

Market Performance Framework (MPF) Reform

Part C – key performance indicators

17 July 2024

A photograph of a person's hands typing on a laptop keyboard. The laptop screen displays a presentation slide with a light green background. The slide features the text 'MARKET VALUE ADDED' in large, bold, black letters, centered and separated by horizontal lines. Below this text are several hashtags: '#search #business #concept #keywords #design #innovate'. The laptop is resting on a wooden desk.

MARKET
VALUE
ADDED

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

Agenda

	Item	Presenter	Time
1	Welcome & update	Miles Robinson (Chair)	5 mins
2	Non-Market Meter Read Metrics <ul style="list-style-type: none">• M19 Cyclic non-market meter reads performed within SLA• M21 Lateness of overdue cyclic non-market meter reads	Abby Jackson	60 mins
3	Updates to plan & budget	Miles Robinson	20 mins
4	Upcoming PAG workshop(s) & AOB	Miles Robinson	5 mins
			Total: 1.5 hours

Housekeeping



Welcome all - Please introduce yourself in the chat



Workshop format – Input and feedback needed



We will allow time for questions

Chat and Questions mpreform@mosl.co.uk



MOSL Website for [Agenda, Minutes & Slides](#) -
Minutes format to change due to cadence.

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Cyclic Read Metrics – M19 & M21

PAG

17 July 24
Abby Jackson

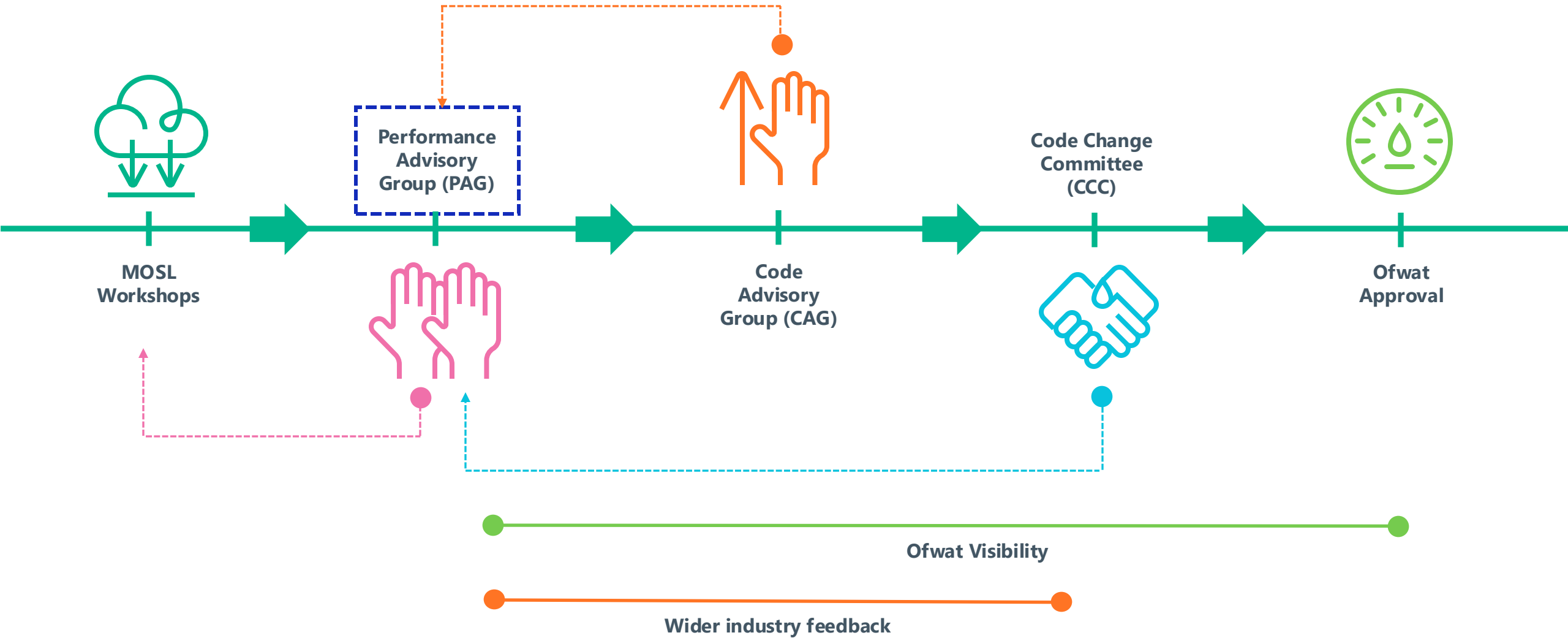


Agenda

- Metrics high level journey
- PAG input
- Influence & benefits
- Metric design journey
- Cyclic read KPIs
- Code obligations
- Current MPS performance
- Consultation feedback
- Problem statements & observations
- M19 Metric design
- M21 Metric design



Metrics – High Level Journey



PAG Input

What do we need from PAG members?



Feedback on the metric **concept**

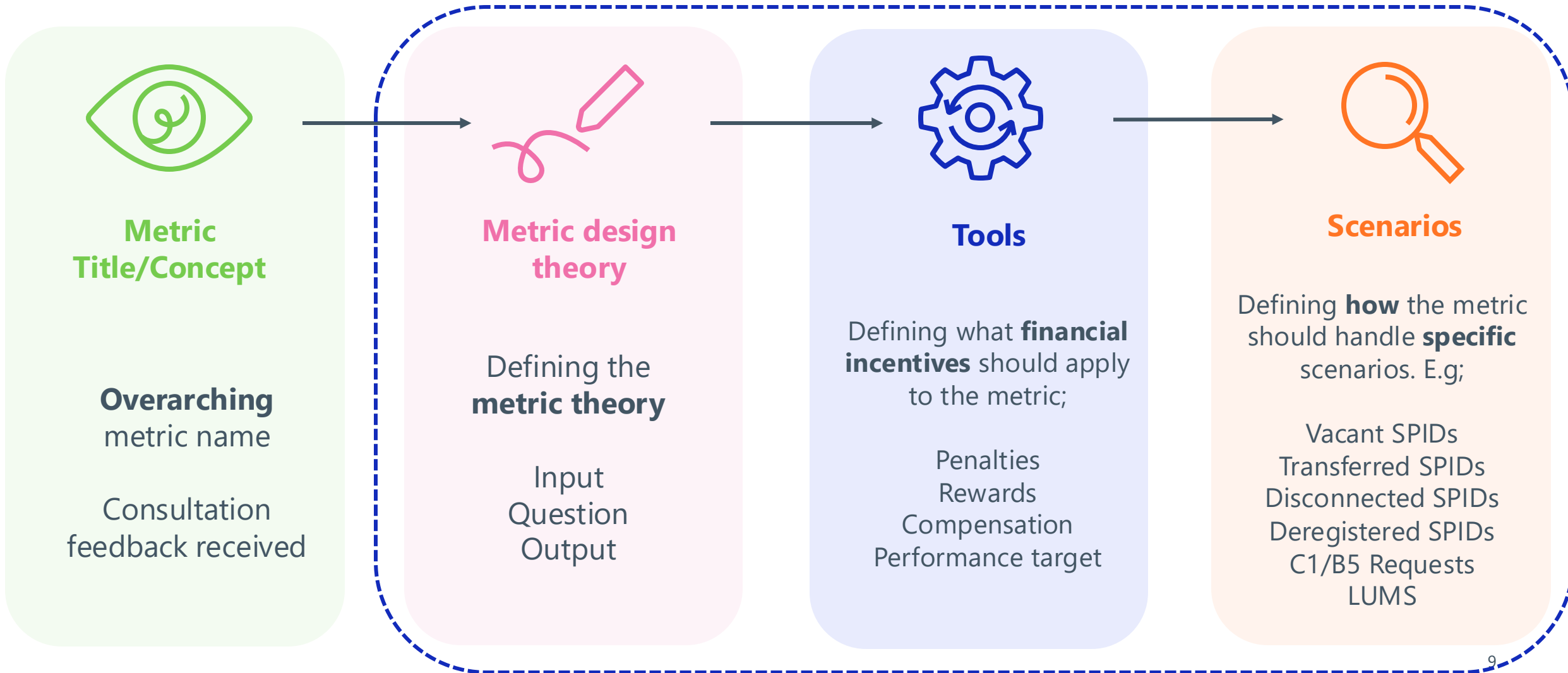


Feedback on whether new metric options measure and track the right **activities**



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


Metric Design Journey




Cyclic Read KPIs Overview

What are we focussing on today?

Today's KPIs

 **M19** – Cyclic non-market meter reads performed within SLA (biannual or monthly)

 **M21** – Lateness of overdue non-market cyclic meter reads

Associated KPIs



M02 – Proportion of smart meters read



M01 – Cyclic meter reads performed within SLA (biannual or monthly)



M07 – Proportion of consumption from cyclic meter reads performed within the biannual or monthly Service Level Agreement (SLA)



M03 – Lateness of overdue cyclic meter reads



M20 – Proportion of consumption from cyclic non-market meter reads performed within the biannual or monthly Service Level Agreement (SLA)

M19 & M21 Influence & Benefits



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

Cyclic reads for non-market meters to be submitted in **frequent & consistent** intervals by the Wholesaler



What is the **Customer Benefit**?

Customer receives an **accurate bill** with non-market meter consumption deducted from their bill



What is the **Trading Party Benefit**?

Accurate bills limit the volume of **customer contact and rebilling** required, promotes accurate **settlement** calculations and supports **water efficiency initiatives**

As Is – Code obligations

3.5.2 The **Wholesaler** shall provide Regular Cyclic Reads to the Market Operator for all **Non-Market Meters** as follows:

- (a) the minimum Regular Cyclic Read frequency for **Twice-yearly** Read Meters that are Non-Market Meters shall be at intervals of between one hundred (100) and one hundred and forty (140) Business Days, provided that there are **at least two (2) such Meter Reads in every period of twelve (12) Months**; and
- (b) the minimum Regular Cyclic Read frequency for **Monthly** Read Meters that are Non-Market Meters shall be at intervals of between fifteen (15) and twenty five (25) Business Days, provided that there are **at least twelve (12) such Meter Reads in every period of twelve (12) Months**.

MPS13 (Biannual NMM)

Time parameter 1: 140BD (£0)
Time parameter 2: 160BD (£40)

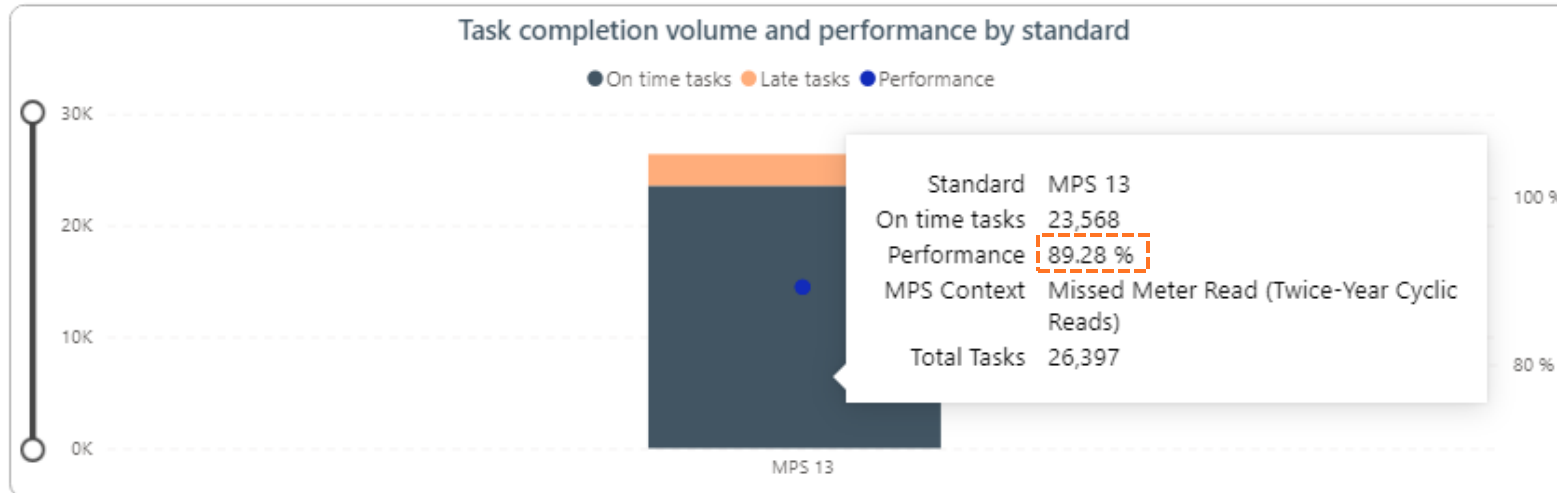
MPS14 (Monthly NMM)

Time parameter 1: 25BD (£0)
Time parameter 2: 40BD (£40)

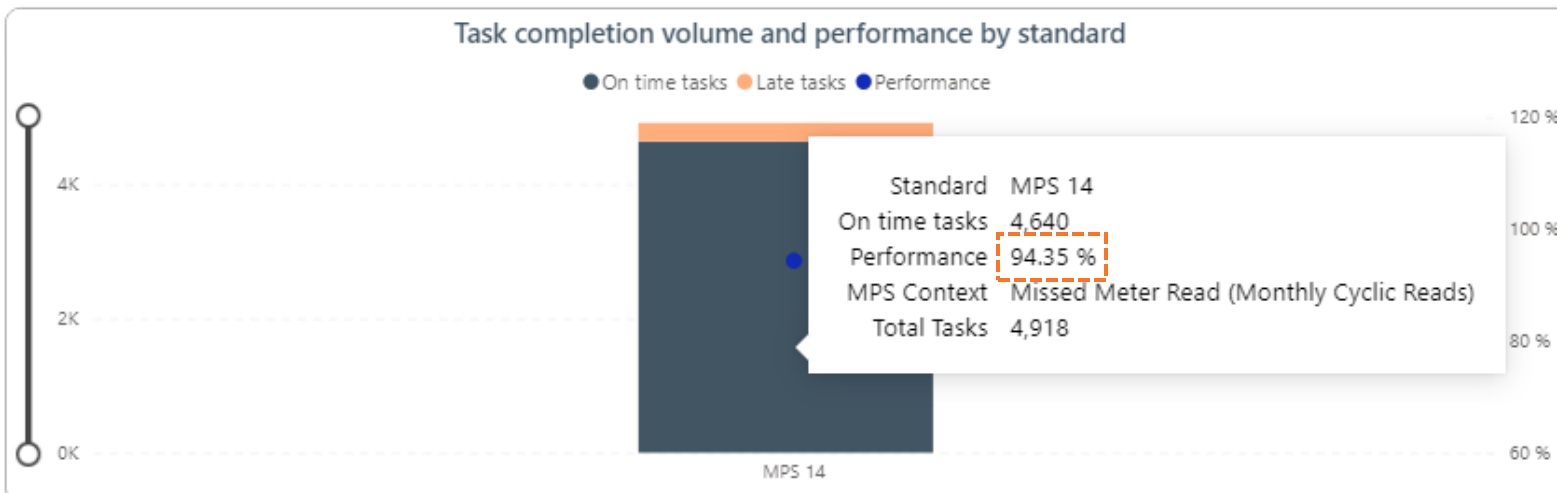
Clock starts/reset at:

- Go live date
- Last meter read date
- Initial read submission date
- Date of MPS charge for time parameter 1 OR time parameter 2

Current MPS Performance



NMM make up approx. **0.7%** of all market & non-market meters (9k vs 1.2m)



Performance is consistently high for both metrics

Consultation feedback

We feel there is **too great a focus** on Non-Market Meters

The **SLA** for non-market cyclical reads is shorter than market cyclical reads

There should be the provision in CMOS to add **skip code reasons**

If there is an **outstanding B5 or C1** on a long unread meter then the retailer will not receive a penalty, but bilateral forms do not get raised for issues with non-market meters. It should therefore be considered if this is a fair metric.

Non market meters are problematic especially to NHH customers in the market and the simplest way to resolve these customer issues is to ensure that **non market meters are read at the same time as market meters**

Problem Statements & Observations

Complex design – clock resets at multiple stages

No incentive to **rectify missed** reads

Inconsistency across current market & NMM MPS time parameters & penalties

New design should encourage more **regular** cyclic readings – align to biannual & monthly obligations

Data limitations in CMOS mean certain scenarios are not excluded (e.g. **vacant** meters)

Currently no '**fail allowance**' as for market meters

Biannual meters		Time parameters		Penalty	Fail allowance
MPS13	NMM	1: 140BD	2: 160BD	£40	0%
MPS18	MM	1: 200BD		£10	5%

Monthly meters		Time parameters		Penalty	Fail allowance
MPS14	NMM	1: 25BD	2: 40BD	£40	0%
MPS19	MM	1: 25BD	2: 40BD	£20	5%

M19 Metric Design



M19

Cyclic non-market meter reads performed within SLA

Should we **replicate** the metric design for **M01** for M19?

M01

Cyclic meter reads performed within SLA



- ✓ **All meters** checked every month
- ✓ Report looks back **7 calendar months** for biannual meters
- ✓ Report looks back **1 calendar month** for monthly meters
- ✓ Success criteria: At least **1 cyclic read** dated within the SLA
- ✓ Fine per failure below **minimum performance standard**
 - ✓ **10BD** submission window applies
 - ✓ Meter **read types**: C, U, T, I, X, Y

- Should the **SLAs** be replicated from M01?
(7 months/1 month)
- Should the **financial tool & penalty** be replicated from M01?
(Fine per failure; £TBC)
- Should the '**minimum performance standard**' differ from M01?
(lower to account for vacant meters or C1/B5?)
- Should there be any **exclusions/caveats**?
C1 & B5 / Vacant market meters
- Should the NMM **frequency be aligned** to the market meter frequency?

M21 Metric Design

M21

Lateness of overdue cyclic non-market meter reads



Should we **remove M21 as a KPI deliverable, replicating** the decision on **M03?**

M03

Lateness of overdue cyclic meter reads



- ✓ Removed as a KPI due to the **goals of M03 being achieved within M01**
- ✓ Monthly financial incentive to **rectify missed reads**
- ✓ Ideas captured to deliver M03 as an **additional metric/market indicator** to provide relevant insight into cyclic meter reads

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Headlines

- Programme previously on target for cost and quality, but time 'at risk'
- Following detailed review, Steering Group has agreed to phased delivery (next slide); time returns to 'on target' on this basis
- First of five parts of programme (Governance) now approved by Ofwat. Second part (Non-financial metrics) currently awaiting approval
- We have 'trued up' the budget and reviewed what will be delivered in 2024/25
- Recent survey showed very high level of awareness of programme and strong engagement
- Consultation 4 - financial incentives and penalties - is now live. Pre-reading documents issued for 'early sight'
- Workshops and conversations to identify which metrics may be used for Ofwat's Business Customer and Retailer Measure of Experience (BR-Mex) are progressing well.

Part C: delivering in phases

Phase 1: priority KPIs & BR-Mex

- **M01** - Cyclic meter reads performed within SLA (biannual/monthly)
- **M04/05** - Proportion of transfer meter reads performed/submitted within SLA
- **M06** - Lateness of overdue transfer meter reads
- **M09** - Proportion of transferred SPIDs with estimated reading
- **M12** - Proportion of premises address data accuracy
- **M15** - Average lateness of failed SLAs for bilateral Requests
- **M18** - Proportion of SLAs for bilateral requests completed on time
- **M19** - Cyclic non-market meter reads performed within SLA (biannual or monthly)

To go live: April 2025

Phase 2: lower-priority KPIs

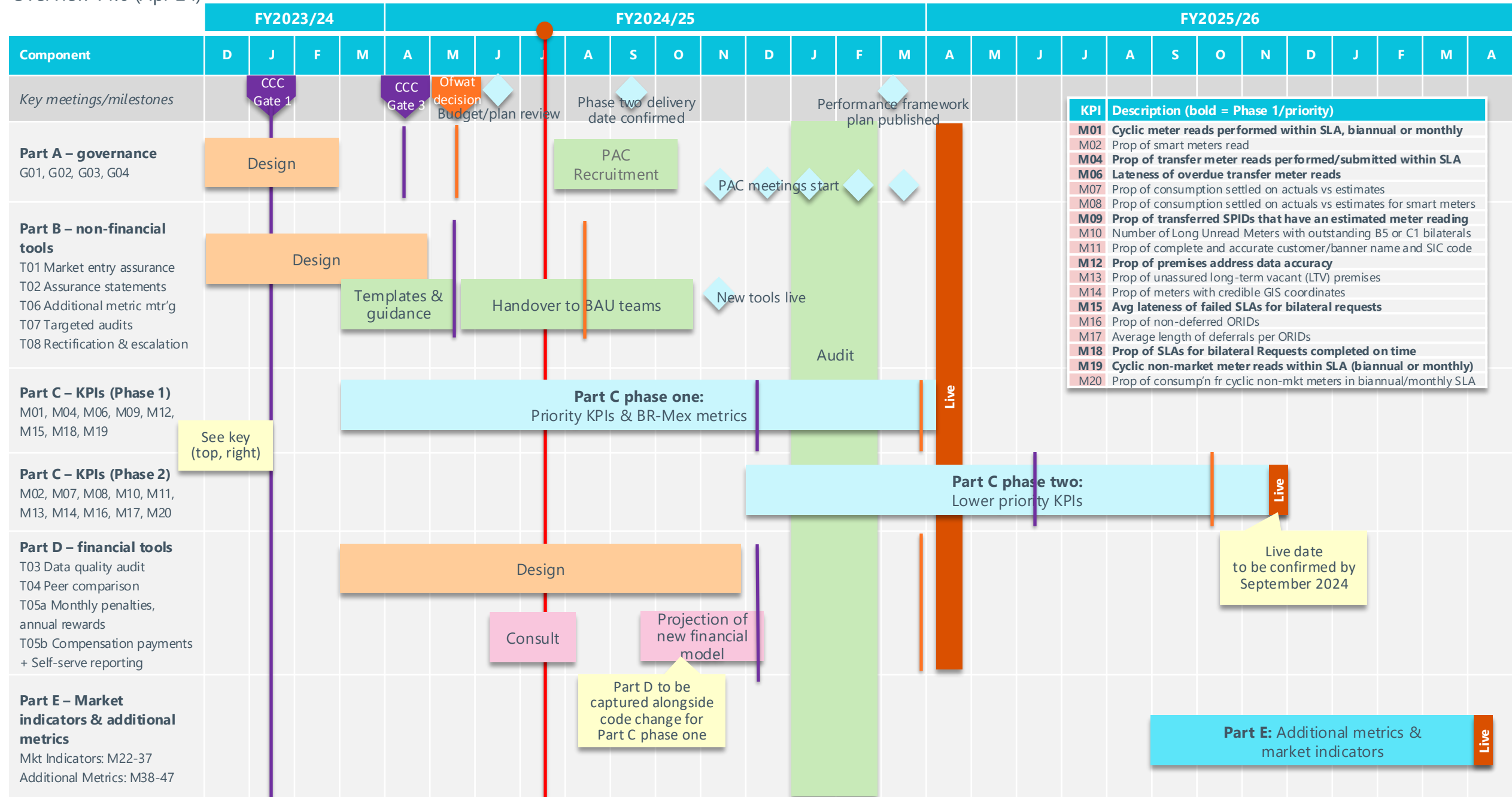
- **M02** - Proportion of smart meters read
- **M07** - Proportion of consumption from cyclic meter reads performed within the biannual or monthly Service Level Agreement
- **M08** - Proportion of consumption settled on actuals vs estimates for smart meters
- **M10** - No of Long Unread Meters with outstanding B5 or C1 bilateral
- **M11** - Proportion of complete and accurate customer name/banner name and Standard Industry Classification (SIC) code
- **M13** - Proportion of unassured long-term vacant (LTV) premises
- **M14** - Proportion of meters with credible GIS coordinates
- **M16** - Proportion of deferred ORIDs
- **M17** - Average length of deferrals per ORID
- **M20** - Proportion of consumption from cyclic non-market meter reads performed within the biannual or monthly SLA

To go live: post April 2025

November 2024 (TBC)

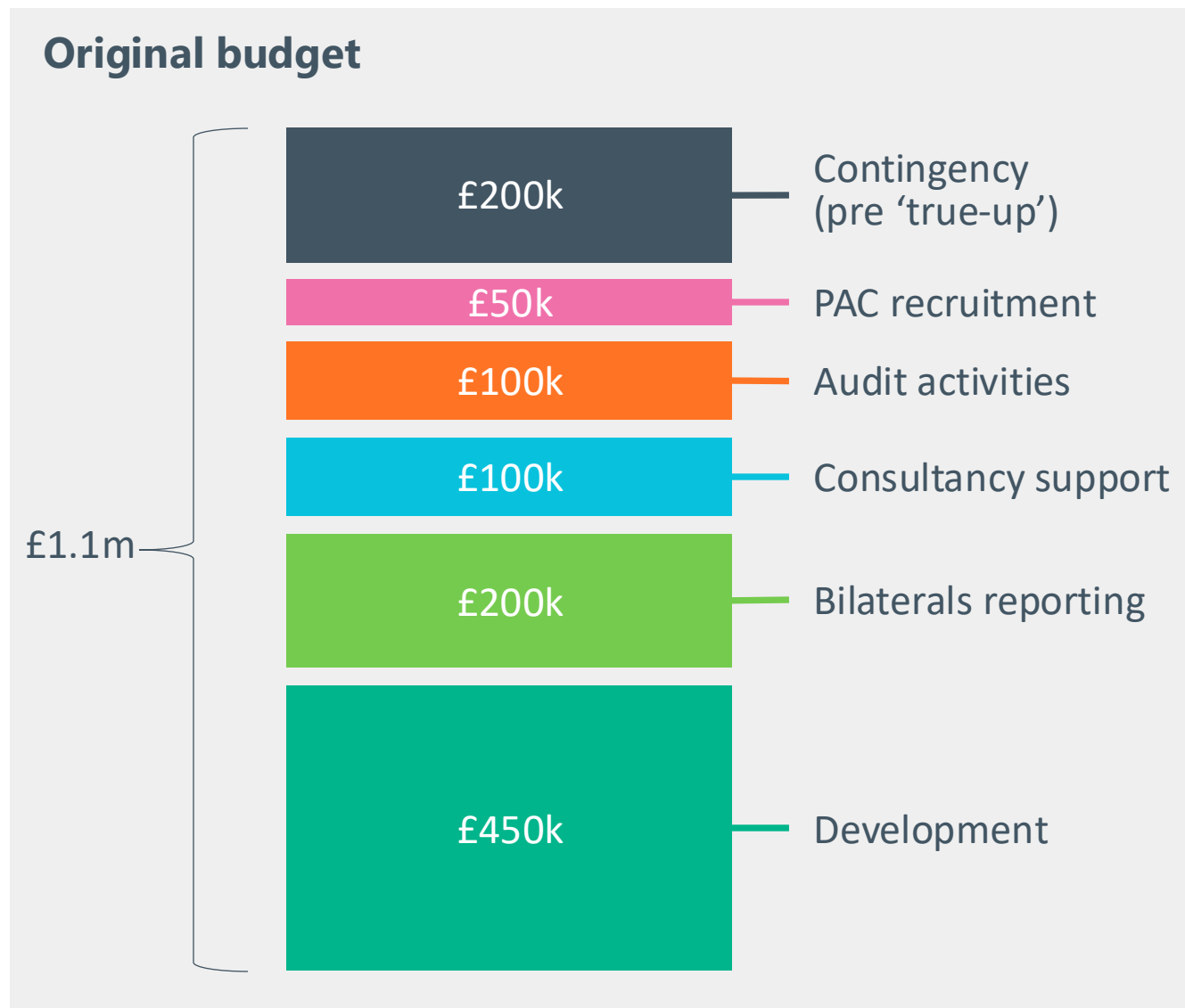
MPF Plan-on-a-page

Overview v4.0 (Apr 24)



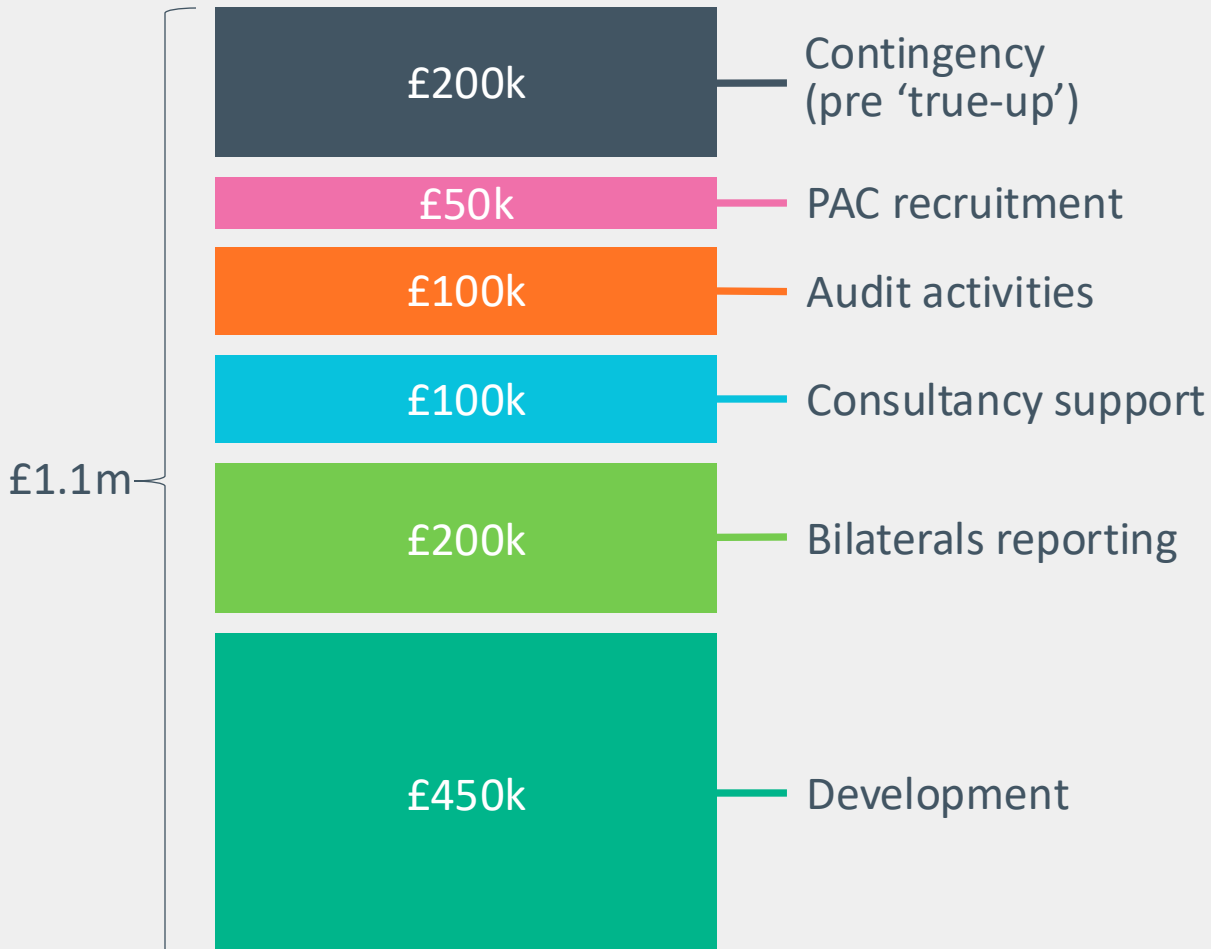
'Trued up' budget

- We committed to review the budget for the programme in June, which we shared Steering Group in June
- As part of this review, we aimed to determine a more accurate view of cost for each area
- Any risks/opportunities formed part of individual contingency for each area with the general contingency removed
- We will use the revised budget to track against for the remainder of the programme.

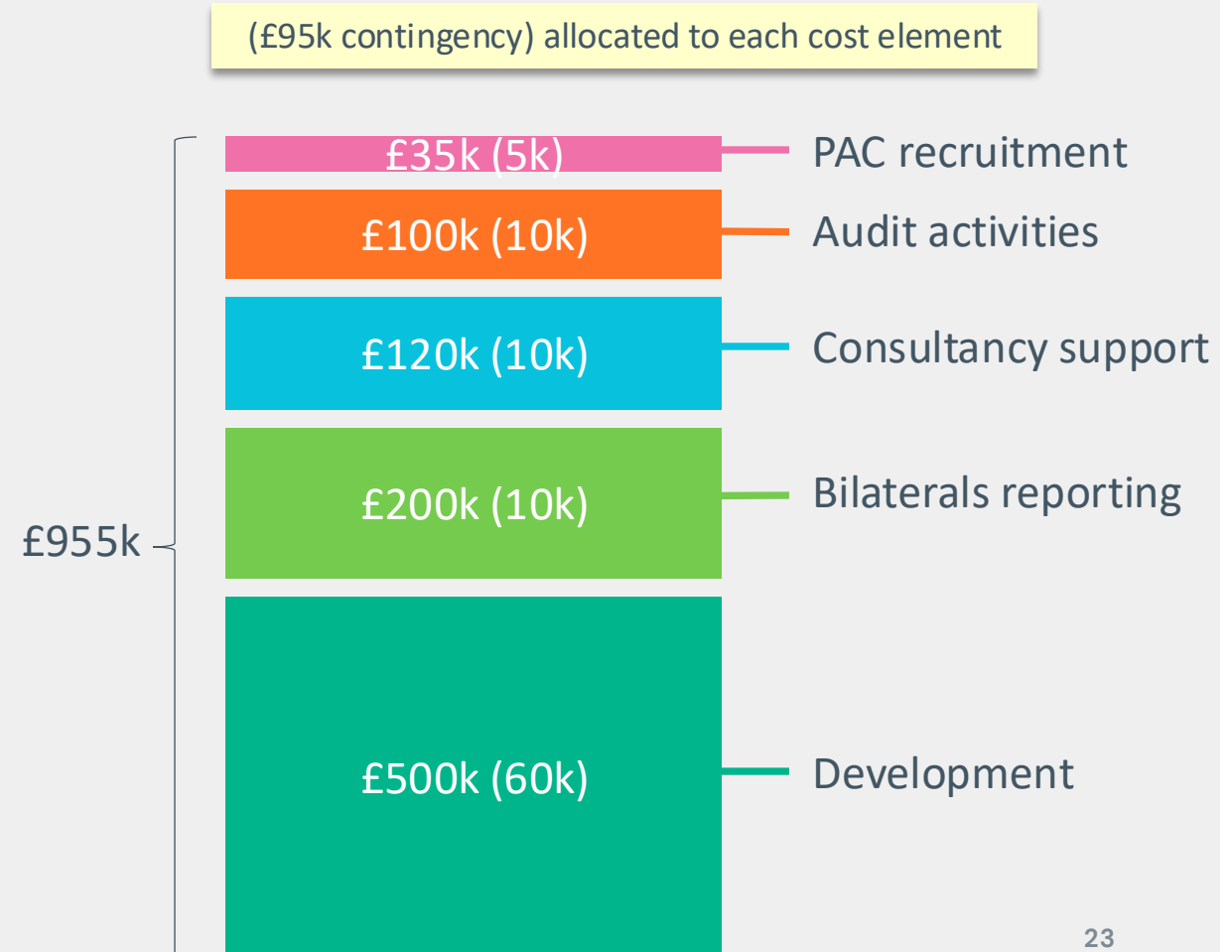


'Trued up' budget

Business case: £1.1m

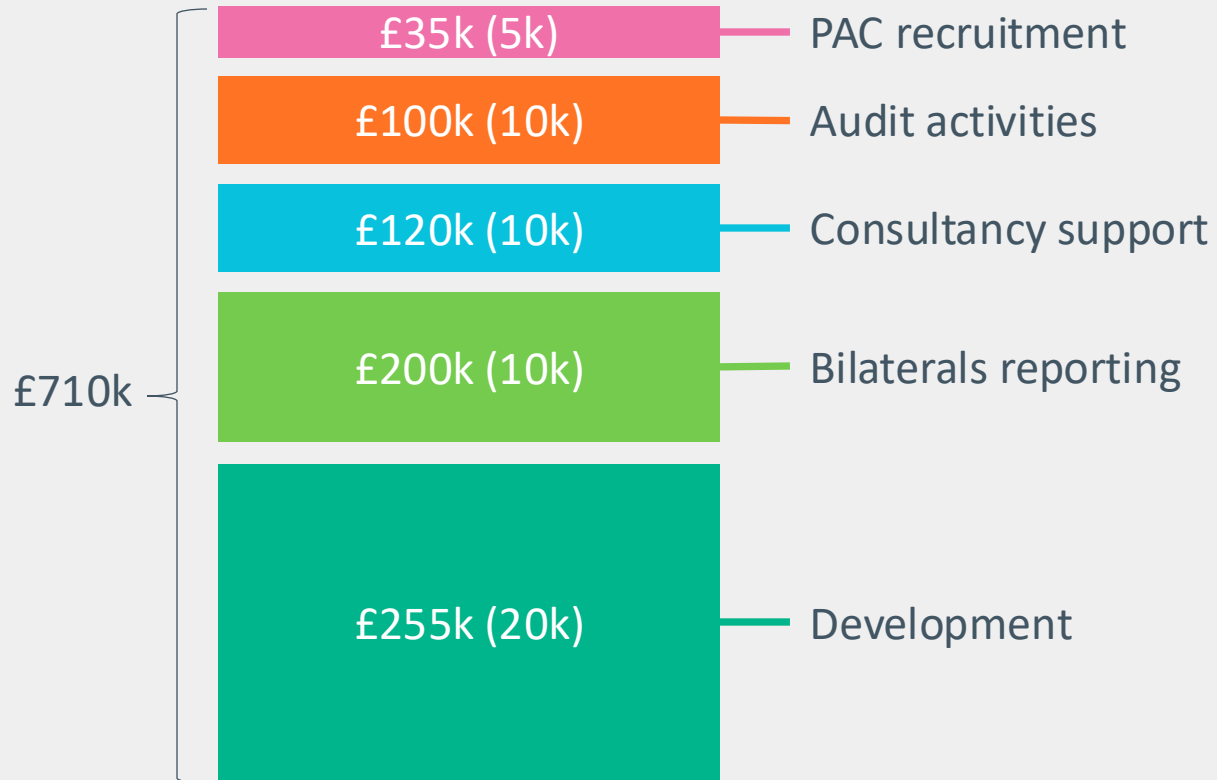


June review: £955k

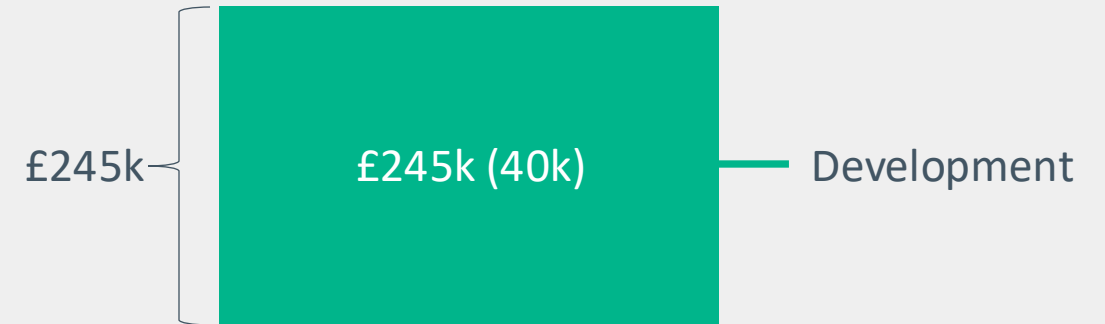


'Trued up' budget - FY view

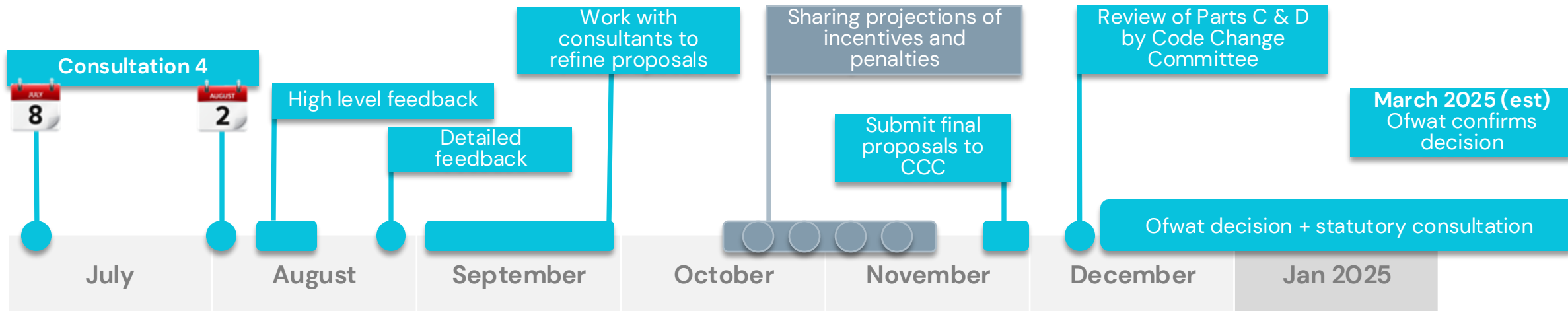
Year 1 (FY2024/25): 710k



Year 2 (FY2025/26): 245k



Consultation 4 and beyond



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Upcoming PAG workshop(s)

Date	For discussion	Detail
17th July	MPF Metrics*	M19 - Non-market meter reads performed within SLA (biannual or monthly) & M21 Lateness of overdue non-market meter reads
17th July	Consultation 4	Webinar to discuss consultation 4 and take any initial questions/clarifications
25th July	MPF Metrics*	M15/18 – Average lateness of failed SLAs for bilateral Requests & M18 Proportion of SLAs for bilateral requests completed on time
31st July	MPF Metrics*	M19 - Non-market meter reads performed within SLA (biannual or monthly) & M21 Lateness of overdue non-market meter reads
7th August	MPF Metrics*	M15/18 – Average lateness of failed SLAs for bilateral Requests & M18 Proportion of SLAs for bilateral requests completed on time

AOB

MOSL

mpfreform@mosl.co.uk



Moving to MyMOSL portal



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

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.