

Market Performance Framework (MPF) Reform

Compensation, non BR-MeX Wholesalers, KPI workshop prioritisation

01 October 2024

A photograph of a person's hands typing on a laptop keyboard. The laptop screen displays a presentation slide with the text 'MARKET VALUE ADDED' in large, bold, black letters. Below this text are two horizontal lines. Underneath the lines, there are several hashtags: '#search #business #concept #keywords #design #innovate'. The slide has a light green background with a white border. The laptop is on a wooden desk, and the person is wearing a white shirt. The background of the entire image is a solid cyan color.

MARKET
VALUE
ADDED

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

Agenda

	Item	Presenter	Time
1	Welcome & update	Evan Joanette (Chair)	10 mins
2	Impact of removing compensation	Oli Robins	15 mins
3	Financial Incentives on non-BR-MeX Wholesalers	Oli Robins	10 mins
4	KPI prioritisation for upcoming workshops	Janet	15 mins
5	Consultation 4 update	Evan Joanette	5 mins
6	Upcoming PAG workshop(s) & AOB	Evan Joanette	5 mins
			Total: 1 hour

Housekeeping



Welcome all - Please introduce yourself in the chat



Workshop format – Input and feedback needed



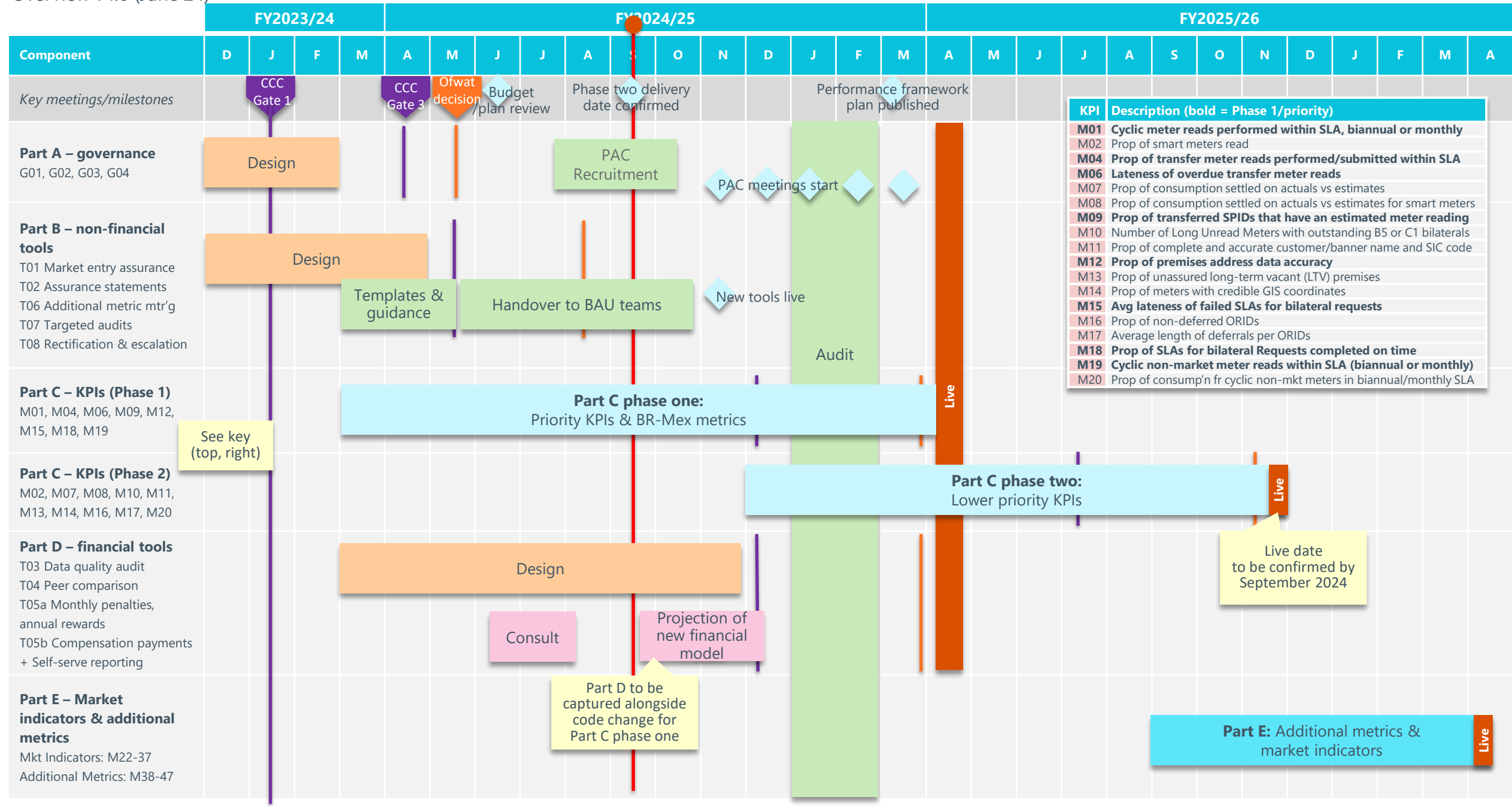
We will allow time for questions
Chat and Questions mpreform@mosl.co.uk



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

MPF Plan-on-a-page

Overview v4.0 (June 24)



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

See key (top, right)

Live date to be confirmed by September 2024

Part D to be captured alongside code change for Part C phase one

Agenda

	Item	Presenter	Time
1	Welcome & update	Evan Joanette (Chair)	10 mins
2	Impact of removing compensation	Oli Robins	15 mins
3	Financial Incentives on non-BR-MeX Wholesalers	Oli Robins	10 mins
4	KPI prioritisation for upcoming workshops	Janet	15 mins
5	Consultation 4 update	Evan Joanette	5 mins
6	Upcoming PAG workshop(s) & AOB	Evan Joanette	5 mins
			Total: 1 hour

Impact of removing compensation

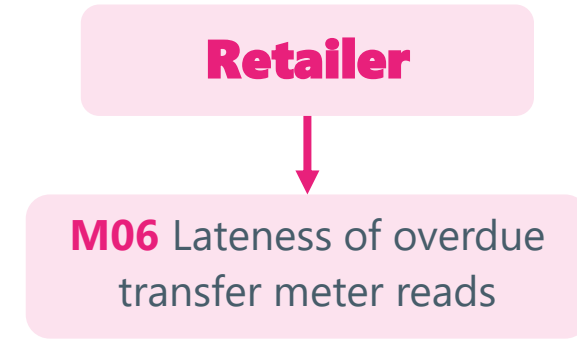
**MARKET
VALUE
ADDED**

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

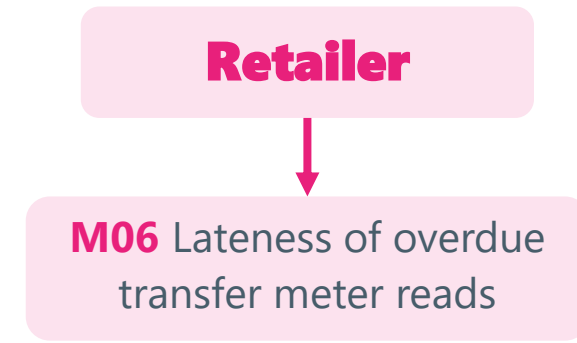
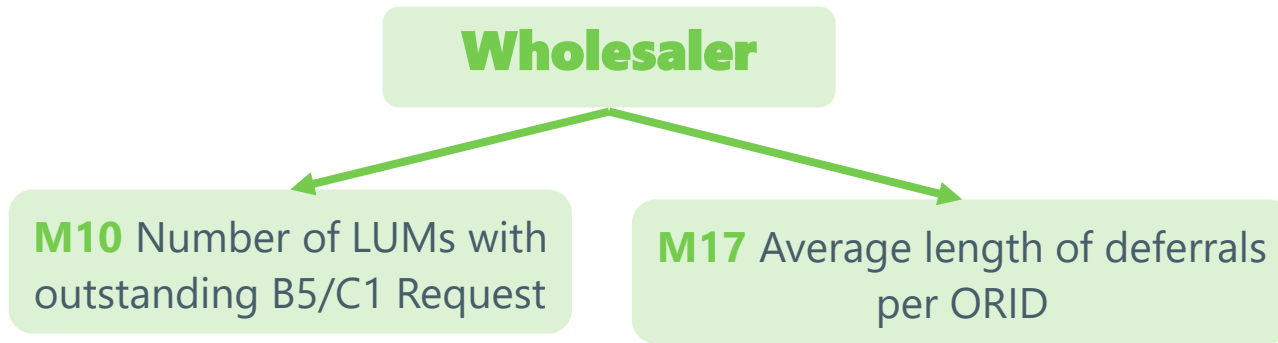
01 October 2024



Three KPIs linked with compensation



Three KPIs linked with compensation



Phase 2 KPIs for further PAG discussion

For today

M06 Lateness of overdue transfer meter reads

Financial tools	<input checked="" type="checkbox"/> penalty charges <input checked="" type="checkbox"/> compensation payments	Incoming Retailer pays penalty charges and compensation payment to MOSL. Compensation passed onto outgoing Retailer.
Calculation	Average lateness of missing transfer reads, per month	<p>What is the lateness of missing transfer reads (i.e. M04 failures), each month?</p> <p>Calculation: Average lateness of missing transfer reads, per month. Lateness: transfer read is overdue and missing</p>
Performance standards	Minimum: 0 days late Outperformance: 0 days late	<p>Both levels are set at 0 days late (BD15 = 0 days), i.e. no missing transfer reads, because M04 permits both actual and estimated meter readings</p> <p>Minimum performance standard: 0 days late</p> <p>Outstanding performance standard: 0 days late</p> <p>Industry reporting could also highlight industry averages/ quartiles</p>
Charge model	Model 4: Penalty charge <u>plus</u> compensation charge per failure in period	<p>Penalty charge per day late per month (i.e., BD15 after registration start date = 0 days late, up to 30BD late cutoff), <u>plus</u></p> <p>Compensation payment per day late per month from 21BD late to 30BD late</p> <p>Monthly penalty charge calculation: [charge per failure] * [relevant failures]</p> <p>Monthly compensation charge calculation: [charge per failure] * [relevant failures]</p> <p>Final monthly charge calculation: [monthly penalty charge] + [monthly compensation charge]</p>

Considerations

Penalties will still apply for each day late

Should this remain at a flat rate (£/day penalty charge) for all days?

There was a specific rationale for originally having compensation here. The intent of compensation and penalties is different.

Agenda

	Item	Presenter	Time
1	Welcome & update	Evan Joanette (Chair)	10 mins
2	Impact of removing compensation	Oli Robins	15 mins
3	Financial Incentives on non-BR-MeX Wholesalers	Oli Robins	10 mins
4	KPI prioritisation for upcoming workshops	Janet	15 mins
5	Consultation 4 update	Evan Joanette	5 mins
6	Upcoming PAG workshop(s) & AOB	Evan Joanette	5 mins
			Total: 1 hour

Financial incentives for non BR-MeX Wholesalers

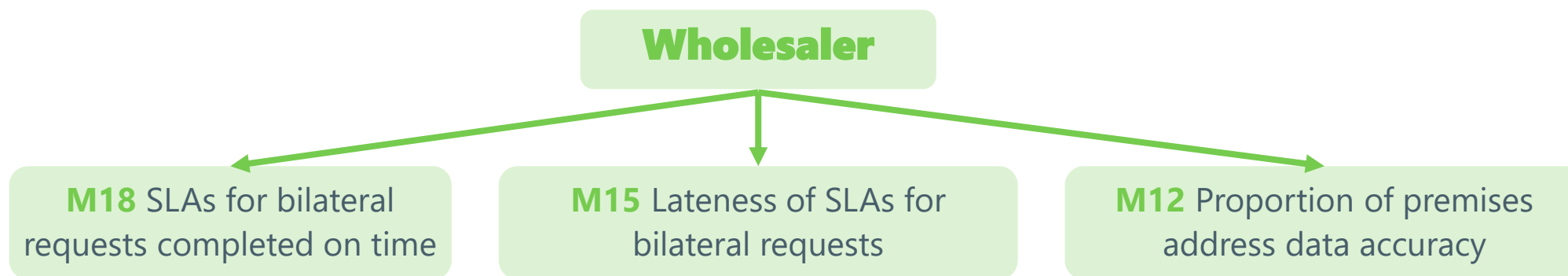
A photograph of a person's hands typing on a laptop keyboard. The laptop screen displays a presentation slide with the text 'MARKET VALUE ADDED' in large, bold, black letters. Below this text are two horizontal lines. Underneath the lines, there are two lines of smaller text: '#search #business #concept' and '#keywords #design #innovate'. The background of the slide is a light olive green with a white border. The laptop is silver and sits on a wooden desk. The person's hands are wearing a white shirt cuff.

**MARKET
VALUE
ADDED**

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

01 October 2024

Summary



- 3 KPIs are strong candidates for inclusion within BR-MeX
- Only the 15 main English Wholesalers will be subject to BR-MeX review
- **Should there be MPF charges for Wholesalers from Wales and NAVs?**
 - 9 parties
 - Circa 2.2K SPIDS
 - 73 OPS tasks Aug 23 to Aug 24 (across 3 of the 9 parties only)
- Consultation 4 proposed penalty charges (applying *below* a standard) and outperformance payments (applying *above* a standard) on M18 and M12, and penalty charges on M15, if not in BR-MeX.
- **Do these models work for small volumes of tasks/SPIDs?**

Agenda

	Item	Presenter	Time
1	Welcome & update	Evan Joanette (Chair)	10 mins
2	Impact of removing compensation	Oli Robins	15 mins
3	Financial Incentives on non-BR-MeX Wholesalers	Oli Robins	10 mins
4	KPI prioritisation for upcoming workshops	Janet	15 mins
5	Consultation 4 update	Evan Joanette	5 mins
6	Upcoming PAG workshop(s) & AOB	Evan Joanette	5 mins
			Total: 1 hour

Market Performance Framework (MPF) Reform

KPI prioritisation for upcoming workshops

01 October 2024

A photograph of a person's hands typing on a 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, black hashtags: '#search #business #concept' and '#keywords #design #innovate'. The laptop is on a wooden desk, and the background is a solid teal color.

MARKET
VALUE
ADDED

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

KPI prioritisation for upcoming workshops

Group	KPI	Description	Charges from implementation
Meter	M02	Proportion of smart meters read	Yes
	M07	Prop of consumption from cyclic meter reads performed within SLA (biannual or monthly)	No
	M08	Proportion of consumption settled on actuals vs estimates for smart meters	No
	M10	No. of LUMs with outstanding B5/C1 request	TBD
	M20	Prop of consumption from cyclic NMM reads performed within SLA (biannual or monthly)	No
Data	M11	Prop of complete & accurate customer/banner name and SIC code	Yes
	M13	Prop of unassured long-term vacant premises	No
	M14	Prop of meters with credible GIS coordinates	No
Service requests	M16	Prop of non-deferred Operational Request IDs (ORID)	No
	M17	Ave length of deferrals per ORID	No

- 10 KPIs in phase 2
- 2 proposed to have charges from implementation. Discuss design of these first?

What factors do PAG want us to consider in prioritising KPIs for discussion & why?



Agenda

	Item	Presenter	Time
1	Welcome & update	Evan Joanette (Chair)	10 mins
2	Impact of removing compensation	Oli Robins	15 mins
3	Financial Incentives on non-BR-MeX Wholesalers	Oli Robins	10 mins
4	KPI prioritisation for upcoming workshops	Janet	15 mins
5	Consultation 4 update	Evan Joanette	5 mins
6	Upcoming PAG workshop(s) & AOB	Evan Joanette	5 mins
			Total: 1 hour

Market Performance Framework (MPF) Reform

Consultation 4 update

01 October 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, grey text: '#search #business #concept' and '#keywords #design #innovate'. The laptop is on a wooden desk, and the background is a solid blue color.

MARKET
VALUE
ADDED

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

About Consultation 4



- Consultation 4 focused on proposed MPF financial tools and incentives
- Consultation ran from 8 July – 2 Aug 2024
- Pre-reading documents issued in advance for trading parties’ ‘early sight’
- 28 responses (see table) included:
 - 14 Wholesalers
 - 13 Retailers (including 2 self-supply)
 - 1 ‘other’ - CCW
- 1,100+ individual comments and observations

Wholesalers	Consultation		Retailers	Consultation		Other	Consultation	
	3	4		3	4		3	4
Affinity Water	✓	✓	ADSM	-	✓	CCW	✓	✓
Anglian Water	✓	✓	Business Stream	✓	✓	The Energy Consortium	✓	-
Dŵr Cymru (W)	✓	✓	Castle Water	✓	✓			
Northumbrian Water	-	✓	Clear Business Water	✓	✓			
Portsmouth Water	✓	✓	Dŵr Cymru (R)	✓	✓			
SES Water (W)	✓	✓	Everflow	✓	✓			
Severn Trent	✓	-	Nottingham CC (self-supply)	-	✓			
South East Water	✓	✓	Pennon Water Services	✓	✓			
South Staffs Water	✓	✓	Sefton Council (self-supply)	✓	✓			
South West Water (inc Bristol)	✓	✓	SES Business Water (R)	✓	-			
Southern Water	✓	✓	Water2Business	✓	✓			
Thames Water	✓	✓	Waterscan	-	✓			
United Utilities	✓	✓	WaterPlus	✓	✓			
Wessex Water	✓	✓	Wave	✓	✓			
Yorkshire Water	✓	✓						
Totals	14	14		11	13		2	1

All MPF documents, including Consultation 4 pre-reading, verbatim comments and detailed responses, are available in the [key documents](#) area of MOSL website.

Consultation 4 timeline



13 August 2024

High level quantitative results



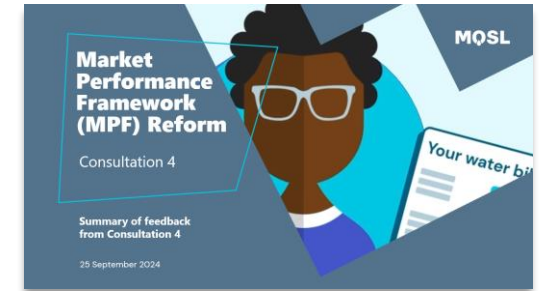
6 September

**Verbatim comments
MOSL's detailed responses to all feedback**



12 September

Face-to-face event in London



26 September

Summary of C4 feedback and outcomes
Nb: subject to Steering Group ratification

Consultation 4: next steps

- MOSL's 'minded-to' positions and revised MPF Programme Plan to be presented to the Steering Group on 9 October 2024
- The Steering Group will be asked to endorse MOSL's positions and MPF Programme Plan
- Following themes to be workshopped with the PAG in line with MPF programme:
 - Charging cap
 - Outperformance payments
 - Potential approaches to the MIF
- Performance standards and charging values to be determined via further consultation

Agenda

	Item	Presenter	Time
1	Welcome & update	Evan Joanette (Chair)	10 mins
2	Impact of removing compensation	Oli Robins	15 mins
3	Financial Incentives on non-BR-MeX Wholesalers	Oli Robins	10 mins
4	KPI prioritisation for upcoming workshops	Janet	15 mins
5	Consultation 4 update	Evan Joanette	5 mins
6	Upcoming PAG workshop(s) & AOB	Evan Joanette	5 mins
			Total: 1 hour

Upcoming PAG workshop(s)

Date	For discussion	Detail
16 October	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