

Market Performance Framework (MPF) Reform

*PAG workshop on Transfer
read Key Performance
Indicators*

29 May 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. 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, black text: '#search #business #concept' and '#keywords #design #innovate'. The laptop is resting on a wooden desk. The overall image has a teal background with a white border around the text area on the left.

MARKET
VALUE
ADDED

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

Agenda

	Item	Presenter	Time
1	Welcome & update	Chris Dawson (Chair)	10 mins
2	MO9 – Proportion of transferred SPIDs that have an estimated meter reading	Jak Davidson	100 mins
3	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

Agenda

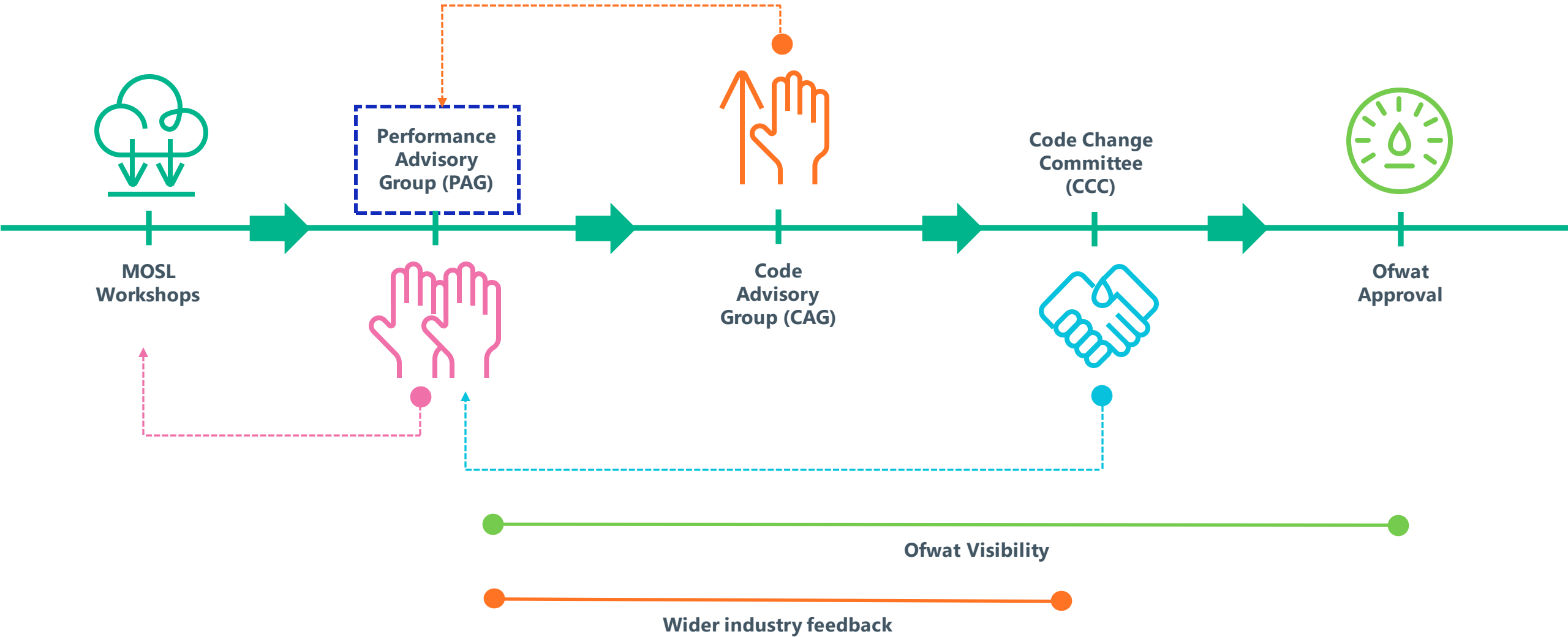
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Metric Discussions

- M06 - Decision
- M09 - Estimated V Actual
- Scenarios, Caveats & Exclusions
- M04, M05 and M09 Holistic Overview Intro



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



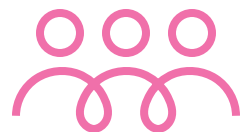
What **behaviour** are we trying to influence?

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.”









M06 Decision

Metric link - M06 Decision


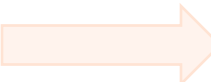

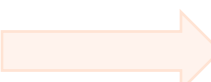

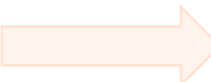

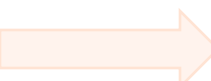
M04
Proportion of successful transfer reads



Read & Submission Date

	FAIL SCENARIO 1 NO READ RECEIVED	
	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	

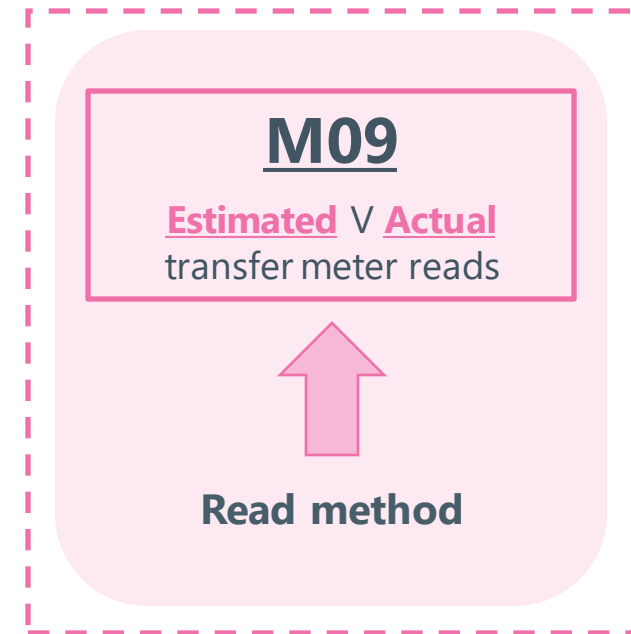
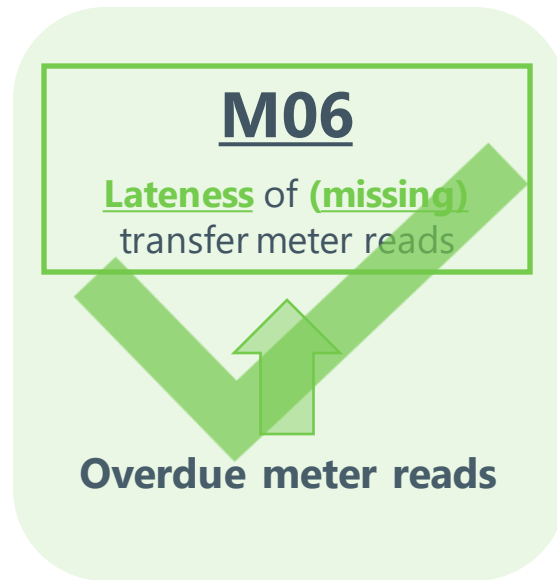
M06
Lateness of missing transfer meter reads

	FAIL SCENARIO 1 NO READ RECEIVED	
	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	

M06
Lateness of transfer meter reads

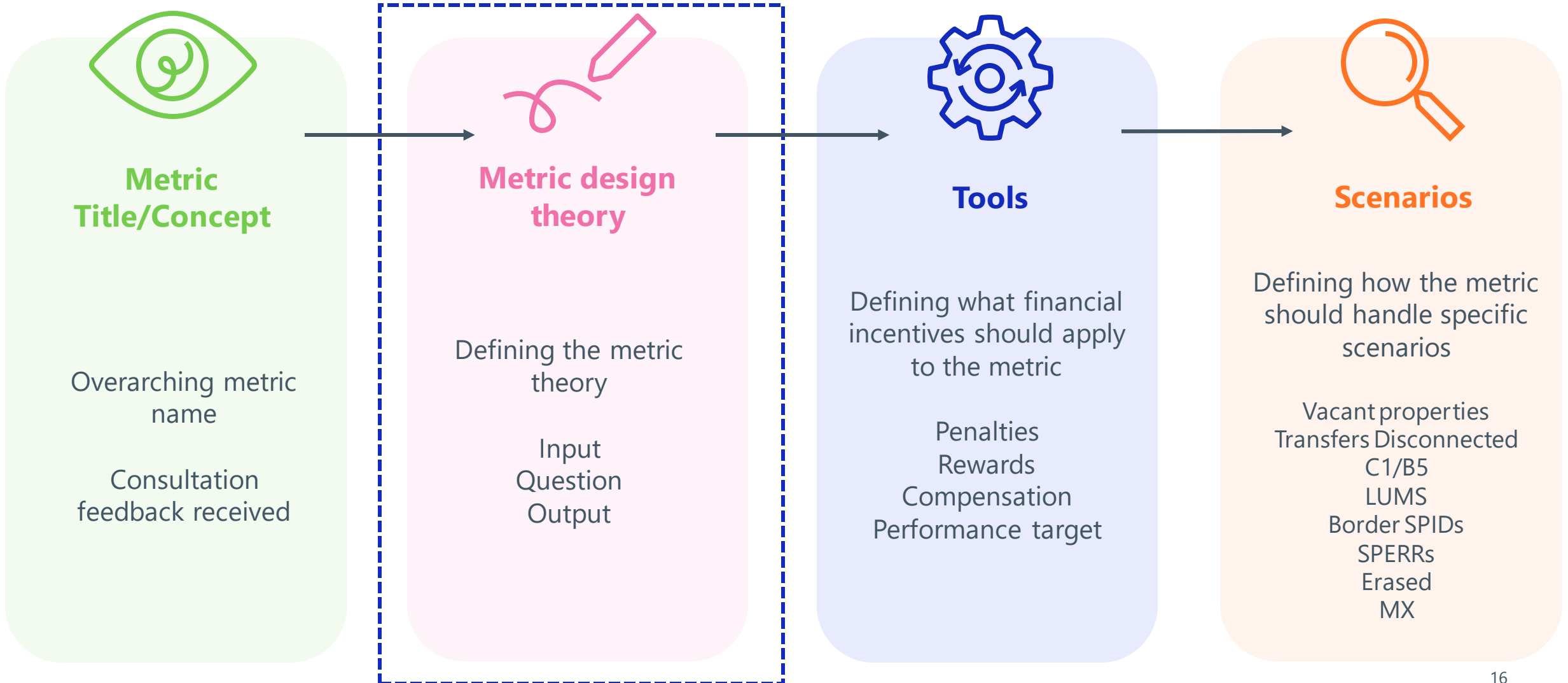
Transfer Reads - Overview

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



M09 – Estimated V Actual

Metric Design Journey – M09



M09 – Market Code Rules

Estimated read in replacement of a Visual/Remote:

A different meter is found at the Eligible Premises to that Registered to the relevant Supply Point; **or**

The meter is inaccessible or cannot be read (e.g. due to fogged glass); **or**

No meter can be found although a meter is Registered to the Supply Point; **or**

No access can be obtained to the Eligible Premises to read the meter; **or**

The Incoming Retailer has initiated remedial action in relation to the meter by submitting an appropriate form to the relevant Wholesaler, in accordance with the Operational Terms.

Estimated read in replacement of a Customer read:

The Incoming Retailer has agreed with the Non-Household Customer to take a Customer Read within an agreed timescale;

and

The Meter Read provided by the Non-Household Customer is incorrect or has not been provided within the agreed timescale.

No transfer read attempted:

An Incoming Retailer is transferring a large national multisite Customer where the existing deadlines for the transfer date will not adequately allow for all site Meter Reads to be undertaken and the Outgoing Retailer and the Incoming Retailer have agreed that no transfer read shall be attempted at specific sites, provided always that (i) there shall be no detriment caused to any individual Customer; and (ii) the Incoming Retailer and Outgoing Retailer shall use best endeavours to ensure that as many Meter Reads as practicable are undertaken



To be removed as part of QSP8

M09 – Market Code Rules

T105.R – D3028 Estimated Read Reason Code

Code	Description
IML	Cannot Locate Meter
OBST	Meter Temporarily Obstructed
OBSP	Meter Permanently obstructed
DAM	Meter Damaged
DOR	Out-reader or AMR not working
DNV	Dials Not Visible
MB	Meter Buried
MR	Meter Removed
NMS	New Meter in-situ
NAP	Cannot Access Premises
HSM	Health and safety issues accessing meter
LOCP	Cannot Locate Premises
CT	Customer Read is incorrect or not provided within the agreed timescale

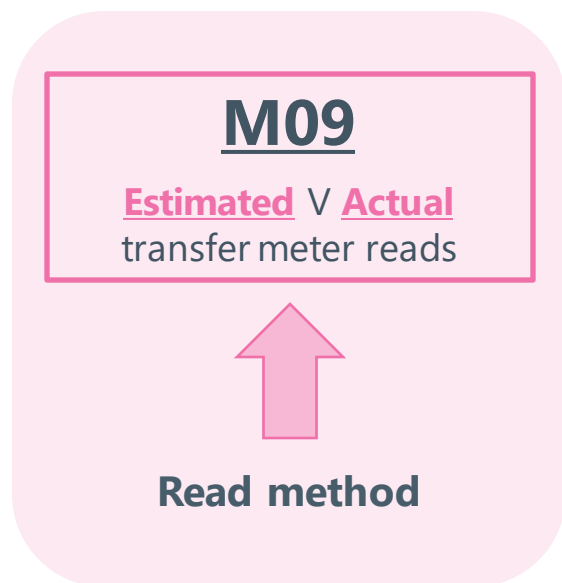


The below is also available as a reason code, but following QSP8 there will not be a reason within the market code, or within MOSL's estimated transfer read guidance to allow the use of it

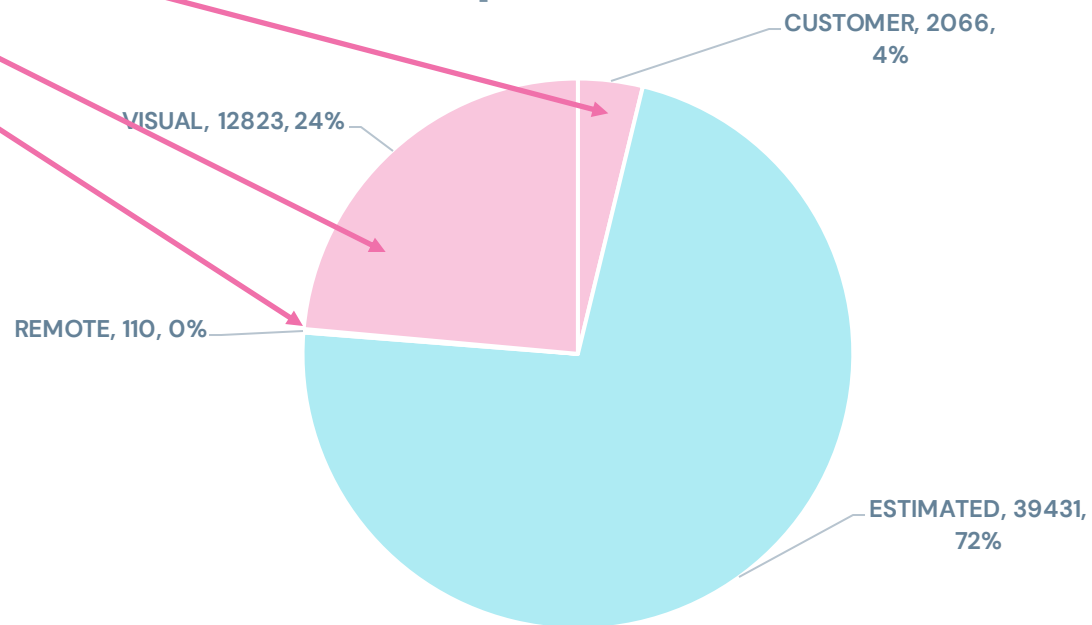
Code	Description
NTA	No Transfer Read Attempted

Transfer Reads – M09

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



Current Split of Read Method



■ CUSTOMER ■ ESTIMATED ■ REMOTE ■ VISUAL

54430 Reads – Dated 01/04/2023 – 31/03/2024

M09 – Things to consider



Estimated readings for transfers ARE allowed, as a transfer read is required for ALL metered transfers



Estimated readings, however, should be a “last resort” and a visual or customer reading should have been attempted before TP’s use an estimated read for transfer (exception- large multisite)



MOSL can’t validate whether an estimated readings has been submitted for legitimate reasons unless we audit a trading party



Estimated readings are accepted within M04 and M06 and treated equally to actual reads

M09 - Initial thoughts

Performance based on a calculated volume of reads settled on "actuals"

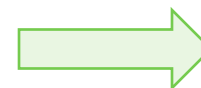


Performance based on a calculated consumption of reads settled on "actuals"

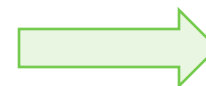


Ruled out as does not reflect true performance

Performance based transfers reads received, proportion of "Estimated" versus "Actual"



Option 1 – Only monitor those that were expected within the reporting period



Option 2 – All T105.R transactions received within a "reporting period"

M09 - Initial thoughts

Performance based transfers reads received,
calculation of proportion of “Estimated” *versus*
“Actual”

Option 1 – Only monitor those that were expected within the reporting period

Does this disincentivise a potential late actual over on-time estimated readings?

M04 is a “master” for the Transfer metrics.
M06 & M09 follow on...

Option 2 – All T105.R transactions received within a “reporting period”

Does this incentivise a potential late actual over on-time estimated readings?

Would we want a “cut off” as to how late the read could be?



PAG Opinion?

M09 – Questions to PAG



Can we set a performance “target”?



Would a performance target work better as an average of all market performance?

Do volatile numbers cause any concerns with “performance” reporting?

Preference over monthly performance over rolling performance?

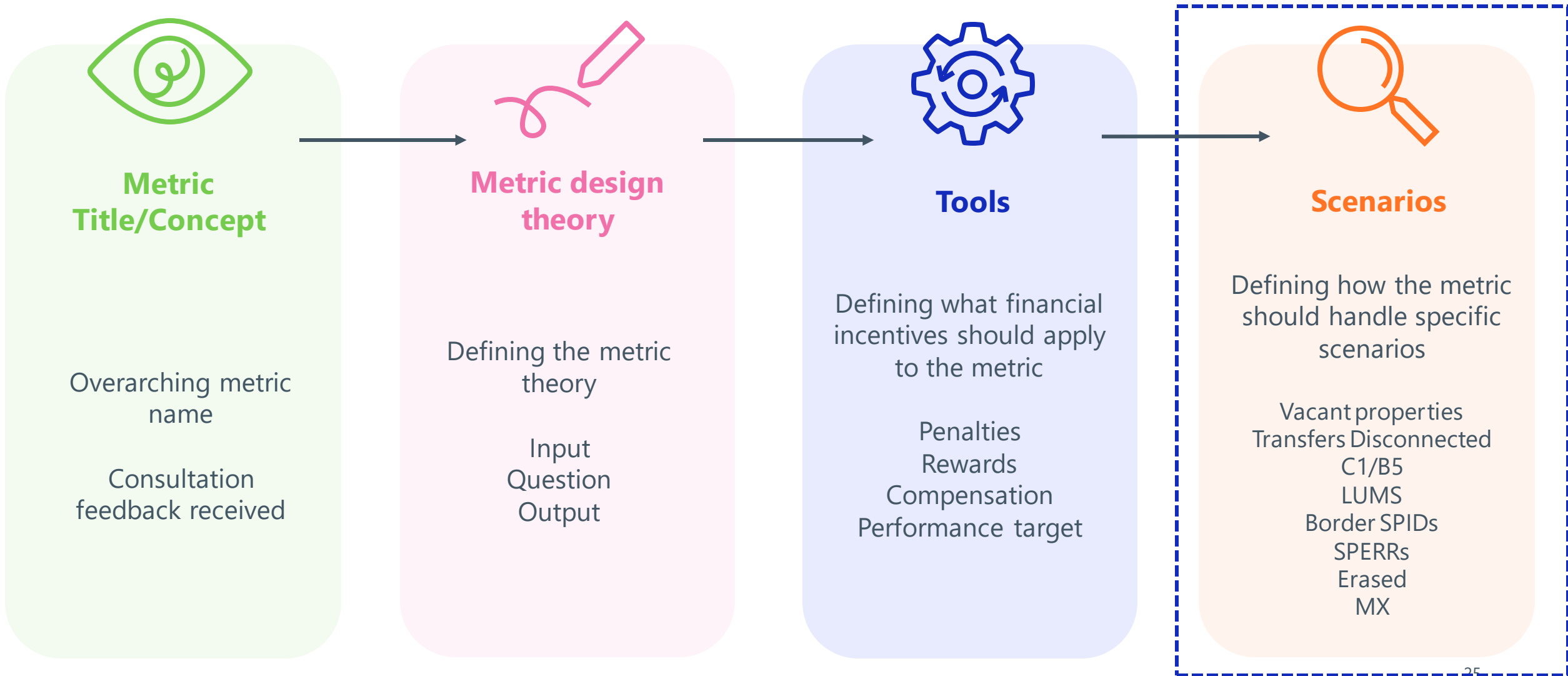
Can this metric have a penalty?



Could a penalty apply to those with the estimated reason code “NTA”?

Scenarios, Caveats & Exclusions

Metric Design Journey – ALL Transfer metrics



Metric Title/Concept

Overarching metric name
 Consultation feedback received

Metric design theory

Defining the metric theory
 Input Question Output

Tools

Defining what financial incentives should apply to the metric
 Penalties
 Rewards
 Compensation
 Performance target

Scenarios

Defining how the metric should handle specific scenarios
 Vacant properties
 Transfers Disconnected
 C1/B5
 LUMS
 Border SPIDs
 SPERRs
 Erased
 MX

M04, M05 and M09

Overarching Rule:

Status within MDS at the time the report is ran will be the status used for the metric calculations

M04

Proportion of **successful** transfer reads

Read & Submission Date

Read Window SLA (extension)

M06

Lateness of **(missing)** transfer meter reads

Overdue meter reads

Cut off period (4-6 weeks)

Vacant properties: N/A
TCORRS: Not included
C1 & B5 Bilateral Requests: N/A (all expected meters included)

M09

Estimated V **Actual** transfer meter reads

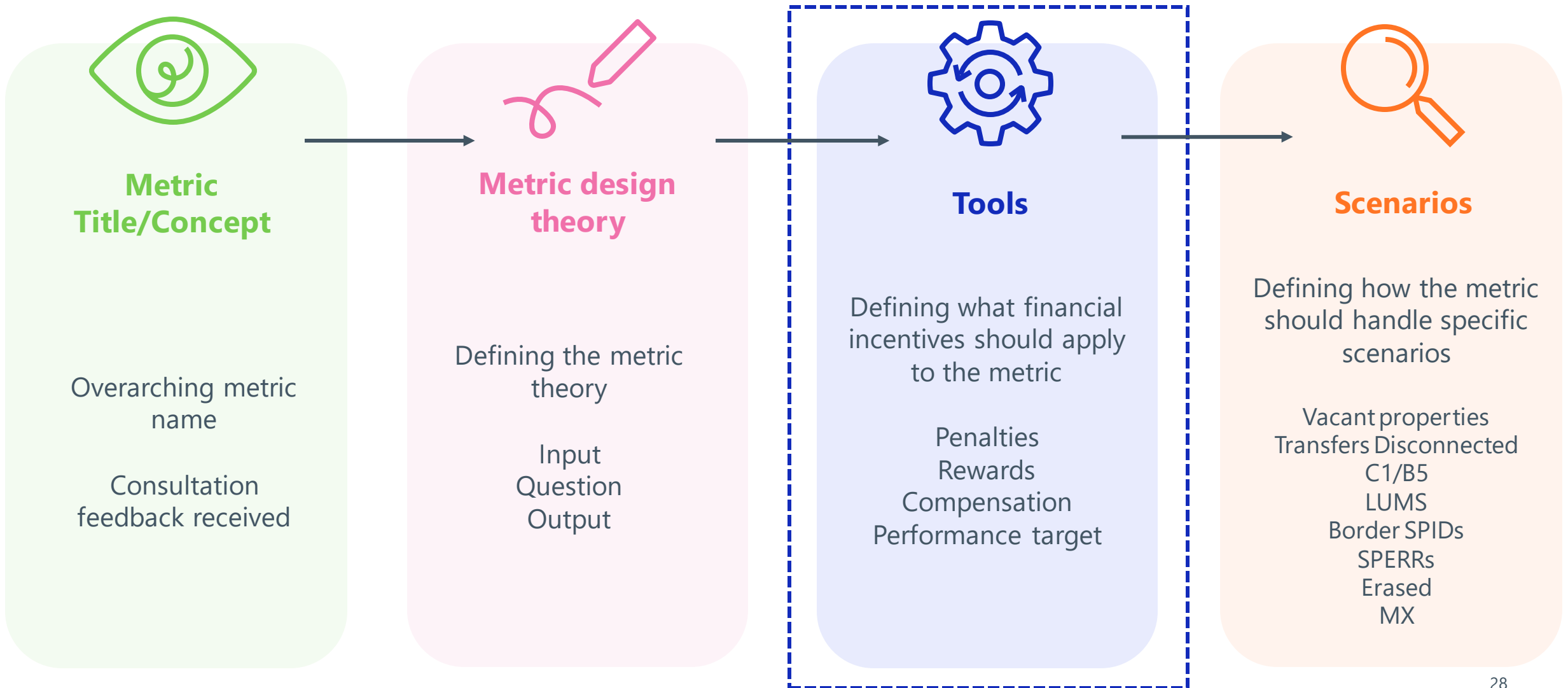
Read method

Vacant properties: N/A
TCORRS: Not included

C1 & B5 Bilateral Requests: *To be considered excluding?*

M04, M05 and M09 Holistic Overview

Metric Design Journey – ALL Transfer metrics



Transfer read overview

Metric	Performance Review	SLA	Success Criteria	Performance Target	Public Peer comparison	Penalty	Comp.	Reward
M04	Read date and submission date	Read date: -2, +7BD's of transfer date Submission date: 8BD's from the read date	Both SLAs met	N/A	YES	Proposed (Per failed task)	Not proposed	Not proposed
M06	Lateness of missing reads	N/A	N/A	N/A	YES	Proposed (Daily charge)	Proposed (Pre-estimated Loss)	Not proposed
M09	Read method	N/A	N/A	TBC*	YES	TBC*	Not proposed	Proposed (Per "actual" read)

* PAG discussion on 29/05/2024 to establish market opinion

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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*	M04, M06 & M09 holistic review
19 th June	MPF Metrics*	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	Service request KPIs	Proportion of meters with credible GIS coordinates
M15		Average lateness of failed SLAs for bilateral Requests
M16		Proportion of deferred ORIDs
M17		Average length of deferrals per ORID
M18	Non market meter KPIs	Proportion of SLAs for bilateral Requests completed on time
M19		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

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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.