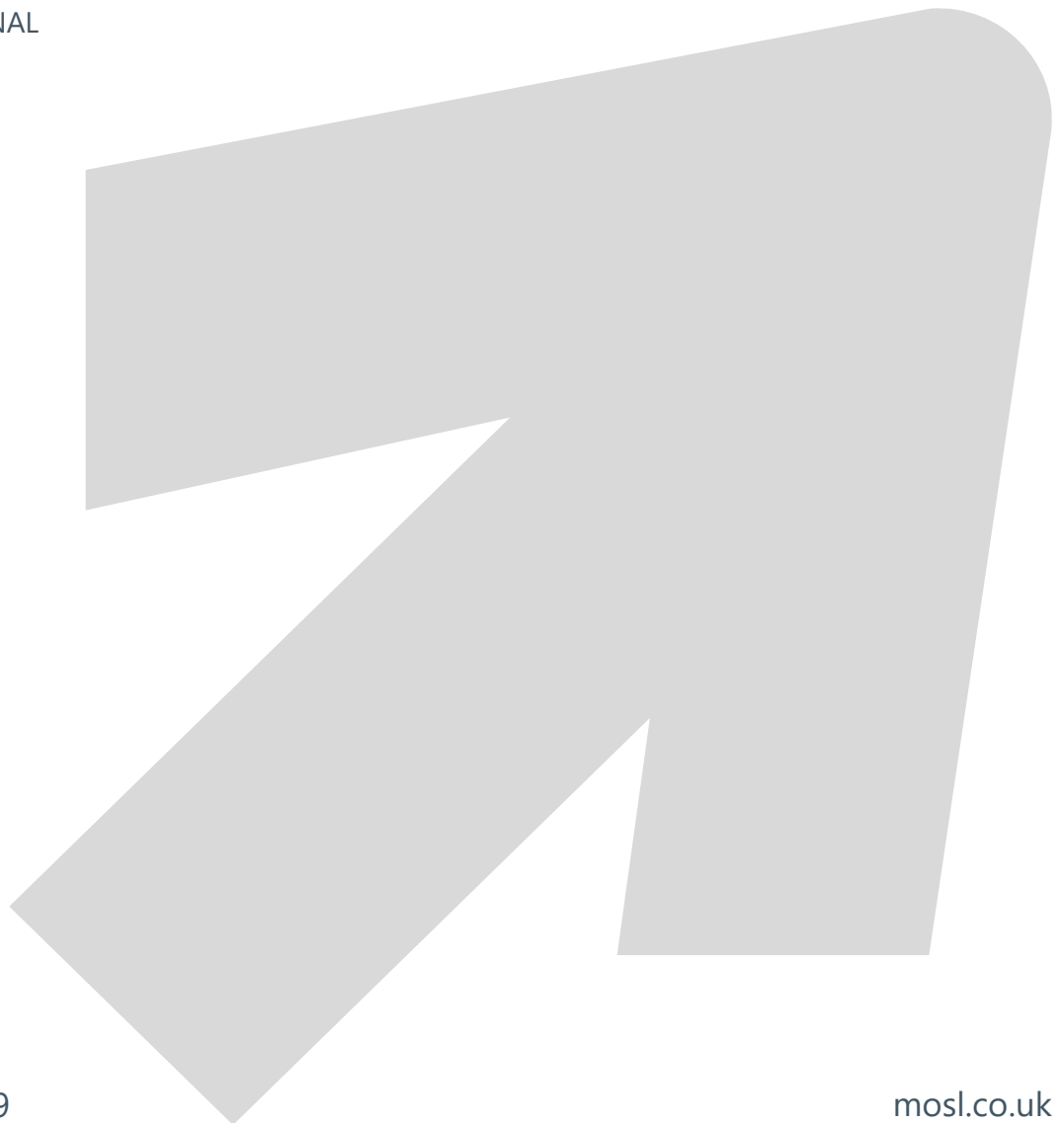


# Performance Advisory Group (PAG) 38

**Location:** MS Teams

**Date and time:** 29 May 2024, 1000 - 1200

**Status of minutes:** FINAL



# Meeting Minutes

## Market attendees

Name	(Initial)	Role/Organisation	Name	(Initial)	Role/Organisation
Adam Boyns	AB	CCW (O)	Jacob Head	JH	Water2Business (R)
Bethany Wilkes	BW	Business Stream (R)	Jamie Davies	JDa	Castle (R)
Calum Pittman	CP	Waterscan (R)	Jon Fuller	JF	Wessex (W)
Cillian McCarthy	CM	Everflow (R)	Mike Rathbone	MR	Severn Trent (W)
Claire Hastie	CH	Business Stream (R)	Michelle Marshall	MM	WaterPlus (R)
Clare Garland	CG	UU (W)	Pam Nash	PN	C&C (O)
Claire Stanness	CS	Wave (R)	Shakima Fagan	SF	Everflow (R)
David Morris	DM	Waterplus (R)	Sian Forward	SFo	Northumbrian (W)
David Seymour	DS	Thames (W)	Syndiso Bango-Dube	SBD	Waterscan (R)
Harriet Eames	HE	Yorkshire (W)	Tim Brewer	TB	Wessex (W)
Gillian Bladen	GB	South West (W)			

## MOSL Attendees

Name	(Initial)	Role	Name	(Initial)	Role
Chris Dawson	CD	Chair	Huw Comerford	HC	Observer
Jak Davidson	JDa	Presenter	John Gilbert	JG	Observer
Evan Joannette	EJo	Programme Lead	Luke Coyle	LC	Observer
Lisa-Ann Lott	LAL	Notes	Oli Robins	OR	Observer
Abby Jackson	AJ	Observer	Simon Bennett	SB	Observer
Adam Richardson	AR	Observer	Sam Webb	SW	Observer
Flo Monea	FM	Observer			

<p><b>1.</b></p>	<p><b>Welcome &amp; update</b></p>
	<p>CD welcomed all members to the meeting, confirmed the agenda and the workshop format of the meeting including how the detailed design approval reaches sign off.</p> <p>CD reminded attendees minutes and slides are all published on the MOSL website for review and comment via <a href="mailto:mpfreform@mosl.co.uk">mpfreform@mosl.co.uk</a>.</p> <p>CD ran through the high-level programme plan.</p>
<p><b>2.</b></p>	<p><b>M06 Lateness of overdue transfer meter reads - Decision</b></p>
	<p>JD noted M09 will be main agenda topic for the meeting and the next PAG meeting will contain a holistic view of M04, M05 and M09 together.</p> <p>JD highlighted the current position in the review process with PAG noting currently reviewing transfer read metrics following which the documents will be presented to Code Advisory Group (CAG) for review.</p> <p>JD provided an overview of the behaviours and benefits the transfer read metrics are aiming to influence.</p> <p>JD highlighted feedback from consultation three is being taken into account within the design of the metrics.</p> <p>JD reminded attendees M06 measures the lateness of missing transfer reads for retailers.</p> <p>JD noted M06 is based on fail scenario one of M04, which looks at the proportion of successful transfer reads.</p> <p>JD highlighted the decision to focus on the lateness of missing transfer reads, rather than all transfer reads, and the need to set a cut-off point for when a read becomes no longer useful.</p>
<p><b>3.</b></p>	<p><b>M09 – Proportion of transferred SPIDs that have an estimated meter reading</b></p>
	<p>JD provided an overview of the initial thoughts noting not discussing penalties and rewards at this time simply what is being monitored within M09 and whether any specific scenarios exist which should be excluded or included to ensure an accurate reflection of performance.</p> <p>JD noted estimated meter readings are permitted for transfer reads as a reading is required to cut off charges with the previous retailer and as a starting point for charges with the new retailer.</p>

JD highlighted however market codes indicate when an estimated read can be used instead of an actual noting actual reads are preferable and should be attempted.

JD noted where an actual read cannot be obtained it is likely a follow up action via a Bilateral form to indicate to the wholesaler any issue with the meter will be required.

JD further noted a customer read can be utilised however timescale between the reading and it being supplied must be taken into account and an estimated read may be preferable.

JD highlighted, at present, when transferring a large multi-site customer, provided there is agreement with the outgoing retailer, an estimated reading can be used as may not be feasible to obtain reads from all sites. This is subject to consideration by the Metering Committee as part of their quick start project eight and is highly likely to be removed as an option.

JD provided an overview of the permitted CMOS codes when an estimated read is entered noting this enriches the data available.

JD highlighted NTA (no transfer read attempted) which relates to the multi-site customer issue will remain in CMOS even if option is removed from codes and thus the volume of use of this code should decline.

JD noted 'actual' is not a defined market code term however would be classified for this purpose as including the defined term types of 'remote, visual or customer' reads.

JD highlighted currently read types split in favour of estimated readings with 72% of transfers reads from 1 April 2023 – 31 March 2024 estimated or the remaining actual reads 24% were visual and 4% customer reads.

JD noted the intent of the metric is to influence a change to greater numbers of actual reads.

JD highlighted unless MOSL audit trading parties they are unable to establish if the reason code submitted for an estimated read is valid and thus must assume estimated entered following best endeavours to obtain an actual read.

JD reminded attendees estimated reads are accepted within M04 and M06 due to the transfer read being required.

JD highlighted the proposal for the metric to be based upon transfer reads that have been received and what the proportion of estimates versus actuals are.

JD detailed two options to review the reads that are submitted; option two to look at everything, all T105 received during a time period regardless of read date, transfer date etc

possibly a calendar month and what is the proportion of estimated reads versus remote, customer and visual reads. However, it was noted this may incentivise potential late actuals over on time estimated readings and would require a cut-off date.

JD ran through option one noting it was proposed to only review the expected reads within that transfer period using M04 as the master data of what would be expected. This was expected to provide a true reflection of quality of estimated versus actual reads and the proportions of the two.

JD noted option one could risk disincentivising slightly late actual reads versus on time estimated reads.

GB enquired if apportioned reads had been considered and could be used instead of estimated reads.

JD enquired how the apportioned reads are calculated.

GB explained if an actual read taken for example three months previously and another actual read taken three months after the date of transfer, the number of days between the reads is taken and the consumption between the two reads is divided by that to create an average daily consumption and then entered dependant on the transfer date. Thus, more accurate than an estimated read.

JD noted the difficulty that for transfers the timeliness of a read being entered and apportioned reads require calculation time.

GB noted could limit the amount of time following which an apportioned read could be entered.

JD noted may delay a transfer read to prevent an estimated read being entered which would need to be changed at a later date if calculated incorrectly.

CS highlighted Metering Committee work on quick start project eight and CPW 130 noting retrospective amendments to reads can have significant effect on incoming and outgoing retailers, final bills and settlement and thus preference for Option 1 and provides opportunity to incentivise actual reads.

CS noted the need to audit companies when first introduced to ensure actual reads versus estimates are being used and recommended audits be mandatory.

CD highlighted post implementation review of CPW130 due soon and MOSL aware of the issue of high numbers of estimated transfer reads.

CD noted Strategic Metering programme looking to work collaboratively with MPF reform in regard to incentivising actual reads.

CD further noted auditing not required at this stage as the issue has already been identified however may be a part of the process in future.

CS noted from a customer journey perspective beginning with estimated reads not a good start and should incentivise actual reads.

JD noted CS' preference for option 1 on the basis it monitors what was expected and the performance of what was received from the expected part as this reviews quality and the timeliness is also included.

JD highlighted by monitoring estimated vs actuals will create an incentive to increase actuals.

JD noted more difficult to gain an actual read for a transfer as opposed to standard cyclic reads albeit would still expect higher number of actual reads.

DS noted reporting period of within a month may be causing complications and recommended reviewing a longer period, 3-month, 6-month, 12-month.

JD noted transfer numbers are volatile across any one month and if only one transfer and this entered as an estimated would skew results thus reviewing over longer time period maybe worthwhile and enables an extra layer of reviewing when estimates turn into actual reads as well.

JD noted need to ensure trading parties not entering estimated reads to pass a metric and then altering at a later date.

JH agreed with the suggestion of apportioned reads noting customers offered the option of a visual read or an estimated one and given associated costs of the read are passed on most customers preference is for an estimated read.

JH noted apportioned reads would enable retailers to pick out revised bills and customers are already aware their bill may be revised when having switched due to not wanting to have a visual read taken.

JD queried if JH would recommend a code change to state an actual reading is not required when a customer agrees to a calculated read and highlighted this is not current market code as this states trading parties should attempt a read.

JH agreed should be doing what the customer wants to keep costs low and recommended the metric measures the length of time a visual read comes in following a transfer read as

this permits resolution to any metering issues to be resolved and perhaps a penalty applies where no visual reads have been entered in the cyclic read calendar.

JD enquired if the customer is made aware the initial bill may change if an apportioned read proves to be incorrect.

Attendees generally agreed customers are made aware initial bill may change.

JD noted whilst apportioned or estimated reads work for incoming retailer, even with the customer being aware initial bill may change the final bill from the outgoing retailer may also change and the outgoing retailer has no method to recoup those charges if the customer refuses to pay.

JD clarified apportioned reads are still estimated however calculated based on two reads either side of the transfer date.

JH confirmed apportioned reads based on daily average.

JD noted estimated reads could be calculated using a number of methods including average daily consumption, size of business, tariffs etc however the metric is seeking to increase actual reads versus estimated reads.

JD enquired if estimated reads, calculated in a certain way are acceptable to incoming retailers.

JH noted estimated acceptable provided a visual read taken within a certain timeframe e.g. within the cyclic read calendar.

JD enquired if outgoing retailers had noted any difficulty in receiving monies from customers who had transferred in the event of a change to billing.

CS highlighted using estimated from both incoming and outgoing retailers perspective can cause issues with customers and settlement thus increasing the cost to serve for the retailer.

AB noted of the options presented preference would be for option one with the aim to increase actuals versus estimates but also to be as timely as possible.

AB recommended reviewing the length of time provided for retailers to submit actual reads to establish if sufficient and allows for reread attempts to be made.

JD confirmed preference for option one and consideration to be given to timeframe to permit actual read attempts to be made.

AB noted may need to further audit as although issue identified need to understand why estimated reads utilised, difficulties being experienced etc.

CH agreed with option one and noted need to review the reasons for the estimates in conjunction with the volume as need to understand if retailers using the same estimate code for each.

CH further agreed need to consider timeframe to allow opportunity to gain actual read.

CM noted not certain if metric drives good customer outcomes as good estimates can provide customers with good outcomes and processes are in place to ensure any final bills can be updated.

CM recommended review of other markets in relation to transfers and cited the data flow titled noisy flow within the energy sector.

JD noted feedback of cost of actual read preventing customers from switching as they do not want to incur that cost.

EJo noted support for CS' view of the impact of estimated reads.

EJo highlighted the risks and issues identified in the market form the metrics which are being proposed and retailer service, paying less and not taking actual reads was not a strong view that had come through previously.

EJo challenged attendees that whilst there may be a list of items on which money could be saved this would not offer customers a good service.

JF highlighted retailers are limited by the number of customer reads which be inputted in any given year and enquired if transfer reads are included within that number as this would discourage using customer reads at transfer. **MOSL to review and revert.**

SF noted within the market context need to incentivise actual reads, prioritise the customer journey and keep costs low for the customer.

SF further noted need to review the process of communication between retailers on transfer as the metric does not address retrospective amendments, as good estimates may not require amendment however a poor estimate will require it.

JD summarised whilst a good estimate may not require amendment an actual reading will not require change therefore actuals should be prioritised to prevent the incoming & outgoing bills being amended.



JDa noted issue if in regard to when estimated reads require retrospective change and therefore the focus should include in depth analysis on the reasons for estimated reads and whether those reasons are valid.

JDa further noted need to establish, as a market, what percentage of reads should be actuals as 100% visual reads not realistic.

JDa highlighted the costs of visual reads and the need to gauge the desired levels of visual reads overall for transfer reads.

JD noted feedback indicating metric encouraging actuals over estimated readings however should not indicate estimated readings are bad.

JD enquired if metric should be revised to show of estimated readings received which have been revised to indicate where estimated readings are incorrect however this would not review trading party performance on how many actual reads are being achieved and thus should metric be two-fold i.e. how many estimated readings versus actuals and of the estimated how many of those required revision.

MM indicated preference for option one noting the purpose of the metric to measure actual reads to support good customer journey by preventing rebilling and settlement issues.

MM noted need to ensure metric is fit for future with smart metering.

JD noted consideration being given to smart metering within all metering metrics highlighting may need to be separate metrics once smart meters more commonplace.

EJo noted feedback provided by PAG highlighting at present need to ensure estimates are the exception not the default and the need to monitor the levels of each.

EJo further noted the next steps will include determining the target performance level as no expectation of 100% actual reads.

BW noted metric may need to be altered to consider reasons for utilising estimates and whether reasons codes are suitable in the market given estimates are not always poor and the read window is short.

CS noted for consultation on code change CPW130 questions were posed in regard to increasing the reason codes and these were increased from 4/5 reason codes to 12 following market feedback. Additionally, the read window was extended.

CS further noted the above will be subject to a post implementation review.

CS highlighted feedback from PAG indicates it is the cost of an actual transfer read which is the main issue for retailers hence where customers are not prepared to either pay or take a reading estimates are being used.

JDa noted need to consider the future given rising costs from meter reading contractors with lower numbers of meters to actually read they may pull out of the water market in particular if a cap on charges was imposed.

CM agreed potential risk of losing suppliers in the market which would ultimately increase the costs per read which would impact customers.

JD enquired if the metric was to encourage actuals by way of a reward could that potentially balance out the cost to service of gaining an actual read whilst not disincentivising estimated readings where applicable. This to be followed on with a review of the estimated readings which are then revised.

JDa enquired if this related to a financial reward for actuals.

JD confirmed a financial reward for actuals versus a penalty of estimated reads could be proposed.

DS noted this would set a precedence for rewarding everybody for simply 'doing the job' correctly.

GB agreed and noted the reward may not cover the cost of obtaining the read and therefore would not be an incentive.

JD noted may decrease the cost to serve and encourage actual versus estimated reads.

JDa noted against financial incentives for the reasons indicated and highlighted a trading party could be missing 50% of reads but all of the reads inputted could be actuals and therefore they would be rewarded.

JDa further noted the cost of obtaining an actual transfer read alongside other practical challenges and any reward if used would have to be in this very limited circumstances and would depend how the metric interacts with others.

JD noted holistic view of metrics will be brought to PAG highlighting mixed feedback received on potential reward payments.

AB noted would only want reward system where trading parties had gone above and beyond the norm and offered something truly innovative.

AB highlighted customers would not expect retailers to be paid extra for reading meters as this is business as usual. Additionally, customers would not expect to pay extra for meter reading as it should be included in their contracts.

JD ran through additional questions for PAG feedback in relation to M09; do volatile numbers of transfers mean setting a performance target is difficult, are retailers in control of the number of transfers they action, should the metric have a penalty when looking at estimated reads versus actual reads.

JDa noted need to understand in the first instance the numbers in order to determine any penalties or performance levels.

JDa enquired if MOSL understand why they are seeing an increased trend in estimated T-reads at present and recommended if not known audits should be conducted against the metric where trading parties have higher than average numbers of estimated reads to understand the challenges in entering actuals.

JD noted need to understand the problem and highlighted trading parties are not following code if not seeking an actual read in the first instance.

JDa noted all trading parties would prefer to enter actual reads however there are drivers preventing this and leading to high numbers of estimates which need to be understood.

SF noted the metric does not consider the difference in switch rates amongst retailers and thus implementing a penalty may favour larger retailers with greater resources in particular the more regional based retailers where the costs are relatively lower to gain an actual transfer read.

SF further noted the general desire to have a better customer journey with less of a difference between the bill they leave their old retailer with and the bill they receive from their new retailer.

JD noted the default should be an actual reading and the fall back an estimated reading and the metric is designed to encourage trading parties to adhere to the market codes.

CD noted in reviewing the codes potentially going outside scope of the proposals and what was consulted upon.

JD noted need to review and revert following PAG feedback.

SF noted need to review proportion of estimates, which estimates are causing problems before setting the reward or penalty and to ensure creating incentives that drive the correct behaviours.

	<p>JD noted PAG feedback and confirmed will review and revert.</p> <p>CD summarised support for option one over option two however with caveats of need to ensure estimates are good estimates. Additionally, need to establish if functionality of the actual code is within scope of the MPF reform or would require a separate change.</p> <p>CD further summarised need to ensure balance between large and small retailers to ensure not disproportionately affecting one or the other.</p> <p>JD added the intention is to incentivize actuals over estimated reads given the code states this should be the default however there is a question over whether an actual reading is better than an unamended estimated reading and is the metric monitoring the right things and would the metric prevent switches in the market.</p>
<p><b>4.</b></p>	<p><b>Upcoming PAG workshop(s) &amp; AOB</b></p>
	<p>CD noted meeting on 12 June will contain a holistic review of the transfer read metrics however this may change due to level of feedback received.</p> <p>CD highlighted 19 June will focus on MO1, 26 June on cyclic meter reads, 10 July M15 and M18 which are the bilateral requests metrics.</p> <p>CD reminded attendees slides will be available on the MOSL website and should PAG wish to provide further feedback please use <a href="mailto:mpfreform@mosl.co.uk">mpfreform@mosl.co.uk</a></p>