

Market Performance Framework (MPF) Reform

Part C – key performance indicators

11 September 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, with each word on a separate line. Below this text are several hashtags: '#search #business #concept #keywords #design #innovate'. The laptop is resting on a wooden desk.

MARKET
VALUE
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#search #business #concept
#keywords #design #innovate

Agenda

	Item	Presenter	Time
1	Welcome & update	Chris Dawson (Chair)	10 mins
2	Reporting the Bilateral KPIs <ul style="list-style-type: none">M15 Average lateness of failed SLAs for bilateral RequestsM18 Proportion of SLAs for bilateral requests completed on time	Oli Robins	40 mins
3	Upcoming PAG workshop(s) & AOB	Chris Dawson	10 mins
			Total: 1 hours

Housekeeping



Welcome all - Please introduce yourself in the chat



Workshop format – Input and feedback needed



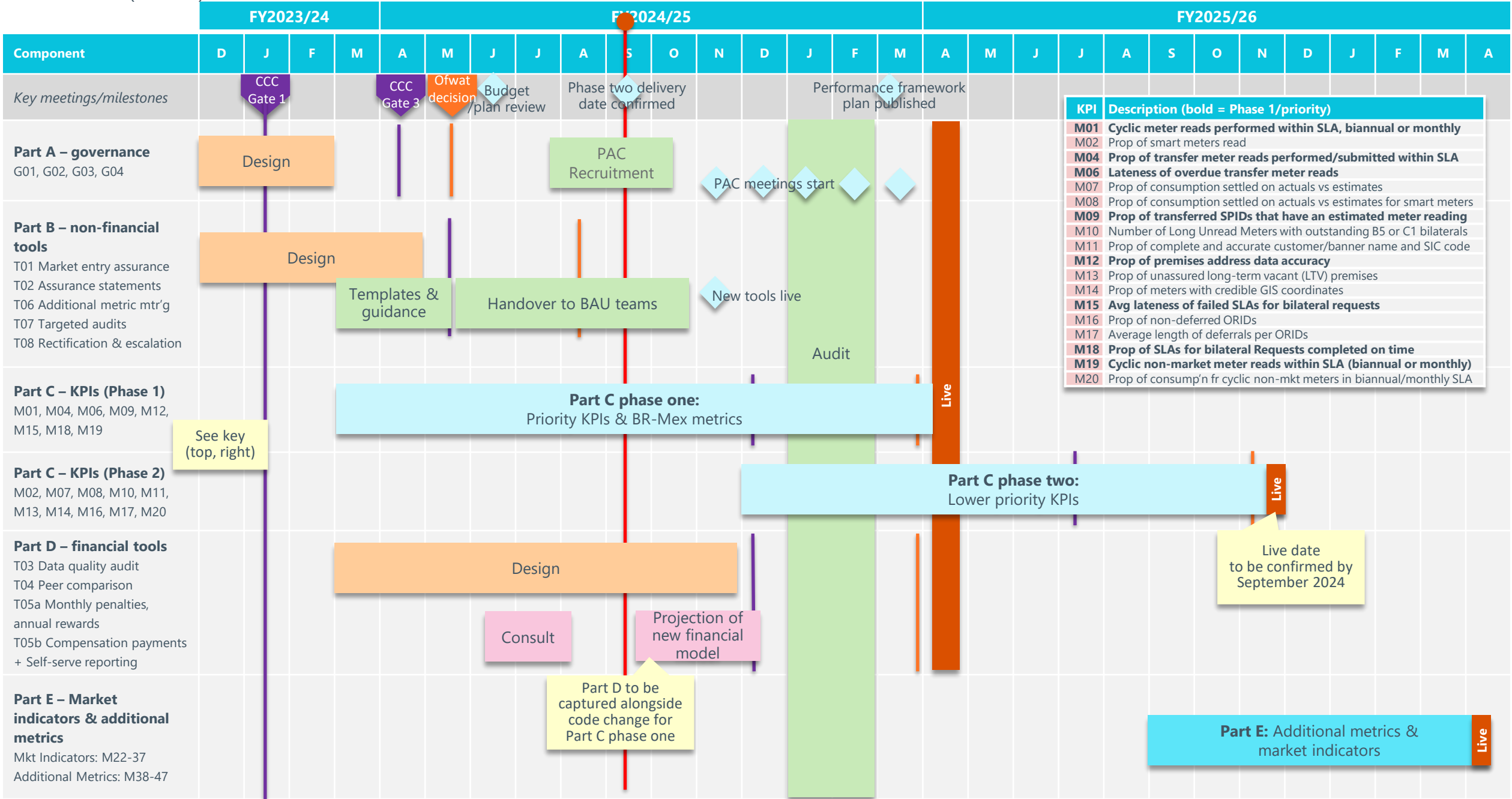
We will allow time for questions
Chat and Questions mpreform@mosl.co.uk



MOSL Website for [Agenda, Minutes & Slides](#)

MPF Plan-on-a-page

Overview v4.0 (June 24)



Agenda

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1	Welcome & update	Chris Dawson (Chair)	10 mins
2	Reporting the Bilateral KPIs <ul style="list-style-type: none">• M15 Average lateness of failed SLAs for bilateral Requests• M18 Proportion of SLAs for bilateral requests completed on time	Oli Robins	40 mins
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			Total: 1 hours

Market Performance Framework (MPF) Reform

PAG workshop on Bilateral Requests Key Performance Indicators (M18 & M15)

14 August 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, grey hashtags: '#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
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#search #business #concept
#keywords #design #innovate

To cover

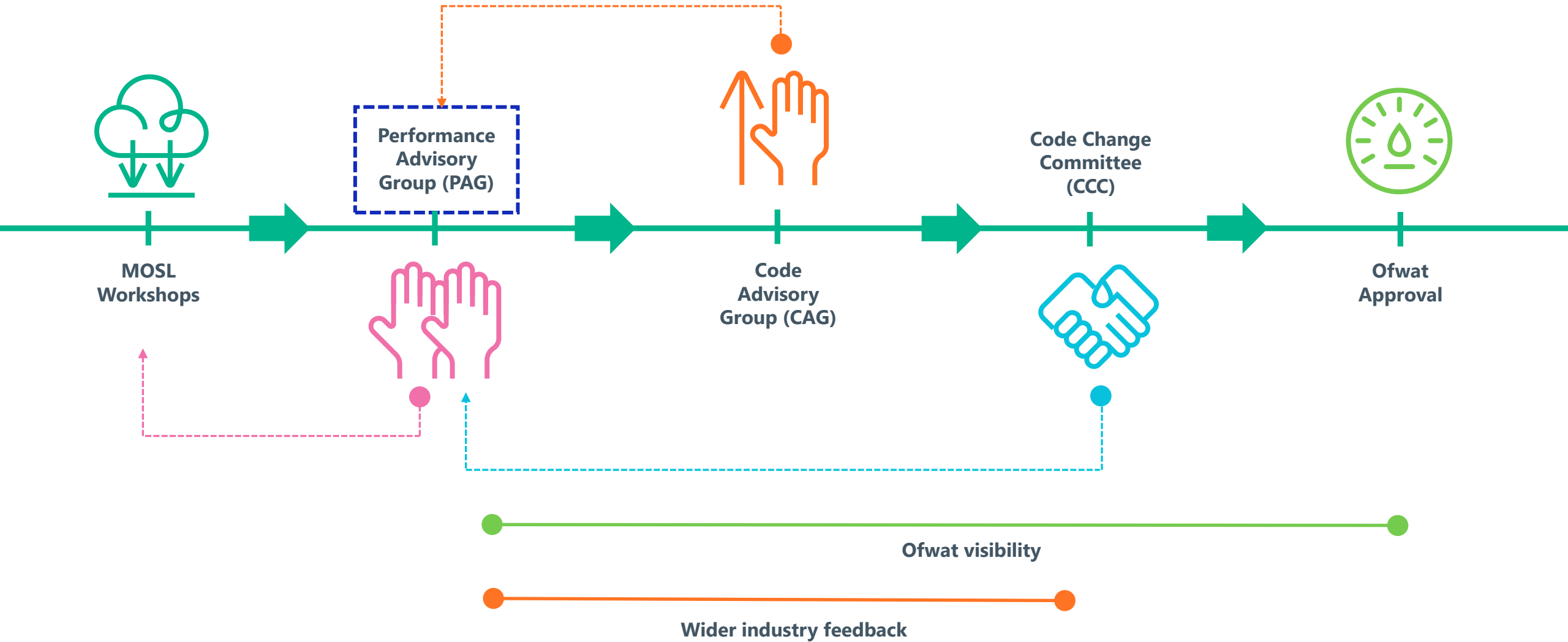
- Continue discussion of proposed tools (+ BR-MeX)
 - Outline of reporting and financial incentives
 - Initial consultation 4 feedback
 - Not discussing scale of charges today



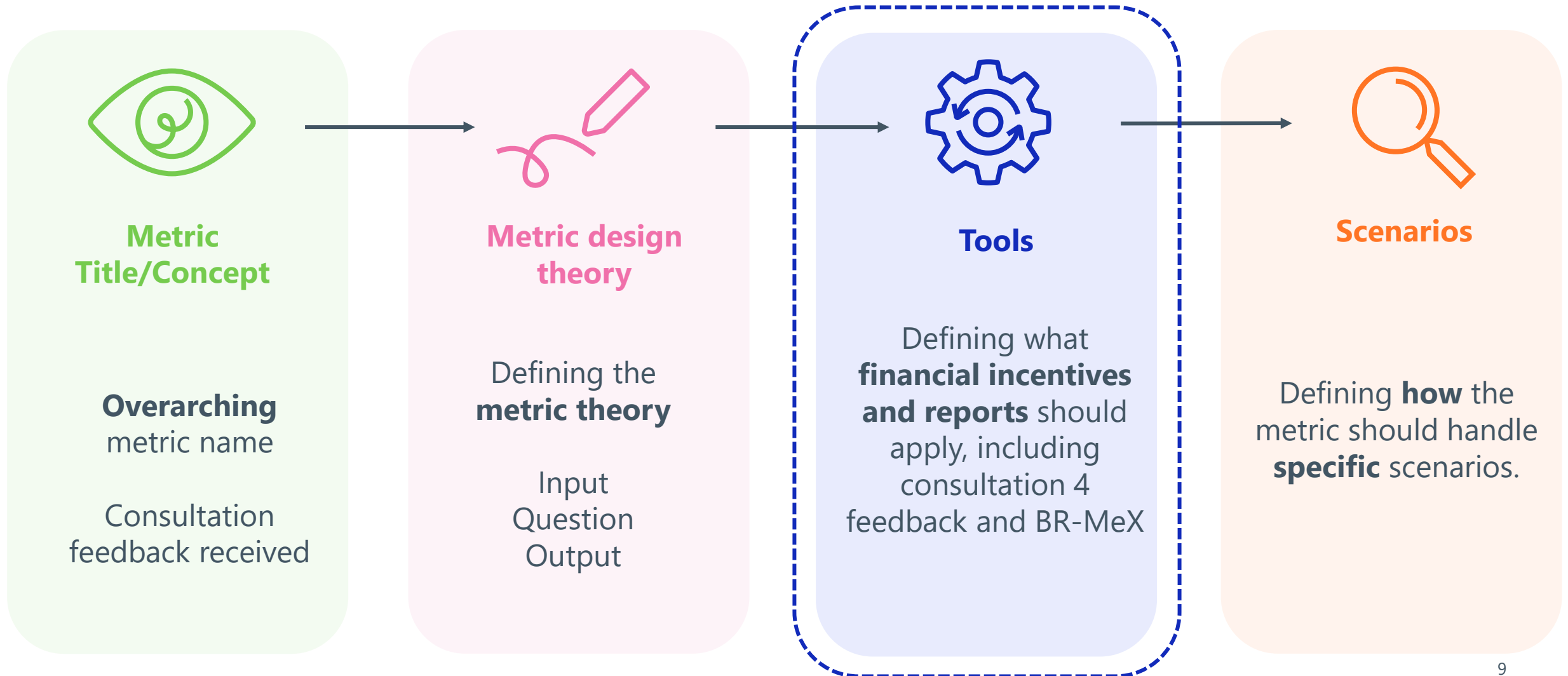
Seeking PAG feedback on application and design of tools for M15 and M18



Metrics – High Level Journey



Metric Design Journey



Financial Tools for M15 and M18

KPI Design Summary

Requirement	M18: % of SLAs completed in month that are completed on time	M15: total and average days late for late SLAs
Input	All SLAs* completed in reporting month	All SLAs* overdue and outstanding at end of reporting month and all SLAs completed late in reporting month
Notable Inclusions	SLAs on cancelled Requests IF cancellation occurred after SLA completion, and completed SLAs on resubmitted requests	As per M18
Exclusions	SLAs on rejected Requests and SLAs where time-out has occurred at the request for information stage (as per OPS today), and SLAs on cancelled Requests IF cancellation occurred before SLA completion.	As per M18
Query Performed	For each completed SLA, check if the SLA been completed in the allowed time, allowing for permitted deferrals.	For each overdue and outstanding SLA and all SLAs completed late, calculate the number of days the SLA is beyond the allowed time, allowing for permitted deferrals
Outputs	Peer comparison reports and MPF financial tools and/or BR-MeX, based on the % of completed SLAs completed on time + Task reports	Peer comparison reports and MPF financial tools and/or BR-MeX, based on the total and average days late for late SLAs + Task reports

Key industry feedback

- ✓ M18 successes and failures and M15 lateness will be reported from SLA completion instead of waiting for request closure.
- ✓ M15 lateness will include what is overdue and outstanding, not just completed late.

*For simplicity, the OPS SLAs are being prioritised. However, the KPI will be able to accommodate any future changes to what is made reportable in the Hub and escalated to the level of MPF reporting.

Questions for PAG on reporting

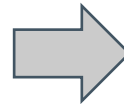
M18: % of completed SLAs completed on time

M15: total and average days late for late SLAs

Questions	Suggestions
What does the subject trading party need to see in/obtain from reporting?	<ul style="list-style-type: none"> • Aggregate M18 performance per month, and aggregate M15 performance per month. • Volumes of tasks and breakdowns by process. • Underlying data on M18 and M15 (line by line view for each SLA) and where charges are being incurred. • Performance standards.
What does the PAC need to see in/obtain from peer comparisons?	<ul style="list-style-type: none"> • Aggregate M18 performance per month, and aggregate M15 performance per month, for each party. • Volumes of tasks and breakdowns by process, for each party. • Performance standards.
What do trading parties need to see in/obtain from peer comparisons?	<ul style="list-style-type: none"> • Aggregate M18 performance per month, and aggregate M15 performance per month, for each party. • Volumes of tasks and breakdowns by process...? • Performance standards
What do customers need to see in/in/obtain from peer comparisons?	<ul style="list-style-type: none"> • Do customers need to see and understand proportions and averages when viewing aggregate M18 performance per month and aggregate M15 performance per month? • Are qualitative statements on who is above or below standard or simple rankings sufficient?
Does MPF reporting need to do anything different if M18 and M15 are in BR-MeX?	<ul style="list-style-type: none"> • Do customers need to see and understand proportions and averages when viewing aggregate M18 performance per month and aggregate M15 performance per month? • Are qualitative statements on who is above or below standard or simple rankings sufficient?

Feedback so far

- We should start with ultimate transparency first – then identify what is not required or needs tailoring for different audiences.
- Better transparency for customers should ultimately increase the competitiveness of the market. Some consumers ask to see the data behind the data.
- Customers should be able to interpret reports in the context of their own experience. Risk of reports showing an overly positive spin.
- Suggestion to contextualize M18 and M15 by average days taken for completed requests (all areas of request journey). This could be presented at a high level (all market and process averages) but drawn out per party and process for PAC purposes.
- Need to ensure customer reporting is not overly complex. Risk of losing the key messages.



B1 - Installation of a Meter Average Days Taken for Completed Requests in Month

	Avg Days	
Additional days taken to complete the request outside the wholesalers control	2 Days	Waiting for More Information From Retailer
	1 Day	Unable to Contact Customer
	1 Day	Resubmission By Retailer
	1 Day	3rd Party Consent
Days taken to complete the request within the wholesalers control	23 Days	Wholesaler Target 25 Days
Total Average Days	28 Days	

Further suggestions or observations?

Questions for PAG on financial tools

Questions	IF M18 and M15 ARE NOT included in BR-MeX	IF M18 and M15 ARE included in BR-MeX
Should Wholesalers be financially penalised under the MPF for failing to achieve SLAs?	Yes.	No. Double jeopardy for MPF penalties to apply as well as BR-MeX incentives.
Should every failure on M18 be penalised, or should penalties be applied where performance is below standard?	Not every failure will be financially penalised, only where monthly performance is below standard. See slide 17&.	N/A. Double jeopardy for MPF penalties to apply as well as BR-MeX incentives. Regarding BR-Mex, different options for M15 and M18 have been discussed. It is possible that M18 and M15 would be combined.
Should every day late on M15 be penalised under the MPF, or should penalties be applied based on average lateness?	Yes. Every day overdue and outstanding will be penalised so there is no benefit in accommodating additional short failures to lower the average lateness. See slide 18 and 19.	As above.
Should charges be applied for all SLAs in M18 and M15 or a subset only (e.g., B5, C1)	For simplicity, it is proposed that all SLAs contribute towards charging.	N/A. Double jeopardy for MPF penalties to apply as well as BR-MeX incentives. Regarding BR-Mex, it is possible that that M18 and M15 would be normalised, so all SLAs types are counted but in reference to the permitted SLA.
Should Wholesalers be rewarded under the MPF where performance is above an outstanding standard?	Yes. It is proposed that an outstanding performer could qualify for an outperformance payment at years' end. See slide 17.	No. Double jeopardy for MPF outperformance payments to apply as well as BR-MeX incentives.
Should Retailers be compensated under the MPF for Wholesaler underperformance?	Possibly but not from implementation. Penalties are simpler but the case for compensation instead/as well may be stronger in the future. Having both types apply on the same KPI is not automatically considered double jeopardy as they serve different purposes (primary function of compensation is to reimburse an impacted party, whereas penalties are designed to incentivize performance) and it could be conceived as one charge being split two ways.	Possibly. Having compensation under the MPF and other incentives under BR-MeX penalties is not automatically considered double jeopardy as they serve different purposes (primary function of compensation is to reimburse an impacted party, whereas BR-MeX is designed to incentivize performance) and the value of compensation payments under the MPF would be far lower.

*References to slides from PAG 51 deck (4th September)

Feedback on financial tools so far

- Charging for each day late on M15 is more sensible than charging for average lateness, but the BR-MeX charging proposal is preferred.
- Ongoing action to better understand long outstanding requests and why they have not been closed – identifying reasons for lateness will help to ensure that penalties are set fairly (re. M15).
- Research conducted with business customers on their wholesaler services reflects the sentiment that outperformance payments should be reserved for truly exceptional performance only (re. M18).
- Performance standards should not be determined with the view of ensuring funds for an outperformance payment. Standards should be set where you need performance to be from the customer's perspective (end outcomes).
- A better concept of outperformance is one that looks at completing tasks quicker than minimum standard, not meeting the minimum standard X% of the time. However, checks and balances are needed to ensure quality is not sacrificed for speed.
- Compensation will undermine collaboration between parties and rationale provided thus far does not address the risk of double jeopardy where penalties or BR-MeX incentives are also proposed to apply.
- Real data needs to be modelled to confirm the designs.

Next steps

- MOSL to circulate summary document of M15 and M18 proposed KPI design
- Further engagement with PAG (and wider consultation) on financial incentives to be determined following 12th September workshop on consultation 4 feedback.
- There will be further discussion with PAG on reporting requirements. Models required to answer some key Qs.
- Please continue to provide feedback at new location = **My MOSL (new query type for MPF reform)**

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Upcoming PAG workshop(s)

Date	For discussion	Detail
18 th September	MPF Metrics	M12 (Prop of premises address data accuracy) *
26 th (Thurs) September	MPF Metrics	M12 (Prop of premises address data accuracy)

AOB – Nominations are now open for members of trading parties interested in applying to become a member of the Performance Assurance Committee (PAC).

**Subject to change*

KPI	Description (bold = Phase 1/priority)
M01	Cyclic meter reads performed within SLA, biannual or monthly
M02	Prop of smart meters read
M04	Prop of transfer meter reads performed/submitted within SLA
M06	Lateness of overdue transfer meter reads
M07	Prop of consumption settled on actuals vs estimates
M08	Prop of consumption settled on actuals vs estimates for smart meters
M09	Prop of transferred SPIDs that have an estimated meter reading
M10	Number of Long Unread Meters with outstanding B5 or C1 bilaterals
M11	Prop of complete and accurate customer/banner name and SIC code
M12	Prop of premises address data accuracy
M13	Prop of unassured long-term vacant (LTV) premises
M14	Prop of meters with credible GIS coordinates
M15	Avg lateness of failed SLAs for bilateral requests
M16	Prop of non-deferred ORIDs
M17	Average length of deferrals per ORIDs
M18	Prop of SLAs for bilateral Requests completed on time
M19	Cyclic non-market meter reads within SLA (biannual or monthly)
M20	Prop of consump'n fr cyclic non-mkt meters in biannual/monthly SLA