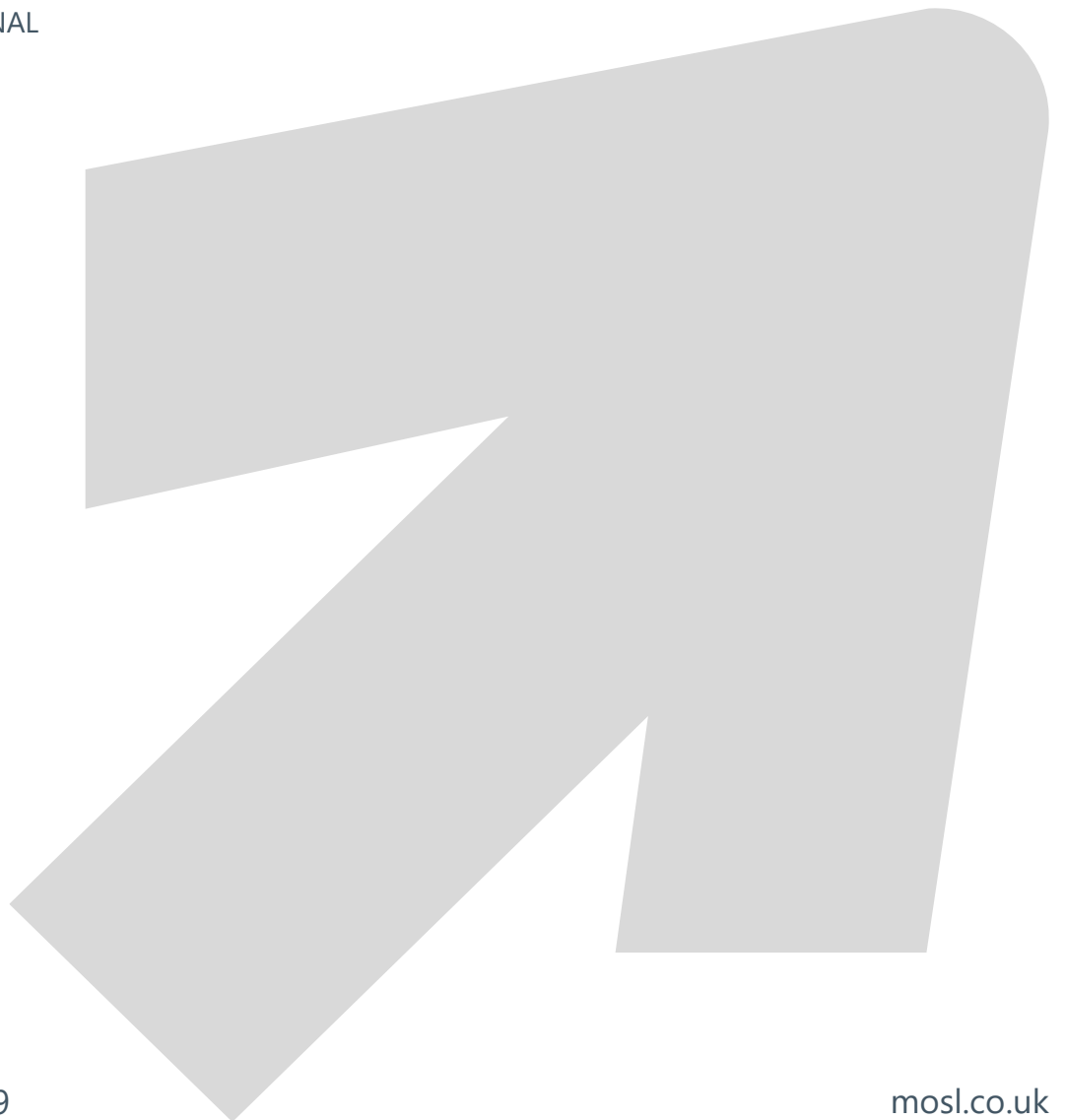


# Performance Advisory Group (PAG) 71

**Location:** MS Teams

**Date and time:** 22 January 2025, 1000 - 1200

**Status of minutes:** FINAL



# Meeting Minutes

## Market attendees

Name	(Initial)	Role/Organisation	Name	(Initial)	Role/Organisation
Adam Boyns	AB	CCW (O)	Letoia Mann	LM	Clear Business (R)
Clare Garland	CG	United Utilities (W)	Lewis Campbell	LC	Castle (R)
Daniel Proctor	DP	Waterplus (R)	Mark Howell	MH	Waterplus (R)
David Morris	DM	Waterplus (R)	Mark Whittall	MW	Waterplus (R)
David Moss	DMo	Castle (R)	Michael Gadd	MG	United Utilities (W)
Gerard Lyden	GL	Thames (W)	Mike Rathbone	MR	Severn Trent (W)
Gillian Bladen	GB	Southwest (W)	Paul Baker	PB	Business Stream (R)
Harriet Chappell	HC	Yorkshire (W)	Paul Walmsley	PW	Yorkshire (W)
Jamie Davis	JD	Castle (R)	Peter Strain	PS	Castle (R)
Jon Fuller	JF	Wessex (W)	Rachael Spencer	RS	Clear Business (R)
Jordanna Lo	JL	Business Stream (R)	Robert Hetherington	RH	Ofwat (O)
Julie-Ann Anderson	JAA	SES (R)	Shakima Fagan	SFa	Everflow (W)
Karen Winfield	KW	Anglian (W)	Sian Forward	SFo	Northumbrian (W)
Kristofer Turner	KT	Castle (R)	Wendy Monk	WM	Wave (R)

## MOSL Attendees

Name	(Initial)	Role	Name	(Initial)	Role
Evan Joannette	EJ	Chair	Nichola Sampford	NS	Observer
Oli Robins	OR	Presenter	Sam Webb	SW	Observer
Adam Richardson	AR	Observer	Sauda Dickinson	SD	Notes
Alexander Piper	AP	Observer	Steve Formoy	SF	Observer
Janet Judge	JJ	Observer			

1.	<b>Welcome &amp; update</b>
	<p>EJ welcomed all members to the meeting and confirmed the agenda.  EJ reminded attendees that agenda, minutes and slides are published on the MOSL website for review and questions and comments to be sent via mpreform@mosl.co.uk.  EJ presented the MPF Programme plan.</p>
2.	<b>Summary Proposal</b>
	<p>EJ presented an <b>overview of Consultation 5</b>, as on slide 6.  EJ presented an overview of the <b>goal for today's meeting</b>, as on slide 7.  EJ presented an overview of the <b>proposed charging model</b>, as on slide 8.  EJ presented <b>Performance Standards</b>, as on slide 9.  EJ presented the <b>General Rationale Considerations</b>, as on slide 10.  EJ presented the <b>General Rationale Approach</b>, as on slide 11.</p> <p>JF noted that even if some TPs are performing well, there will be a bucket of meters, for example, long unread meters, that cannot be incentivised by this KPI.</p> <p>EJ advised that M01 should not be considered in isolation as other metrics look at long unread meters and ongoing reviews may be considered by the Performance Assurance Committee.</p>
3.	<b>M01, M02 Charges &amp; Standards</b>
	<p>OR presented a <b>Reminder of M01 &amp; M02 design</b>, as on slide 13.</p> <p>JF queried, with the exceptions around Bilateral requests, whether an open bilateral at the cut off period, will not be included in performance but if that Bilateral is closed the following month it will be include in that lookback period.</p> <p>OR confirmed it would be a simple look back at the end date of each month.</p> <p>PB queried whether reads obtained on an open bilateral would still count as a pass.</p> <p>EJ confirmed that it would count as a pass.</p> <p>PS queried why M02 is being maintained, as M02 is design for when smart meters went over to Wholesalers and would have been a Wholesaler measure and given that meter reads are still</p>

going to be monthly, it should just be kept as M01. Wholesalers would also have to confirm smart meter reads. Proposed it would be easier to have all meters under M01.

OR advised that there will be different standards on the smart meter reads, which is the reason for the M02 distinction, but depending on how the metrics will be reported and codified, it may be noted as a variant of M01.

GL advised that there should not be a need to limit accepted meter read types for M02 more than M01, the accepted meter read types for smart meters for M02 should be the same for non-smart reads for M01.

**PAG members agreed with GL's statement by a show of thumbs up.**

**OR advised MOSL would take the point away and confirm.**

OR presented a **Reminder of M01 & M02 design**, as on slide 14.

JF advised that cyclic meter reads are being moved from being two KPIs to eight and we need to consider the benefits and need for M02. For instance, with smart meters, why would internal and external split be important? JF felt that M02 is a good market indicator but did not warrant being a KPI metric and confirmed a preference for having all in smart reads in M01 in the interest of simplicity.

EJ noted that, following Consultation 4 feedback, there was rationale for differentiating smart meter to deal with TP's concerns that smart metering rates varied regionally.

JL queried how you would recognize that the meter is smart and enabled in order to have an M02 measurement.

SF advised that there currently is a distinguishment between traditional and smart meters in CMOS and that we need to ensure that it is made clear for the market what the smart flag means in CMOS and that it is AMI smart that is commissioned and operating. SF confirmed that a definitional change for a smart flag could be included as part of the MPF Code Change for July with no CMOS change is needed.

GL noted support for the view to merge M02 with M01 and advised that there have been no adjustments made related to AMR meters since the market opened and still is not being proposed and there would be no reason to have a unique measure on smart AMI but not on AMR.

JD agreed with views that M02 should be merged into M01 and advised that we are often happy to add Code to reinforce the metric design whereas the design should reinforce the

Code. Simplicity is one of the key principles of MPF Reform and merging M02 and M01 would lessen reporting.

OR presented the **Rationale for M01 standards**, as on slide 15.

GB queried the rationale behind the monthly reads having a lower standard and advised that if customers require monthly reads, it is often because those reads are more important to have more often and queried whether the rationale was around the time availability to do reads.

OR advised that the standard is based on what performance is expected to be and what is initially a reasonable uplift and noted that the PAC may look to bring the standards in line with each other over time. A higher charge will be applied for a missed monthly read compared to a missed bi-annual read as you have more attempts for biannual reads.

GB advised that it seems like the performance is driving the values rather than the desired incentive and advised that if there are problematic meters, there should be an argument as to why the read is monthly and whether it should be reduced to biannual to reduce resource impacts.

OR advised that the end goal is not to have a 75% standard for internal monthly meters and that we would expect the standard to be increased over time.

GL asked if standards were set with a stretch of 10% on current performance.

OR confirmed and advised that the performance data will be shared in Consultation 5.

OR presented the **Rationale for M02 standards**, as on slide 16.

EJ queried whether there is an expectation that the plan for smart meter reads would bring the biannual and monthly standards in line faster for smart meter reads than manual reads.

OR confirmed that the standards for smart meter reads are expected to align faster than manual reads.

**GL queried whether 95% was the final determination for smart meters.**

**OR advised MOSL would confirm the PR24 requirement set.**

AB queried what the rationale was for differentiating between internal and external for smart meters as a read would come through regardless of its location.

OR confirmed that some of the considerations were around smart meters going down and requiring a manual read and possible tampering with internal meters and advised that we are

trying to understand the differences not in assessing the current performance of retailers, but that Consultation feedback would be useful.

DMo requested that the data be shared showing whether LUMs data has been factored into calculations.

**PS suggested that meter locations need to be updated to the Scottish standard of 'outside the property boundary', 'inside the property boundary', 'further inside the property boundary' or 'inside a building' as meters may be located outside a building but still behind a locked gate and inaccessible.**

**PAG members agreed by a show of thumbs up.**

DMo advised that there are also different challenges regarding access to premises when there are contractors on site for development and advised that a clear definition is needed to understand what an end user occupied issue is and what a developer access issue is.

EJ advised that challenges to internal/external definitions could be considered, but that would not be compatible with the code change plan for recommendation in July.

JD queried whether the internal/external points made would not be considered because of the timeline.

EJ clarified that changes to definitions could be considered, but it was not realistic to expect those to be finalised by July. EJ questioned why the definition of internal/external meters hadn't previously been raised.

JD noted that trading parties were not given a chance to discuss the Code change at PAG meetings. If it was collectively decided changing a definition would benefit the overall design, the timeline ought to be adjusted.

GB advised that the issue with external meters that are behind locked boundaries had been raised at previous meetings.

EJ noted a comment from SFa in the chat – 'I think it's also worth noting on this point that this is the first time PAG is seeing that there will be different charging/performance standards on internal vs external meters. I think the issue would have come up/been more thoroughly explored earlier if this had been confirmed earlier.'

DM advised that the only ask is for a change to the written definition in the Code and queried what the challenge would be to extend the definition wording from 'building' to 'premises'.

EJ noted that the timeline would not be changed to accommodate a change to internal/external meter location definition. EJ advised that the definition change would move a load of meters from one category to another with implications that needed to be considered.

SF advised that this is only the start of the Consultation on the standards and charges and there will be a formal Consultation, and that feedback would be considered to ensure we get the right answers and build it into the proposal in July. Clear documentation needs to be presented on the rationale for the internal and external split and looking at CMOS, there is a clear difference in performance and reading of internal and external meters. Definition changes may be considered and benefits analysed.

SFo noted that a change in definitions would result in a need for a data cleanse for Wholesalers to align the internal and external flags in CMOS to the definition.

AR noted that following Consultation 4 responses, feedback was to look at performance levels in relation to geographical issues, the extent of internal and external meters and queried whether PAG members felt that an internal and external split was unhelpful. There are clear definitions of what internal and external meters are currently. The solution can and will change of those definitions change in the future.

**WM, GB and other PAG members indicated their support for the internal and external split.**

GB noted that any definitional change would be dependent on how the skip code change was progressed.

**PAG members agreed with GB by a show of thumbs up.**

DMo noted that the internal and external split is helpful but just less helpful without the definition review and advised that it would be helpful to have a round view from Wholesalers on how difficult a CMOS cleanse would be following a definition change.

AB noted support for the split and advised that the definition change might be worth exploring as there are some challenges with the current definition but that the performance standard has been set to account for the probability that not all meters will be read due to the challenges discussed around access. The standard accounts for those challenges.

JL noted that CPW142 is being rejected so wholesalers are not going to be reading these meters and agreed that definitions will have to be reviewed by that retailers would have to support wholesalers on that.

OR presented the **Rationale for M01 & M02 charges**, as on slides 17-18.

GL queried what method/formula was used to decide on the charge level.

OR advised that the logic was taking the current MPS18 charge and apportioning that over a period of reasonable months and still be charged less than you would under MPS18. Consultation 5 we will set out some other charges that have been considered.

WM queried whether legacy long unread meters are included. How realistic in a three-month time scale would it be to find and read them.

OR advised that LUMs and legacy LUMs will be included in M01 and M02 so as to not lose focus on them by excluding them. , but that performance will be monitored, and metrics and tools would be reassessed if necessary.

AB queried what other considerations were taken into account for the charge amount and whether an assessment of the rationale for the original MPS18 charge was done prior to basing the new charge on that amount.

OR confirmed that an assessment of the MPS18 £10 charge was done and that all of the rationale and explanations would be included in the Consultation.

MR noted that it had been accepted in the past that LUMs were a wholesaler issue and M01 is a retailer metric and advised that that is a failure on the principle to only be charged for something you can influence or control.

OR advised that Bilateral exclusions are a mechanism to ensure retailers are not being penalised for things outside of their control.

AR noted that it would be worth adding, to the Consultations, points around the other metrics that relate to legacy LUMs and APIs that are proposed to relate to LUM performance. Through the combination of the Bilateral exclusions and APIs, there will be attention paid to the wholesaler side of the equation and from a decision-making perspective of the PAC.

DMo advised that raising a Bilateral may not be a cure-all solution for factors out of the retailers control. No consideration has been given to request capacities between parties. Analysis needs to be done and fleshed out as part of the shadow period to consider whether trading parties would breach their request capacity as a result of the changes.

WM thought that legacy long unread meters should be excluded from the metrics as it would not be fair to include them considering all the reasons discussed today.

PB agreed that legacy long unread meters should be excluded and advised that there are no processes to resolve some of the issues and that further incentives will not change that performance.

	<p>SFo advised that LUMs should be included but that <b>legacy</b> LUMs should be excluded</p> <p>JD agreed that legacy LUMs should be excluded and advised that once trading parties have a chance to put forward change proposals and address the issues, M01 may not look anything like it currently does as it is currently unfit for purpose.</p> <p>AB queried that if legacy LUMs were to be excluded, if they would be picked up in one of the Wholesaler KPIs going live in phase one.</p> <p>EJ advised that there is a metric assessing how many bilaterals are outstanding against LUMs..</p> <p>JF noted concern around creating a band of meters that will not be incentivised until we have downstream metrics.</p> <p>EJ noted a question from DMO in the chat – ‘Q: Does MOSL consider LUMs to be part of ‘Low Impacting’ bilateral work, and therefore subject to bulk submission agreements?’</p> <p>EJ advised MOSL would take feedback and views away for consideration.</p> <p>OR presented a <b>Summary of M01 &amp; M02 proposals</b>, as on slide 19.</p> <p>OR presented the <b>Estimated financial impact of proposals for M01 and M02</b>, as on slide 20.</p> <p>PB requested MOSL share the model with trading parties to enable trading parties to see what their individual performance would look like.</p> <p>OR advised the market level data would be shared but that there are still caveats with the data and the proposal is not wholly being constrained against the data.</p> <p>SF advised that shadow report would provide a view of what trading party performance looks like and that what the data looks like is still being considered and ensuring that it is fully assured before it is shared with trading parties.</p>
<p><b>4.</b></p>	<p><b>M19 Charges &amp; Standards</b></p>
	<p>OR presented a <b>Reminder of M19 design</b>, as on slide 22.</p> <p>JF noted that metres that are part of a metre network are not distinctly linked in CMOS data back to a SPID and a SPID is mandatory for a C1 and B5 and queried if the request was raised, whether those metres part of a network would be available to you to select to exclude from this metric.</p> <p><b>OR advised MOSL would review and confirm.</b></p>

OR presented a **Reminder of M19 design**, as on slide 23.

OR presented the **Rationale for M19 standards**, as on slide 24.

GL requested MOSL share the numbers used for the rationale to keep biannual and monthly on one standard.

OR advised that it is simpler to have the same standard applying with it being predominantly one wholesaler responsible for the monthly meters.

GL advised that it is a useful reference to look at the 0 YVE as a tool for vacancy but that the use of the YVE data item has been reviewed, and majority of the non-market meters have not had a YVE change since the Code change and advised that the 6.5% presented may be incorrect.

GB queried why the percentages for non-market meters higher than market meters as the same problems are faced with internal access

OR advised that while we are not sure why the performance is higher, the standard is based on a similar uplift being applied to the market performance and market performance is higher on non-market metres versus market metres.

OR presented the **Rationale for M19 charges**, as on slide 25.

GL queried why a different approach was being taken with M19 compared to M01/M02 as great emphasis was being put on the fact that the overall impact will be broadly equivalent based on the stretching targets around M01 and M02, but it looks acceptable to apply a multiple of the charges that apply to M19.

OR confirmed the rationale behind the approach and advised that Consultation 5 will set out alternative options that have been considered and the rationale for the chosen standard.

SF advised that there are many factors to consider when trying to balance charge performance standards and that, M19, there is a mix on performance between trading parties and we are trying to work out how to improve the low performing parties and create enough of an incentive to drive that performance up. More detail will be laid out in Consultation 5.

EJ noted a comment from MR in the chat – ‘adding the same margin seems to punish those who are already performing at higher level. As we know, performance improvement is not linear and the closer you get to 100% the harder improvements are. Additionally, I'm unconvinced that because some trading parties are already at that standard its necessarily possible for ALL trading parties.’

OR presented a **Summary of M19 proposals**, as on slide 26.

	<p>OR presented the <b>Estimated financial impact of proposals for M19</b>, as on slide 27.</p> <p>GB reiterated the request for underlying data to be shared with trading parties and advised that every skip code is reviewed for non-market meters and that it is not from a lack of trying and the metric is less of an incentive and more of a punishment.</p> <p>EJ noted a comment from MR in the chat – ‘market instability is a red herring, charging £10k per meter for failure wouldn’t bankrupt a wholesaler, but does not make the charge fair’</p> <p>OR thanked PAG members for today’s discussion and challenges as they are very useful to get initial feedback before the Consultation.</p>
<p><b>5.</b></p>	<p><b>Upcoming PAG workshop(s) &amp; AOB</b></p>
	<p>EJ provided an overview of upcoming workshops and closed the meeting.</p> <p>GB thanked Oliver Robins for the presentation and enabling a useful discussion.</p>