

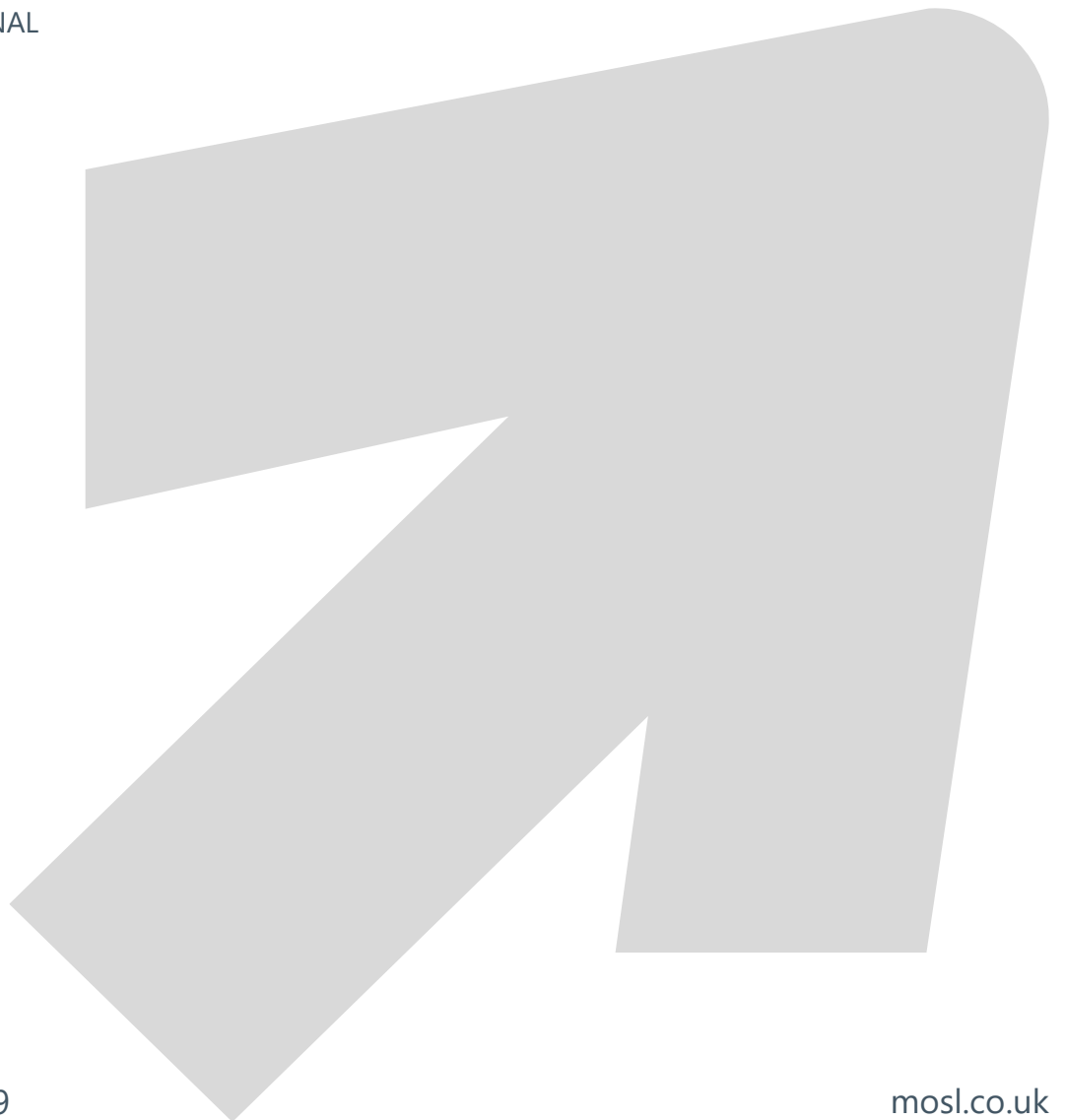
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Performance Advisory Group (PAG) 72

Location: MS Teams

Date and time: 30 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) |
| Bethany Wilkes | BW | | Mark Howell | MH | Waterplus (R) |
| Clare Garland | CG | United Utilities (W) | Mark Whittall | MW | Waterplus (R) |
| Daniel Proctor | DP | Waterplus (R) | Michael Dockrill | MD | Everflow (W) |
| David Moss | DM | Castle (R) | Michael Gadd | MG | United Utilities (W) |
| Emily Jerome | EJe | Water2Business (R) | Mike Rathbone | MRa | Severn Trent (W) |
| Gerard Lyden | GL | Thames (W) | Paul Walmsley | PW | Yorkshire (W) |
| Harriet Chappell | HC | Yorkshire (W) | Peter Strain | PS | Castle (R) |
| Jacob Head | JH | Water2Business (R) | Shakima Fagan | SFa | Everflow (W) |
| Jamie Davis | JD | Castle (R) | Sian Forward | SFo | Northumbrian (W) |
| Jon Fuller | JF | Wessex (W) | Sindiso Bango-Dube | SBD | Waterscan (R) |
| Jordanna Lo | JL | Business Stream (R) | Tim Brewer | TB | Wessex (W) |
| Julie-Ann Anderson | JAA | SES (R) | Wendy Monk | WM | Wave (R) |
| Karen Winfield | KW | Anglian (W) | | | |

MOSL Attendees

| Name | (Initial) | Role | Name | (Initial) | Role |
|-----------------|-----------|-----------|------------------|-----------|----------|
| Miles Robinson | MR | Chair | Nichola Sampford | NS | Observer |
| Janet Judge | JJ | Presenter | Oli Robins | OR | Observer |
| Evan Joanette | EJ | Presenter | Sam Webb | SW | Observer |
| Adam Richardson | AR | Observer | Sauda Dickinson | SD | Notes |
| Alexander Piper | AP | Observer | Steve Formoy | SF | Observer |
| Elliot Smith | ES | Observer | Subharsh Marti | SM | Observer |

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|---------------|-----|----------|-----------|----|----------|
| Huw Comerford | HCo | Observer | Toby Hunt | TH | Observer |
| John Gilbert | JG | Observer | | | |

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| 1. | Welcome & update |
| | <p>MR welcomed all members to the meeting and confirmed the agenda.</p> <p>MR reminded attendees that agenda, minutes and slides are published on the MOSL website for review and questions and comments to be sent via mpfreform@mosl.co.uk.</p> <p>MR presented the MPF Programme plan.</p> |
| 2. | Summary Proposal |
| | <p>EJ presented an overview of Consultation 5, as on slide 9, highlighting that Consultation 5 has been pushed back to go live w/c 17 Feb.</p> <p>MR confirmed that the webinar would still be held a few days after Consultation goes live.</p> <p>SF advised that the updated proposal on cyclic meter reads will be discussed with PAG next week to have a view before Consultation.</p> <p>EJ presented an overview of the goal for today's meeting, as on slide 10.</p> <p>EJ presented an overview of the proposed charging model, as on slide 11, highlighting that monthly penalty charges are the only financial tool used as compensation payments were ruled out at the last Consultation.</p> <p>SF advised that there is an active workstream with the Metering Committee reviewing the Code requirements on transfer reads and when an estimate can be made, noting that if there are any changes around Code obligations it should be taken through the usual change process rather than through the MPF Programme.</p> <p>EJ noted a question from DM in the chat - 'Q: But there's going to be monitoring of that 0% standard, correct? Is there not prior estimate averages we can draw upon?? If not, why?'. EJ advised that the standard does not diminish the value of recording actual reads and is still a KPI that will be monitored, and trading parties could get a view of how they are performing compared to the rest of the industry based on historical data.</p> <p>DM queried why the standard was currently being set at 0% and what the risk would be around setting a percentage that can be monitored and changed later if needed.</p> <p>EJ encouraged trading parties to raise their views on the 0% standard in the Consultation.</p> |

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| | <p>MR noted a comment from JF in the chat – ‘Whilst I agree that not all estimation is bad and that many scenarios are valid but the PIR for CPW130 has identified that 69% of estimated transfer reads are due to no attempt. I would have thought this should create a pause in this standard going live.’</p> <p>JF advised that estimated transfer reads is an area that needs more exploring before committing to a new KPI as currently, the majority of estimated reads are due to no attempt.</p> <p>SF advised that JF’s comment will be picked up in the Metering Committee (MC) as part of the overall review, but that it is still an important thing to measure and that it is good to have the KPI in now and it can evolve over time and the standard could change.</p> <p>JD advised that the Code outlined that an attempt to get a transfer read should be visual and queried whether the Code was being reviewed by the Metering Committee, too.</p> <p>SF advised that the MC are looking at the Code and what is allowed and whether it is clearly outlined and whether there are any improvements to be made to enable a broad review of what the Code says and what the obligation should be for the market. If a change is warranted it would be discussed with the Code Change Committee (CCC).</p> <p>JD advised that M09 should be monitored as it may not make sense right now and is an example of where skip data would be valuable to provide evidence that there was an attempt to read. Running M09 may not be a good idea, and we could potentially include in the other two measures whether the read was estimated or visual.</p> <p>EJ presented Performance Standards, as on slide 12. EJ presented the General Rationale Considerations, as on slide 13. EJ presented the General Rationale Approach, as on slide 14.</p> |
| <p>3.</p> | <p>M04, M06 Charges & Standards</p> |
| | <p>JJ presented a Reminder of Transfer Read KPIs, as on slides 16-17. JJ presented a Reminder of M04 & M06 design, as on slides 18-19. JJ presented the Rationale for M04 standard, as on slide 20. JJ presented the Rationale for M06 standard, as on slide 21. JJ presented the Rationale for M04 charges, as on slide 22.</p> <p>MRa noted that the charge of £5 is close to the likely cost of the read itself and may not be enough incentive.</p> <p>JJ noted that the concern will be addressed in the coming slides.</p> |

JJ presented the **Rationale for M06 charges**, as on slide 23.

JJ presented the **Summary of M04 & M06 proposals**, as on slide 24.

MRa advised that, in most cases, this would be an ad hoc read and be cheaper than other ad hoc reads, noting that the scale of the charge incentivizes not doing the read rather than putting a real meter read.

DM noted that there are similar challenges on site with transfer reads as standard cyclic reads and advised that the complexities between the two metrics need to be considered and whether we would eventually have a more simplified and standardized provisions across the metrics.

EJ noted a query was raised around why not have the same bilateral exclusions for transfer reads and advised that it is due to scale, as there a fewer transfer reads than cyclic reads and the number of Bilaterals that interfere with transfer reads is minimal. It would not be worth it to overcomplicate the standard based on the volumes and the ability to estimate.

JJ advised that this was originally discussed with PAG.

AB queried whether there had been any consideration that setting the standard at 100% would increase the number of estimated reads and advised that even though estimates are allowed, actual reads would be preferred.

JJ advised that the Code does allow for estimate reads and that the per day rate provides allowance that an actual read could take longer to acquire and should not disincentivise taking an actual read.

EJ advised that M04 and M06 must be looked at in conjunction with M09 and estimated reads will be monitored. If M09 went wrong, it will be reviewed and changed.

OR advised that MOSL had considered a higher charge for M06 but considered that that would drive an increase in estimate reads and noted that the £1 for M06 and £5 for M04 would make it less costly, compared to the current charges, to get an actual read.

JL queried whether retailer forms have been considered as there a lot of retailer bilaterals coming in.

JJ confirmed that bilaterals have not been included in the design.

JD queried whether the M06 charge kicks in from day 15 or day 1 of being late.

JJ clarified that the charge would kick in from day 16 and run to day 30 for a total of 15 days.

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| | <p>JD queried whether we are potentially disincentivising correcting bad estimates by applying both M04 and M06 charges and advised that a retailer may be disincentivised to go back and change a t-read after a visual read is done and confirms the initial t-read was incorrect, as the retailer will be charged both under M04 and M06.</p> <p>JJ advised that MOSL would review and revert.</p> <p>JD noted that this may be a reason to review the 100% standard and change it to 97%-98% to allow for edge cases like this and advised that the PAC could potentially increase the standard over time.</p> <p>MR noted a comment from DM in the chat – ‘Sorry but this is simply going to put ‘situations outside of retailer control’ into the estimate bucket, which does not inform any committee on what the ground problems are (which are the exact same problems with cyclic reads). Are we not just delaying the inevitable and looking to standardize ‘outside of control scenarios’ across all reading performance? I get there’s priorities here, but that’s not the same as saying ‘we’ll never get around to standardizing’.</p> <p>DM advised that there will be edge cases and trading parties might use estimates to avoid charges as there are situations out of their control and agreed with revising the standard to below 100%, noting that we should look at the reasons for not being able to get an actual read.</p> <p>MR noted that skip codes were mentioned to enable a view of reasons for not getting reads.</p> <p>HCo advised that MOSL is currently reviewing the data for skip codes and the first draft of the change proposal is being reviewed internally and would advise on the progress.</p> <p>MR noted that all feedback would be taken away by MOSL for consideration.</p> <p>DM advised that consideration needs to be taken that there are the same problems for all read attempts on site and that, where possible, there needs to be standardisation to enable reporting situations outside trading parties’ control.</p> <p>JJ presented the Estimated financial impact of proposals for M04 & M06, as on slide 25.</p> |
| <p>4.</p> | <p>M09 Charges & Standards</p> |
| | <p>JJ presented a Reminder of Transfer Read KPI M09, as on slide 27.</p> <p>JJ presented a Reminder of M09 design, as on slide 28.</p> <p>JJ presented the Rationale for M09 standard, as on slide 29.</p> |

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| | <p>AB advised that M09 feels more like an additional performance indicator as the insights it provides will be useful but may not work as a KPI to drive performance and advised that more focus needs to be put on what bad versus good estimations and how that is measured.</p> <p>JJ advised that we would not want to lose the focus on transfer reads and needs to remain as a KPI and place focus on it as the situation evolves, noting that if M09 was removed as a KPI for now, it would require a later Code change to reintroduce it as a KPI.</p> <p>JD queried that, as the standard currently has no threshold, it would ultimately require a Code change to introduce a threshold.</p> <p>JJ advised that changing obligations is part of the Metering Committee’s work and that they would put forward a Code change for any changes which could also accommodate a review of the standard.</p> <p>SF noting that it is a challenging balancing act and advised that having it as a KPI now allows for the process to be further along even though a Code change will be needed to set the standard.</p> <p>JD advised that the rationale for M09 is not consistent with that of cyclic meter reads and advised that it could be kept as an API for the PAC to potentially discuss with the Metering Committee and decide the standard to convert it into a KPI.</p> <p>MR noted a comment from JF in the chat – ‘I think my final thought on transfers is the use of customer reads vs estimation. It’s one for the metering committee but I would have thought the incentive on customers to provide a read to the outgoing and incoming Retailer should contribute to a reduction in the number of estimations. Probably being simple in my thinking perhaps and probably an existing thought?!?’</p> <p>MR noted that all feedback would be taken away by MOSL for consideration.</p> |
| <p>5.</p> | <p>Upcoming PAG workshop(s) & AOB</p> |
| | <p>MR provided an overview of the upcoming workshops.</p> <p>EJe queried whether MOSL could provide an indication of what the potential code change will be for on the back of the skip code audit and if it likely to go into CMOS.</p> <p>HCo advised that the change proposal is to put skip codes into market systems and as part of any evaluation of the code change, a decision will be taken as to what market system is the best one to put it into.</p> |

GL noted previous PAG discussions around reporting on OPS and advised that now that Ofwat have revealed more detail on BR-MeX, a possible revisit on the components of the OPS performance is needed.

EJ confirmed that detail on days late will still be available across each SLA and that the lateness will be cumulative and, in the month, to enable the BR-MeX approximation.

MR closed the meeting.