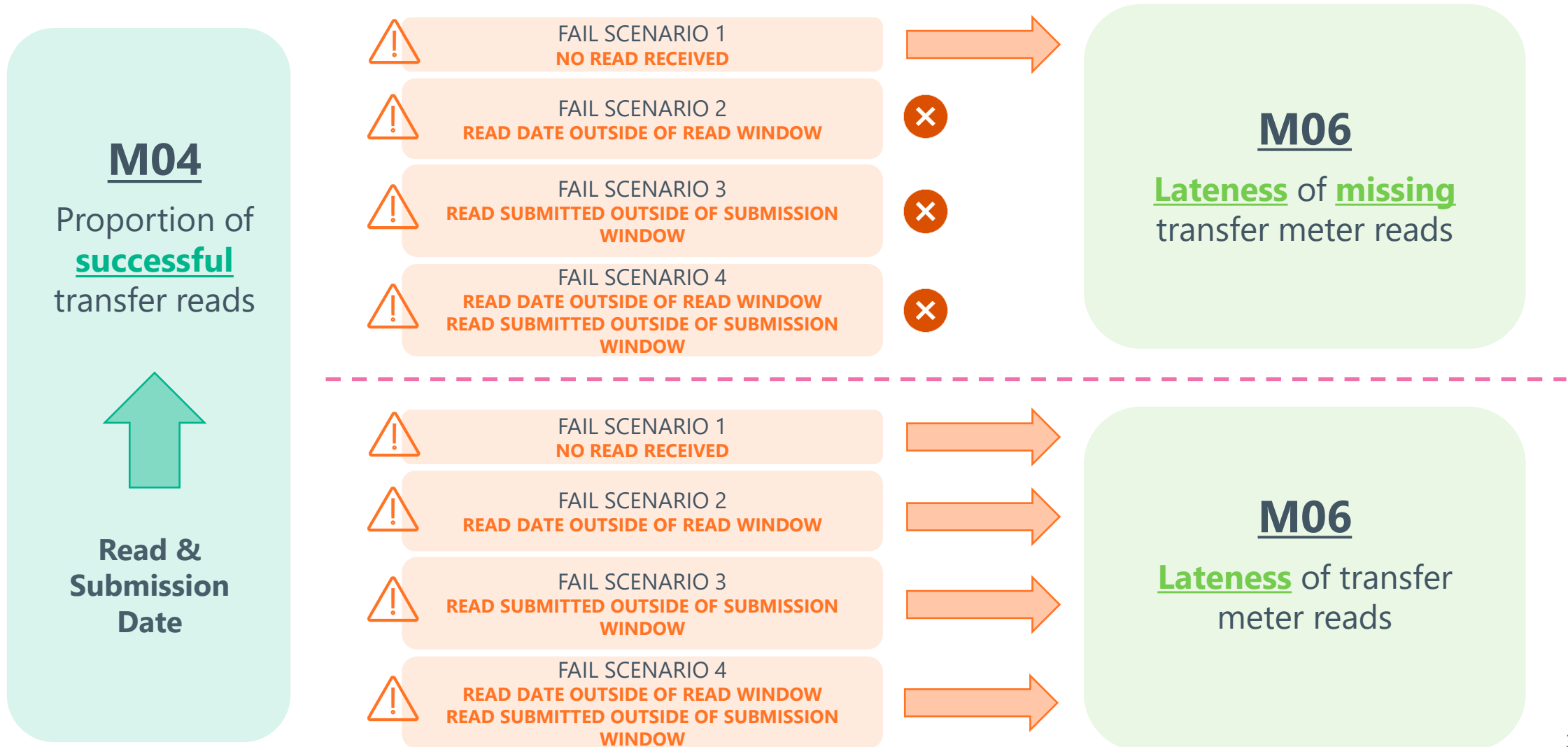


Any **proposals to change** the design?



Does the design **promote the appropriate behaviours**?

Metric link – M06 options



MOSL



MOSL



Upcoming PAG workshop(s)

Date	For discussion	Detail
29 th May	MPF Metrics*	M09 -Proportion of transferred SPIDs that have an estimated meter reading
12 th June	MPF Metrics*	M01 - Cyclic meter reads performed within SLA (biannual or monthly) & M03 Lateness of overdue cyclic meter reads
19 th June	MPF Metrics*	TBC - M01 - Cyclic meter reads performed within SLA (biannual or monthly) & M03 Lateness of overdue cyclic meter reads
26 th June	MPF Metrics*	TBC - M01 - Cyclic meter reads performed within SLA (biannual or monthly) & M03 Lateness of overdue cyclic meter reads
10 th July	MPF Metrics*	M15 Average lateness of failed SLAs for bilateral Requests & M18 Proportion of SLAs for bilateral Requests completed on time

**Subject to change*

AOB

List of Metrics -Key Performance Indicators (KPIs)

Ref	Group	Description
M01	Market meter KPIs	Cyclic meter reads performed within SLA (biannual or monthly)
M02		Proportion of smart meters read
M03		Lateness of overdue cyclic meter reads
M04		Proportion of transfer meter reads performed within SLA
M05		Proportion of transfer meter reads submitted within SLA
M06		Lateness of overdue transfer meter reads
M07		Proportion of consumption from cyclic meter reads performed within the biannual or monthly Service Level Agreement (SLA)
M08		Proportion of consumption settled on actuals vs estimates for smart meters
M09		Proportion of transferred SPIDs that have an estimated meter reading
M10		Number of Long Unread Meters (LUMs) with an outstanding B5 or C1 bilateral transaction request
M11	Data KPIs	Proportion of complete and accurate customer name/banner name and Standard Industry Classification (SIC) code
M12		Proportion of premises address data accuracy
M13		Proportion of unassured long-term vacant (LTV) premises
M14		Proportion of meters with credible GIS coordinates
M15	Service request KPIs	Average lateness of failed SLAs for bilateral Requests
M16		Proportion of deferred ORIDs
M17		Average length of deferrals per ORID
M18		Proportion of SLAs for bilateral Requests completed on time
M19	Non market meter KPIs	Cyclic non-market meter reads performed within SLA (biannual or monthly)
M20		Proportion of consumption from cyclic non-market meter reads performed within the biannual or monthly Service Level Agreement (SLA)
M21		Lateness of overdue cyclic non-market meter reads

MOSL

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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. 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.

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.

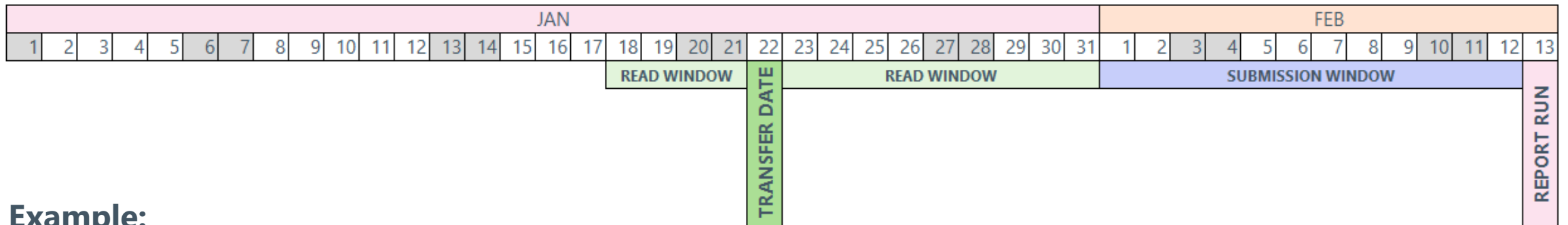
Appendix Slides

Slides to show scenarios avoided with M04 merged

Report run date (MPS16 & 17 Logic)

The “run date” cannot be scheduled until both the **read window** and the **submission window** have **passed** for transfers where the read could be received within the reporting period.

This is to allow the opportunity for reads to be submitted where the read window reaches the end of the reporting period.



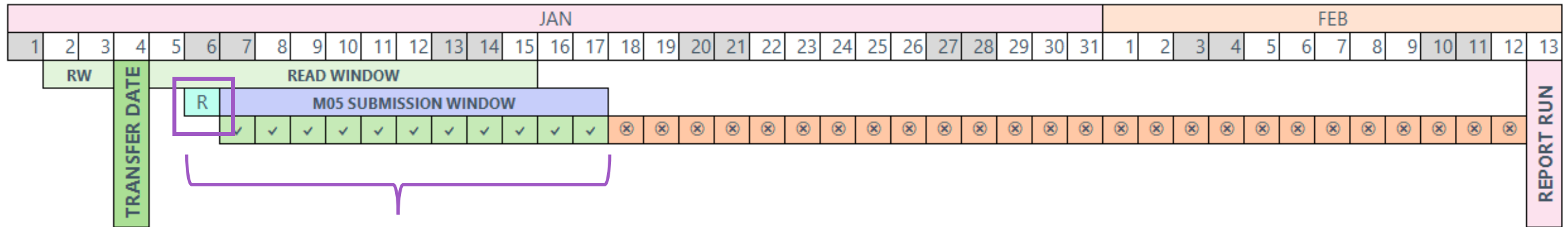
Example:

Reporting period = Calendar Month

Latest transfer date = 7BD's before the end of the calendar month

Submission window = 8BD's after the end of the read window

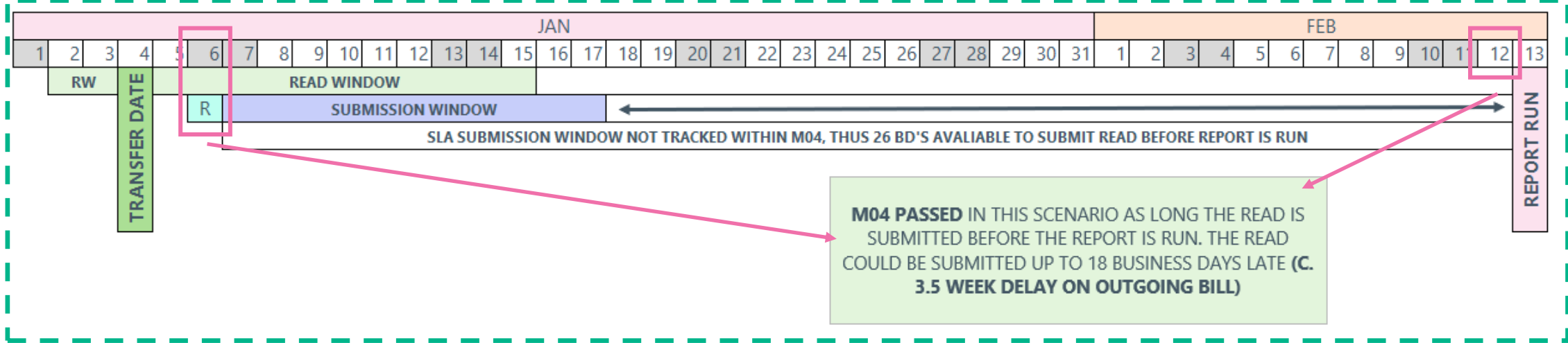
M05 Unmerged – How to pass the metric



The metric is passed if the read is submitted within the submission window SLA (currently 8BD's after the read date)

M04 Unmerged – Scenario

UNMERGED
SCENARIO



M05 Unmerged – Scenario

UNMERGED
SCENARIO

