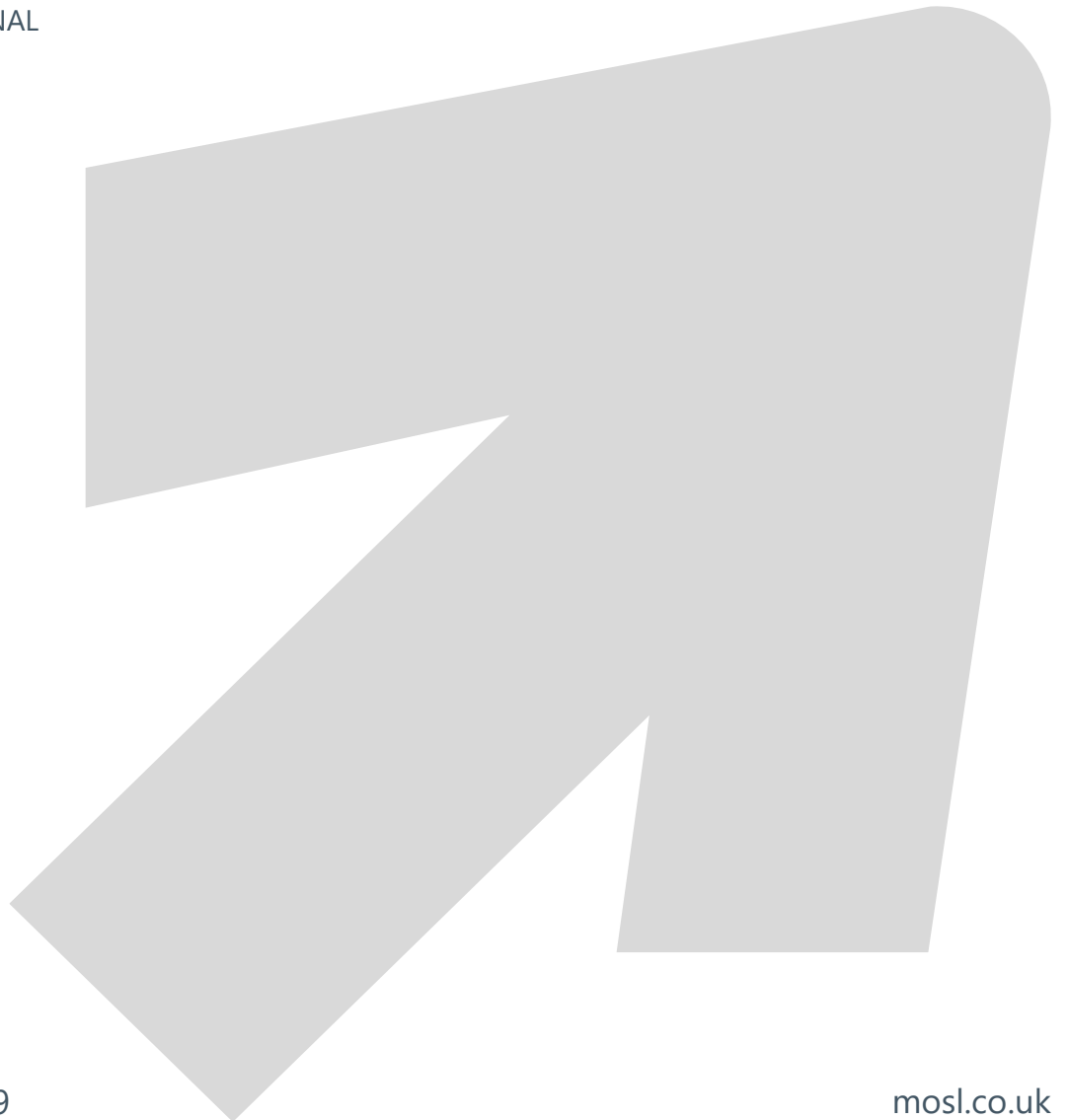


Performance Advisory Group (PAG) 37

Location: MS Teams

Date and time: 15 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)	Peter Strain	PS	Castle (R)
Claire Hastie	CH	Business Stream (R)	Paul Walmsley	PW	Yorkshire (W)
Clare Garland	CG	UU (W)	Pam Nash	PN	C&C (O)
David Morris	DM	Waterplus (R)	Rebecca Gale	RG	Waterscan (R)
Daniel Proctor	DP	Waterplus (R)	Robbie Smith	RS	Pennon (R)
Emily Jerrome	EJ	Water2Business (R)	Shakima Fagan	SF	Everflow (R)
Harriet Eames	HE	Yorkshire (W)	Sian Forward	SFo	Northumbrian (W)
Gerard Lyden	GL	Thames (W)	Syndiso Bango-Dube	SBD	Waterscan (R)
Gillian Bladen	GB	South West (W)	Shaun Kent	SK	Ofwat (O)
Jamie Davies	JD	Castle (R)	Trevor Nelson	TN	Business Stream (R)
Lucinda Denvers	LD	Yorkshire (W)	Tim Brewer	TB	Wessex (W)
Mark Doherty	MD	Business Stream (R)			
Mike Rathbone	MR	Severn Trent (W)			

MOSL Attendees

Name	(Initial)	Role	Name	(Initial)	Role
Chris Dawson	CD	Chair	Janet Judge	JJ	Observer
Jak Davidson	JDa	Presenter	John Gilbert	JG	Observer
Evan Joanette	EJo	Programme Lead	Luke Coyle	LC	Observer
Alexander Cowie	AC	Notes	Lisa Connell	LCo	Observer
Abby Jackson	AJ	Observer	Oli Robins	OR	Observer
Adam Richardson	AR	Observer	Simon Bennett	SB	Observer
Flo Monea	FM	Observer	Sam Webb	SW	Observer
Huw Comerford	HC	Observer			

1.	Welcome & update
	<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 mpreform@mosl.co.uk.</p> <p>CD ran through the high-level programme plan.</p>
2.	Overview
	<p>JD provided an overview of the ask of PAG, which was to feed back on the metric concept, whether the new metric options measure and track the right activities and whether the new metric options promote the best outcome for the customer.</p> <p>JD outlined the behaviours that the proposed transfer reads metrics were aiming to influence which were to drive the swift submission of actual transfer meter readings, taken within proximity of the “transfer date” and that this would produce benefit for customers through the receipt of an accurate and timely final bill from an outgoing retailer, and an accurate starting point for consumption with the new retailer.</p> <p>JD further noted that other benefits of the metrics would be seen through their support for accurate settlement, accurate and timely billing, and alignment between retailers.</p> <p>TN observed that there was a risk that as smart meters were rolled out across the market a ‘two-tier system’ could arise where retailers with access to smart meters find it very easy to provide actual transfer reads and others, operating in areas with low levels of smart meters, find it increasingly difficult as the costs of obtaining visual reads increase.</p> <p>TN suggested that the metric could be modified depending on the percentage of smart metered customers a retailer has in its portfolio.</p> <p>GL noted that this was an interesting point that should be picked up as part of a broader discussion on the impact of smart meters (observing that smart metered customers might become more attractive targets for switching as they would have a lower cost to serve).</p> <p>JD provided an overview of the issues that the proposed transfer reads metrics were trying to address, which were: high levels of customer complaints related to transfer reads; estimated transfer reads which were significantly higher than actuals; and reinforcing accountability.</p> <p>JD also noted that the design would need to support and continue to encourage current high performance.</p>

	<p>JD highlighted the feedback from the consultation that was relevant to the metrics being discussed which was:</p> <ul style="list-style-type: none"> • 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. • 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.
<p>3.</p>	<p>M04/M05 Proportion of transfer meter reads performed within SLA</p>
	<p>JD described the two potential paths for M04 (Transfer reads received dated within the SLA) and M05 (Transfer reads submitted within the SLA) that had been reviewed and discussed by the PAG. Broadly the options discussed were:</p> <ul style="list-style-type: none"> • An unmerged metric where M04 and M05 were measured separately. • A merged metric where M04 and M05 were looked at together and measured the proportion of successful transfer reads based on reads that were both dated within the read SLA window and submitted within the submission SLA window. <p>JD noted that the PAG had previously expressed mixed opinions on whether the merged or unmerged approach was preferable, but that following offline feedback it had been agreed that the PAGs preference was for the merged metric to be adopted. However, JD further noted that this preference was caveated by the need for data to be provided that clearly identified the reason for failure of the merged metric to assist trading parties identify where performance improvements were required.</p> <p>JD noted that following this offline feedback, the concept and theory of M04 was now agreed and that the focus of the PAG37 discussion would be on M06 (Lateness of overdue transfer reads) and that M09 (the proportion of estimated versus actual transfer reads) would be discussed at a future PAG meeting. Once all three of these metrics had been agreed, how the tools and potential financial penalties for each would be applied would be discussed together to establish a rounded view of how they would operate.</p>
<p>4.</p>	<p>M06 Lateness of overdue transfer meter reads</p>
	<p>JD outlined what the focus of the discussion would be on defining the theory of the proposed metric M06, which would measure the lateness of overdue transfer reads, and how the potential options being looked at for this metric linked to and built on M04.</p> <p>JD provided an overview of the scenarios covered by each of the two options under consideration for M06, and the potential benefits of each.</p>

The two options under consideration were:

- **Option 1: where M06 measured the lateness of missing transfer reads only.** This version of the metric would only look at instances where no read had been received and would not look at instances where a read had been received but: the read date was outside the read window; the read was submitted outside the submission window; the read date was outside of the read window and the read was submitted outside of the submission window.
- **Option 2: where M06 measured the lateness of all transfer reads that fail M04.** This version of the metric would look at where no read was received as well as where the read had been received but: the read date was outside the read window; the read was submitted outside the submission window; the read date was outside of the read window and the read was submitted outside of the submission window.

Option 1 Discussion

CS raised concerns that the way the metric was structured could, in some specific circumstances, encourage the wrong behaviours. The example given being where an actual read was submitted that replaced an estimated read outside of the eight-day window but before the report was run, which would then be recorded as a failure of the metric whereas simply leaving the estimated read in would be recorded as a pass. This point was noted, and it was suggested that this sort of example is something that could be looked at as part of the scenario testing for how the metrics would apply in practice.

GL observed that six weeks might not be the right window as this is also the deadline to issue a final bill post transfer and that it would be beneficial to shorten the window in order to give the outgoing retailer an opportunity to get a bill out based on the transfer read submitted.

While a view that retailers would likely have their own processes to close down accounts in place that kicked in at a point before that six week cut off, there was a greater level of support for a shorter window, which noted the Customer Protection Code of Practice which set the standard for a final bill at six weeks and that setting a shorter window for this metric would increase the chances that the final bill issued would be based on an actual read. It was suggested that the window could be shortened to four weeks.

Within the context of shortening the window for submission of a transfer read, JF commented that, as a general principle, there should be a consistent approach to the SLAs for late metrics being considered by the MPF Reform Programme.

JD welcomed this comment and the importance of a consistent approach but noted that the approach would need to be tailored depending on the nature of the activity and the extent to which late completion affected customers and other parties and suggested that this point

could be considered as part of conversations where the PAG would look at all of the metrics in the round.

JF requested that it would be useful to fuel these discussions with real world data and, in particular that it would be good to know what the timeframes are for transfer reads at present.

JD welcomed this suggestion and noted that she would look at whether she could share some relevant data (including transfer reads missing after four, five and six weeks) outside of the meeting.

TN noted a potential CMOS issue where a retailer is unable to enter a transfer read after the point the next cyclic read has been entered and that this might become a particular problem for this metric if and when the proportion of smart meters in the market increases and cyclic reads are entered on a monthly basis.

GB noted a similar CMOS issue relating to the ability to enter a transfer read after a meter exchange.

JD noted this point and stated that it would be one of the scenarios that was looked at.

Option 2 Discussion

JD outlined how Option 2 would operate, noting would review comprehensive lateness of transfer reads e.g. missed reads, late reads and late submitted reads.

JD noted the metric in this scenario would track everything as opposed to only tracking one scenario.

JF noted would like to see the granular data on how late something actually is but feel like M06 is really a slap on the wrist for how late you are for M04. Appears as double jeopardy and highlighted need to focus on the more extreme late ones.

CS noted really late ones could be included in a dashboard or holistic report that shows the market what performance is like and who has the really big problems.

TN queried what impact this has on other metrics, and enquired if this encourages a retailer to put in far more estimates rather than actuals.

TN highlighted need to ensure whatever put in for M04 and M06 does not incentivise parties to put in estimates because it's better to put that in and incur a penalty rather than get an actual in late.

JD questioned whether there is an unusual volume of estimated reads and what the trigger is, noting only certain circumstances permit the use of an estimate.

TN noted different behaviours highlighting parties could enter one attempt.

GL enquired if it would be better to change the Code so estimated reads not allowed. As outgoing and incoming retailer can use CMOS numbers in absence of an actual (Visual, Customer or Remote) read.

CS highlighted CPW130 tried to get better visibility for why people are using estimated reason codes and market now has better visibility.

AB noted preference for a greater penalty the later the read they submit is. However new to ensure M09 right to avoid perverse incentives.

AB enquired if there is more work to be done to review what is driving the level of estimates given it is still high.

EJ noted could design the penalty to be higher toward the 6-week mark and low or negligible at the couple days mark.

AR highlighted whilst feedback largely focussing on potential financial incentives, CS mentioned potential peer comparison and the need to consider what gives the best signal to customers about what we are looking at as a market. What gives them the best understanding of true performance.

SF noted need for caution as it could have a very detrimental impact on the customer, particularly small customers and those with minimal/poor reading history.

SF acknowledged CMOS data is not where it needs to be to make it a viable option for all customers, and especially in cases where we lack data and there is difficulty with reading the meter, this could make it unreasonably expensive for some customers to switch.

Following discussion, PAG attendees agreed unanimously that they were in favour of the adoption of Option 1.

JD enquired whether a dashboard for all of the performance measures per Option 2 would be useful.

JF noted potentially a market indicator to start with.

TN noted agreed however need to be careful as there are potentially a number of reasons why a transfer read might not be submitted.

	<p>TN further noted when reviewing M04, M06 and M09 in the round need to ensure not unintentionally creating an impediment to switching because of the potential risk of failure. Highlighting, if retailers not going after customers because of the potential cost of reads and costs of failure on these metrics then we have probably lost sight of what we are trying to achieve in this market.</p>
<p>4.</p>	<p>Upcoming PAG workshop(s) & AOB</p>
	<p>CD provided an overview of the upcoming scheduled PAG workshops.</p> <p>CD further noted there would potentially be a rounded discussion on the interaction of M04, M06 and M09 at a June workshop.</p> <p>CD noted that Part B of the MPF Reform Code changes was unanimously recommended for approval at the 14 May Code Change Committee.</p> <p>There being no further business, CD closed the meeting.</p>