

Market Performance Framework (MPF) Reform

Part C – Key Performance Indicators

18 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 two lines of smaller, black hashtags: '#search #business #concept' and '#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)	10 mins
2	M12 – Proportion of premises address data accuracy	Janet Judge / Matt Labrum	85 mins
3	Consultation 4 update	Miles Robinson	15 mins
4	Upcoming PAG workshop(s) & AOB	Miles Robinson	10 mins
			Total: 2 hours

Housekeeping



Welcome all - Please introduce yourself in the chat



Workshop format – Input and feedback needed



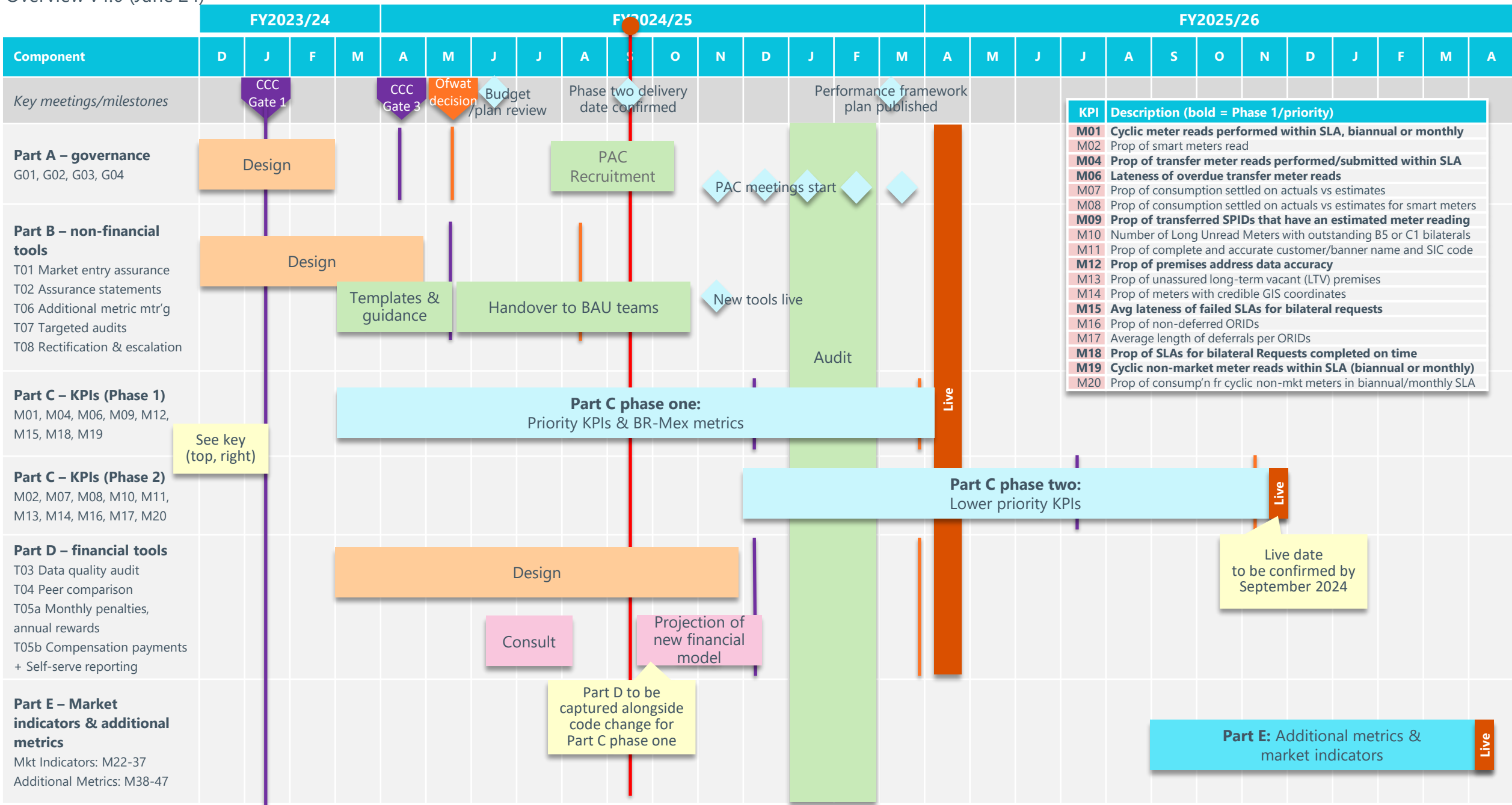
We will allow time for questions
Chat and Questions mpreform@mosl.co.uk



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

MPF Plan-on-a-page

Overview v4.0 (June 24)



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Market Performance Framework (MPF) Reform

PAG workshop on Premises address data Key Performance Indicator (M12)

18 September 2024

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MARKET
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To cover

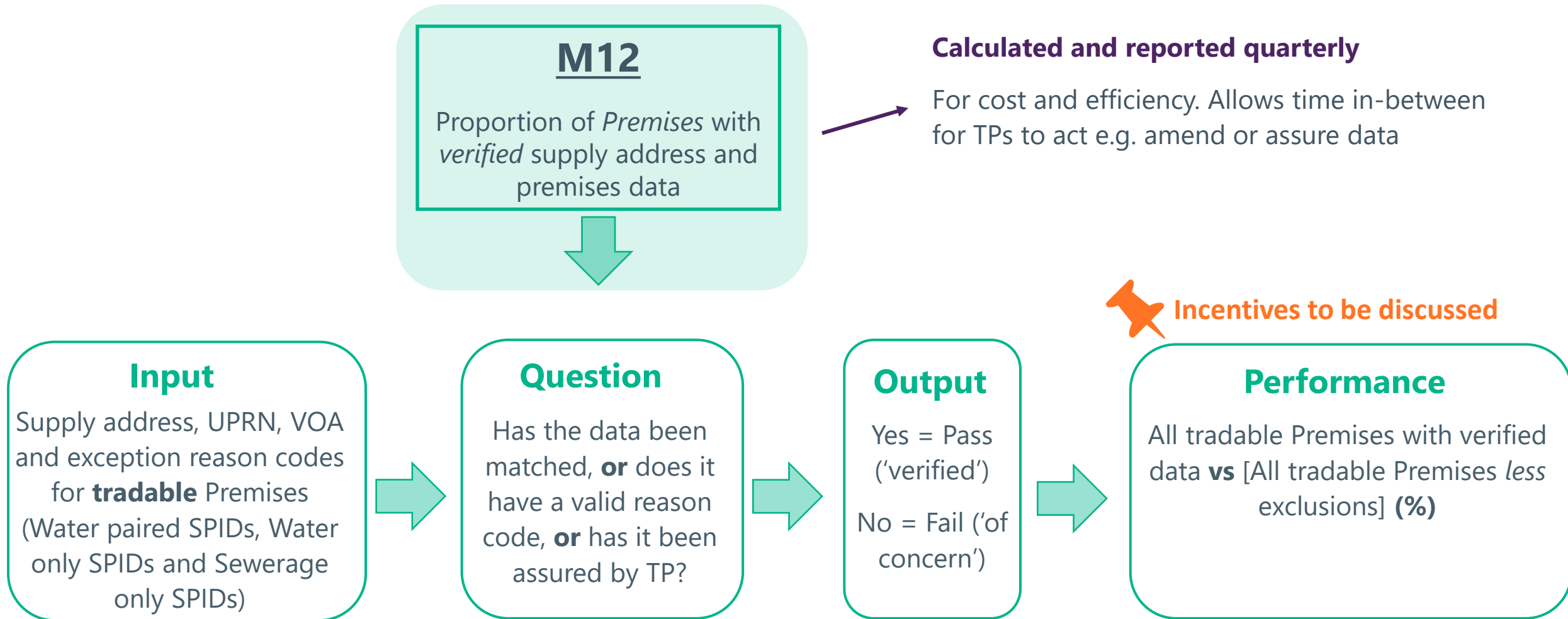
- Premises address data accuracy KPI Recap
- Data assurance solution overview
- Treatment of 'valid' exception reasons
- Benefits update



**Seeking PAG feedback on
how we present M12 and
treatment of exception
reason codes**



KPI recap



M12 – exclusions

New connections

Include only tradeable SPIDs

Unmatched

Number of Premises where there's no identifiable match to any external data sources (high propensity to be non-addressables)

Calculation – M12a

- **Percentage** of tradable Premises with verified supply address details vs all SPIDs **less exclusions**, per quarter

Verified = Tradable Premises where supply address details match external data sources OR where supply address details have been assured by TP

$$\text{M12a calculation} = \frac{\text{No. of tradable Premises with verified supply address}}{\text{Total no. tradable Premises less unmatched Premises}}$$

External data sources being used for matching: Address Based Premium (ABP), Postal Address File (PAF, Royal Mail), Valuation Office Agency (VOA) business rates database, Unique Property Reference Number (UPRN) address & VOA address

Calculation – M12b

- **Percentage** of tradable Premises with verified UPRNs vs all SPIDs **less exclusions**, per quarter

Verified = Tradable Premises where UPRN matches external data sources
OR has a valid Exception Reason Code*
OR UPRN has been assured by TP

M12b calculation
 =
$$\frac{\text{No. of tradable Premises with verified UPRNs}}{\text{Total no. tradable Premises less unmatched Premises}}$$

External data sources being used for matching: ABP, PAF, VOA & UPRN

* Reason codes are used in the absence or duplication of a UPRN or VOA BA reference. **OT (other) is not classed as a valid exception reason code**

Calculation – M12c

- **Percentage** of tradable Premises with verified VOA vs all SPIDs **less exclusions**, per quarter

Verified = Tradable Premises where VOA matches external data sources
OR has a valid Exception Reason Code*
OR VOA has been assured by TP

M12c calculation =
$$\frac{\text{No. of tradable Premises with verified VOAs}}{\text{Total no. tradable Premises less unmatched Premises}}$$

External data sources being used for matching: ABP, PAF & VOA

* Reason codes are used in the absence or duplication of a UPRN or VOA BA reference. **OT (other) is not classed as a valid exception reason code**

Calculation – M12d (BR-MeX)

- **Percentage** of tradable Premises with verified supply address, UPRN and VOA vs all SPIDs **less exclusions**, per quarter

Verified = Tradable Premises where supply address, UPRN and VOA matches external data sources
OR has a valid Exception Reason Code
OR has been assured by TP

$$\text{M12d calculation} = \frac{\text{No. of tradable Premises with [verified supply address and verified UPRN and verified VOA]}}{\text{Total no. tradable Premises less **unmatched Premises**}}$$


Options: Metric M12d or M12a-d

← Option 2: M12a-d →

Option 1: M12d only*

Verified Supply Address M12a		Verified UPRN M12b		Verified VOA M12c	
	Verified %		Verified %	Wholesaler	Verified %
Wholesaler		Wholesaler			
Wholesaler 2	74.62%	Wholesaler 1	74.91%	Wholesaler 1	67.10%
Wholesaler 8	72.61%	Wholesaler 7	74.77%	Wholesaler 8	63.81%
Wholesaler 9	70.05%	Wholesaler 2	71.35%	Wholesaler 2	63.00%
Wholesaler 3	69.29%	Wholesaler 3	69.82%	Wholesaler 5	62.96%
Wholesaler 4	66.33%	Wholesaler 15	68.39%	Wholesaler 6	61.62%
Wholesaler 11	64.26%	Wholesaler 4	67.98%	Wholesaler 10	60.81%
Wholesaler 5	64.05%	Wholesaler 9	66.94%	Wholesaler 3	60.26%
Wholesaler 6	63.91%	Wholesaler 12	66.62%	Wholesaler 7	60.04%
Wholesaler 1	63.66%	Wholesaler 6	66.14%	Wholesaler 4	59.87%
Wholesaler 14	61.56%	Wholesaler 10	63.80%	Wholesaler 12	57.77%
Wholesaler 7	61.30%	Wholesaler 5	62.75%	Wholesaler 11	45.15%
Wholesaler 12	59.56%	Wholesaler 14	62.16%	Wholesaler 9	43.41%
Wholesaler 15	58.77%	Wholesaler 8	61.25%	Wholesaler 13	38.96%
Wholesaler 13	51.83%	Wholesaler 11	60.37%	Wholesaler 14	24.28%
				Wholesaler 15	
Wholesaler 10	51.81%	Wholesaler 13	45.77%		7.77%
Mean average	65.73%	Mean average	65.26%	Mean average	57.16%

Verified All M12d (BR-MeX)	
wholesaler	Verified All %
Wholesaler 1	48.46%
Wholesaler 2	48.12%
Wholesaler 3	46.00%
Wholesaler 4	43.55%
Wholesaler 5	43.43%
Wholesaler 6	41.99%
Wholesaler 7	41.39%
Wholesaler 8	38.62%
Wholesaler 9	35.82%
Wholesaler 10	32.72%
Wholesaler 11	30.34%
Wholesaler 12	26.31%
Wholesaler 13	20.35%
Wholesaler 14	8.12%
Wholesaler 15	3.65%
Mean average	38.84%

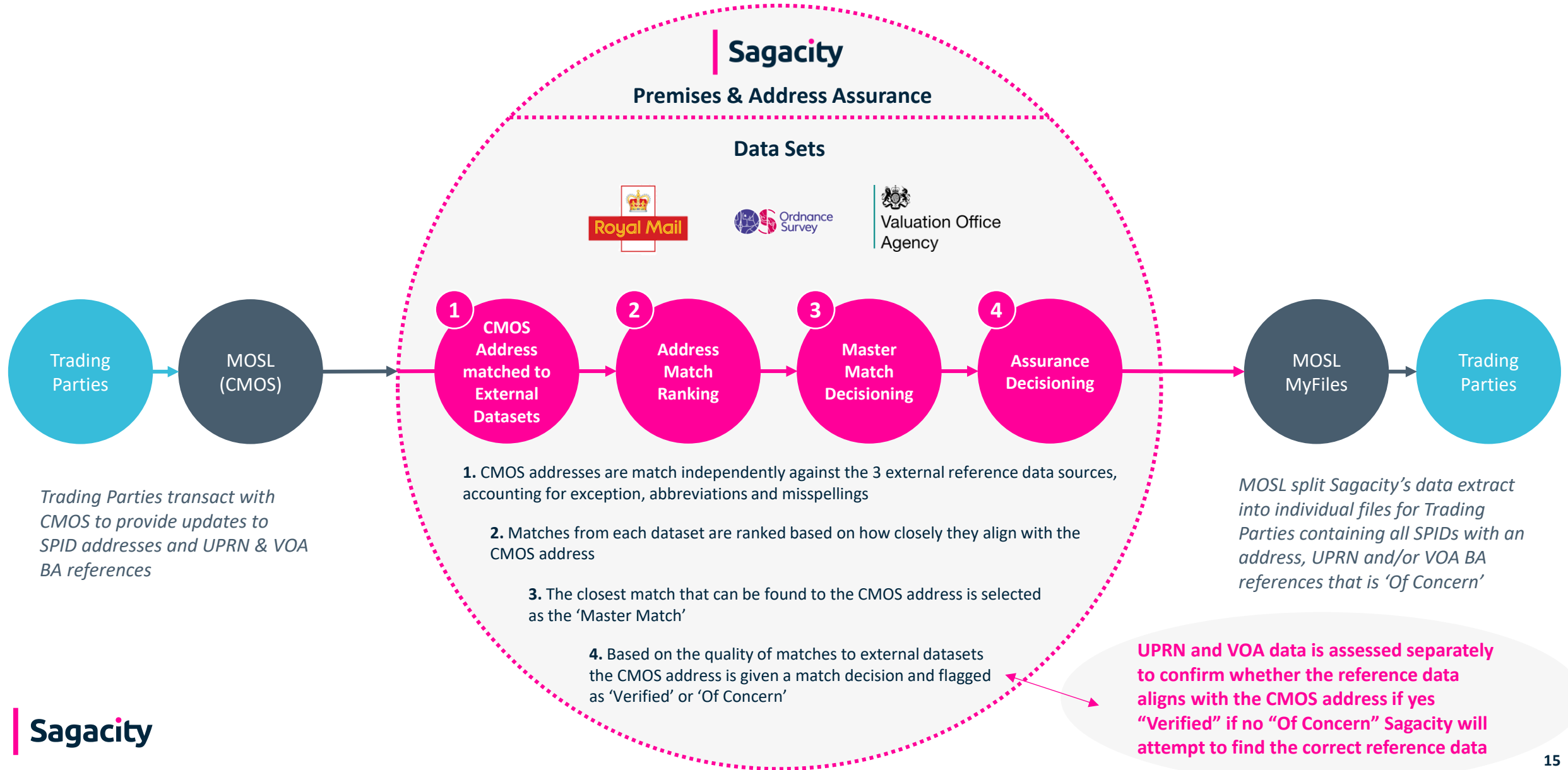
 Q: Which option is more helpful, M12d* to be the only metric published publicly or M12a-d to be published?

Market Median (for BR-MeX)

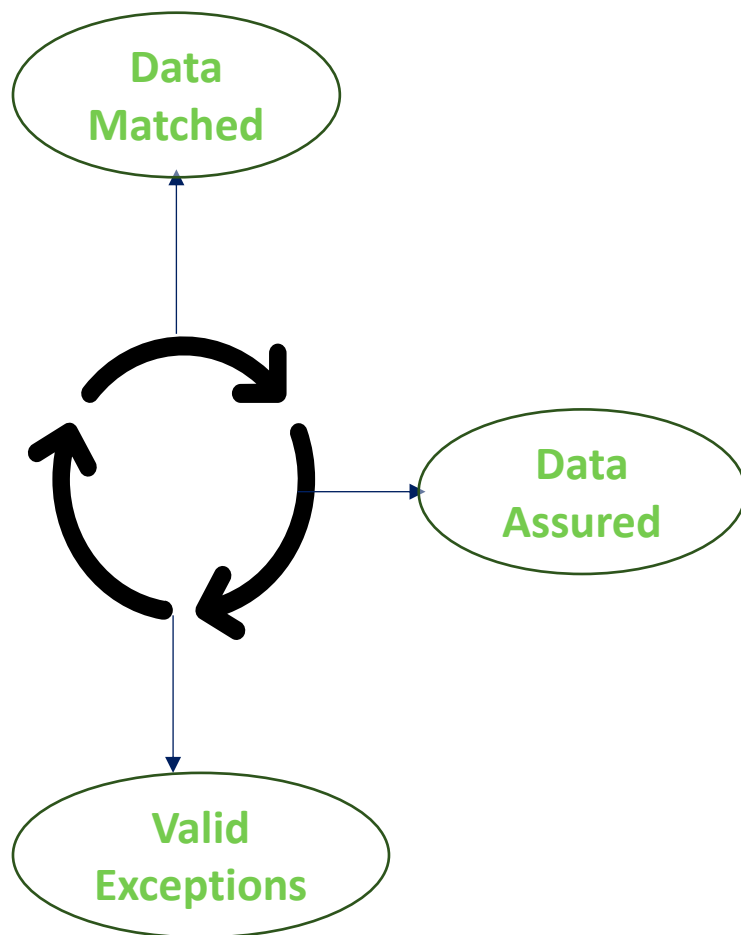


* For this option, M12a-c could be KPIs or Additional Metrics visible to PAC and TPs

Premises & Address Solution



Verification Reasons



Address Data:

External data provider has matched and verified the supply address to one or more of the 3 databases.

- ABP
- PAF
- VOA

Wholesaler has assured the supply address as:

- Address is correct
- Premises is non-addressable (Trough / Bin Store / Public Convenience etc)

Premises Data (UPRN / VOA):

External data provider has matched and verified the UPRN and / or VOA to the address and validated it against the associated reference databases

Wholesaler has assured the premises

- UPRN or VOA is correct
- UPRN or VOA has an exception reason code not covered in the codes

Wholesaler has provided a valid and (within date see next slide) UPRN or VOA exception reason code

Valid Exception Reason Codes*

Reason Codes	Description	UPRN or VOA or Both	Provisional Exception Period
ME	No number - missing Entry from the NLPG or VOA	Both	12 months unless UPRN / VOA identified
SR	No number - fish farms, fishing, and sporting rights	Both	Enduring unless change of data
MT	Multiple UPRNs / VOAs at the same eligible premises	Both	Enduring unless change of data
IP	No number - infrastructure Project	Both	12 months unless UPRN / VOA identified
SP	No number provided - use number from Other SPID	Both	Enduring unless change of data
AG	No number - agricultural land and buildings	VOA	Enduring unless change of data
NR	No number - property not yet rated	VOA	12 months unless VOA identified
PL	No number - not yet issued by planning	UPRN	12 months unless UPRN identified
BW	No number - construction site	UPRN	12 months unless UPRN identified

Expiry Dates:

Provided against those exception reason codes where expectation is the status to be temporary in lieu of a VOA or UPRN reference being assigned.

Enduring:

Where expectation is that the status is enduring

Change of Data:

Change of data where the data service provider identifies either a missing UPRN or VOA assigned to the SPIDCORE address where an exception reason code is in place, or where a change of use, split, merger or demolition is identified resulting in change to the premises data or status of the premises

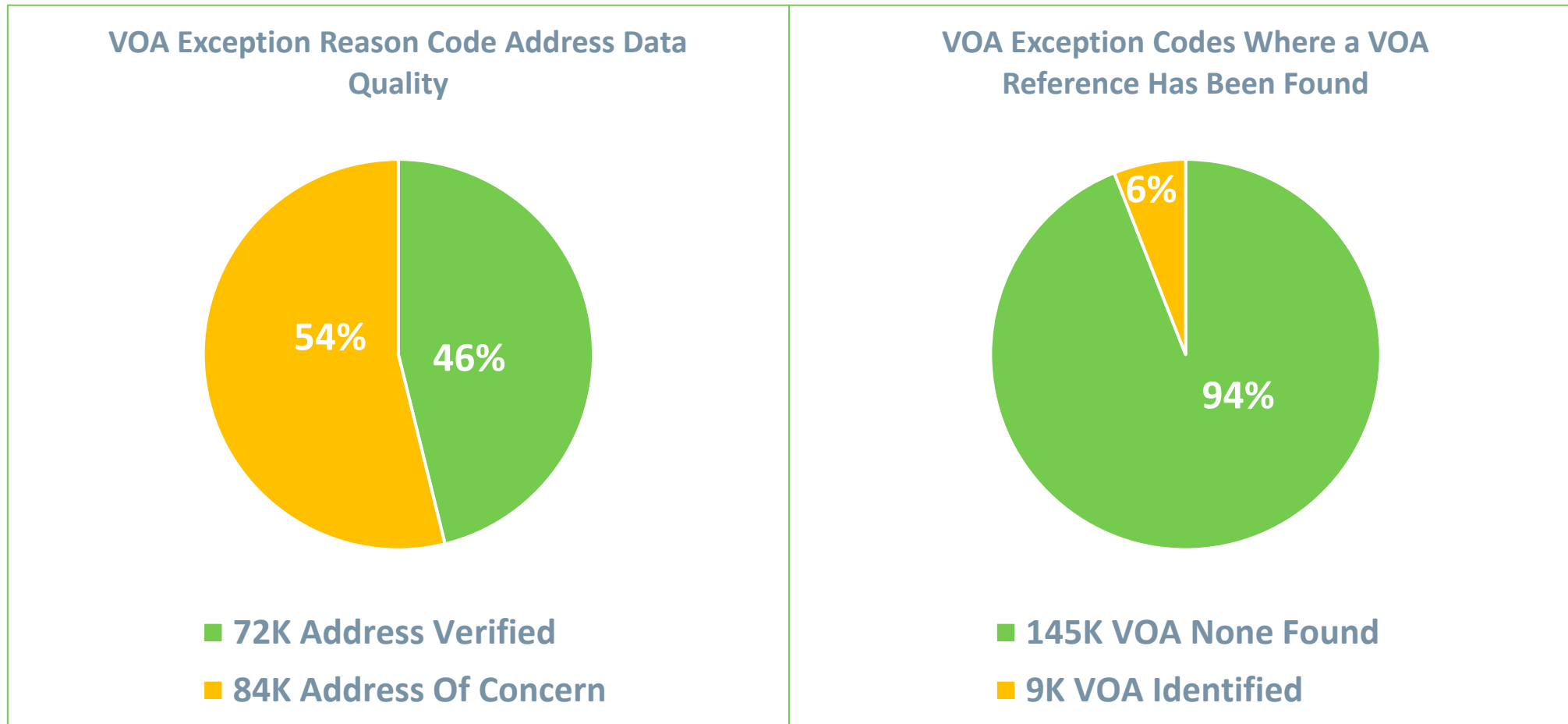


Any observations on proposed treatment of valid exception reasons?

* Reason codes are used in the absence or duplication of a UPRN or VOA BA reference. ***OT is not classed as a valid exception reason code***

VOA Exceptions Reason Code Stats

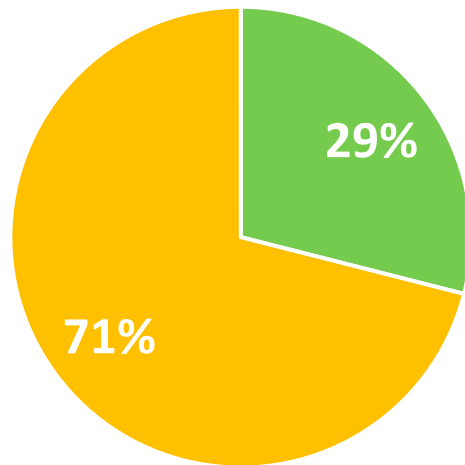
155,944 premises with valid VOA exception reason codes.



UPRN Exceptions Reason Code Stats

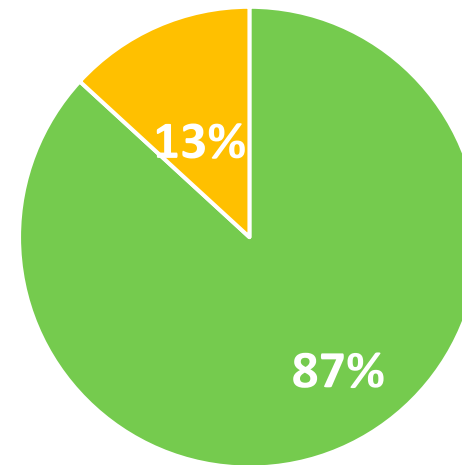
51,828 premises with valid UPRN exception reason codes

UPRN Exception Reason Code
Address Data Quality



- 15K Address Verified
- 37K Address Of Concern

UPRN Exception Reason Codes
Where a UPRN Ref Has Been Found



- 45K UPRN None Found
- 7K UPRN Identified

Benefits Update



Key highlights:

- Total benefit estimate between £4m & £8m
- Vacancy rates with verified supply points 10% lower than unmatched
- 5% reduction in premises vacant at registration with verified supply points compared to unmatched
- 5% fewer long unread meters (LUM) with verified supply points compared to unmatched

Further analysis:

- Reduced rates of F5 Complaints and unplanned settlement runs with verified data. Further work is being done to firm up the numbers.

Customer



More meter reads, more accurate and timely bills, less complaints

Wholesaler & Retailer



Reduced cost to serve for removing vacant premises & data errors, improved performance

Category	Market %		Verified%		Of Concern*%		Unmatched%
AVE Reads Per Year	2.58	↑	2.63	↓	2.58	↓	2.20
LLUM Rate	1.25%	↓	1.18%	↑	1.34%	↑	1.45%
LUM Rate	10.54%	↓	9.47%	↑	11.64%	↑	14.09%
Vacancy Rate	14.61%	↓	12.42%	↑	17.58%	↑	21.86%
LTV Rate	3.48%	↓	2.40%	↑	4.88%	↑	7.08%
% of Bilaterals Raised	10.60%	↓	8.91%	↑	12.70%	↑	15.47%
% Deferral Rate	13.79%	↓	11.51%	↑	16.18%	↑	25.39%
RTL MPS Performance	88.95%	↑	89.50%	↓	88.36%	↑	90.36%
WHL MPS Performance	92.76%	↑	93.37%	↓	92.07%	↓	87.58%

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22 Themes identified through consultation

Ref.	Theme
T1	Performance standards need to set fairly, and communicated effectively, to be effective and fair.
T2	Performance standards and/or charges might need to vary across geographies and/or different parties to be effective and fair.
T3	Performance standards and/or charges and/or part of KPI design need to change over time to be truly effective.
T4	Difficult to comment on specifics whilst the value of charges and standards are yet to be determined.
T5	Proposals do not sufficiently account for factors outside parties' control, which prevent trading parties achieving 100% performance.
T6	If performance standards are maintained outside the code, there still needs to be a clearly prescribed governance process that mandates an evidence base for changes and affords parties visibility and time to adapt.
T7	Intent and relevancy of compensation payments in the MPF needs to be clarified as these will not be accurate; add complexity; are not guaranteed to be passed onto the end customer; might restrict claims outside MPF; and risk double jeopardy if applied alongside penalties or BR-MeX. The Wholesalers should also be able to claim compensation. This is an issue best dealt with between companies.
T8	Calibration of standards and determination of charge values for the financial tools (and frequency of application) needs to ensure that market competition, stability and viability (including for new entrants) is not: put at risk; does not create unmitigated follow-on impacts on other KPIs/activities; and prioritises getting performance right over generating funds for use elsewhere.
T9	The intention of outperformance payments needs to be clarified as these might not be certain (if dependent on penalties) and parties should not be rewarded for meeting code obligations or where they have had periods of severe underperformance in a year. The value of outperformance payments would need to be guaranteed to some extent to warrant companies investing to achieve them.
T10	Charges and/or standards should not be confirmed and applied until after a period of testing and calibration.

22 Themes identified through consultation

Ref.	Theme
T11	The proposals lack parity in the treatment of wholesalers and retailers.
T12	Rather than remove the concept of a charging 'cap', setting a higher cap and/or allowing the PAC or Panel to change it over time, carries less risk, and detailed analysis of the options is required before a decision is made.
T13	The MPF needs to be able to adapt its reliance on financial interventions in recognition of natural incentives for retailers.
T14	There needs to be clarity on dispute/appeal mechanisms available to parties regarding the calculation of metrics and charges.
T15	The methodology for determining/ modelling the value of charges and standards needs to be shared and further engagement is required for this.
T16	General redistribution of penalty charges can be minimised, but the process for determining how funds are allocated to the Market Improvement Fund and outperformance payments before being redistributed needs further work and clarity.
T17	There needs to be clarity on how the proposals avoid disincentivising parties from collaborating and mitigate the potential for trading parties 'gaming' the MPF.
T18	A review is necessary after implementation.
T19	It is not clear why there is no scope for compensation payments from retailers to wholesalers.
T20	Revisit timeline for delivery and implementation approach.
T21	The proposals are unnecessarily complex and without evidence.
T22	Further metric discussion is required at the PAG to explore the impact of potential changes to obligations.

7 themes for discussion

The following 7 themes were prioritised based on significance of the concept, along with the detail and strength of feeling through the feedback, as well as their recurrence across multiple questions.

Ref	Theme Summary	MOSL Initial view based on feedback	MOSL Lead for Discussion	Related Themes
T12	Cap	YES, WILL PLAN TO INCLUDE A CAP	Steve Formoy	
T7	Compensation Payments	MINDED TO REMOVE TOOL AT THIS STAGE	Evan Joannette/Steve	T19
T15	Need a further consultation once charges and standards are proposed	YES, WILL LOOK TO SEE HOW WE ACCOMODATE IN PLAN	John Gilbert/Adam Richardson	T1, T10
T2	Regional Performance	NO, MINDED NOT TO INCLUDE DUE TO COMPLEXITY	Adam	
T3	Variability of future charges (in Code outside of Code)	YES, FURTHER DISCUSSION NEEDED (PAG) TO DEFINE	Adam	T6
T9	Outperformance Payments	MAYBE, CONSIDER FURTHER (PAG)	Evan	
T20	Shadow Period	YES, WILL LOOK TO SEE HOW WE ACCOMODATE IN PLAN	John/ Miles Robinson	T10

All themes were presented and discussed on the day. MOSL will publish a summary document outlining any amendments to the existing model.

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) *
Oct- Dec	TBC	Financial Tools/model following consultation feedback (including cap), Holistic Metric view, programme plan, standards, charges, Operational and peer comparison reporting.

AOB –

**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