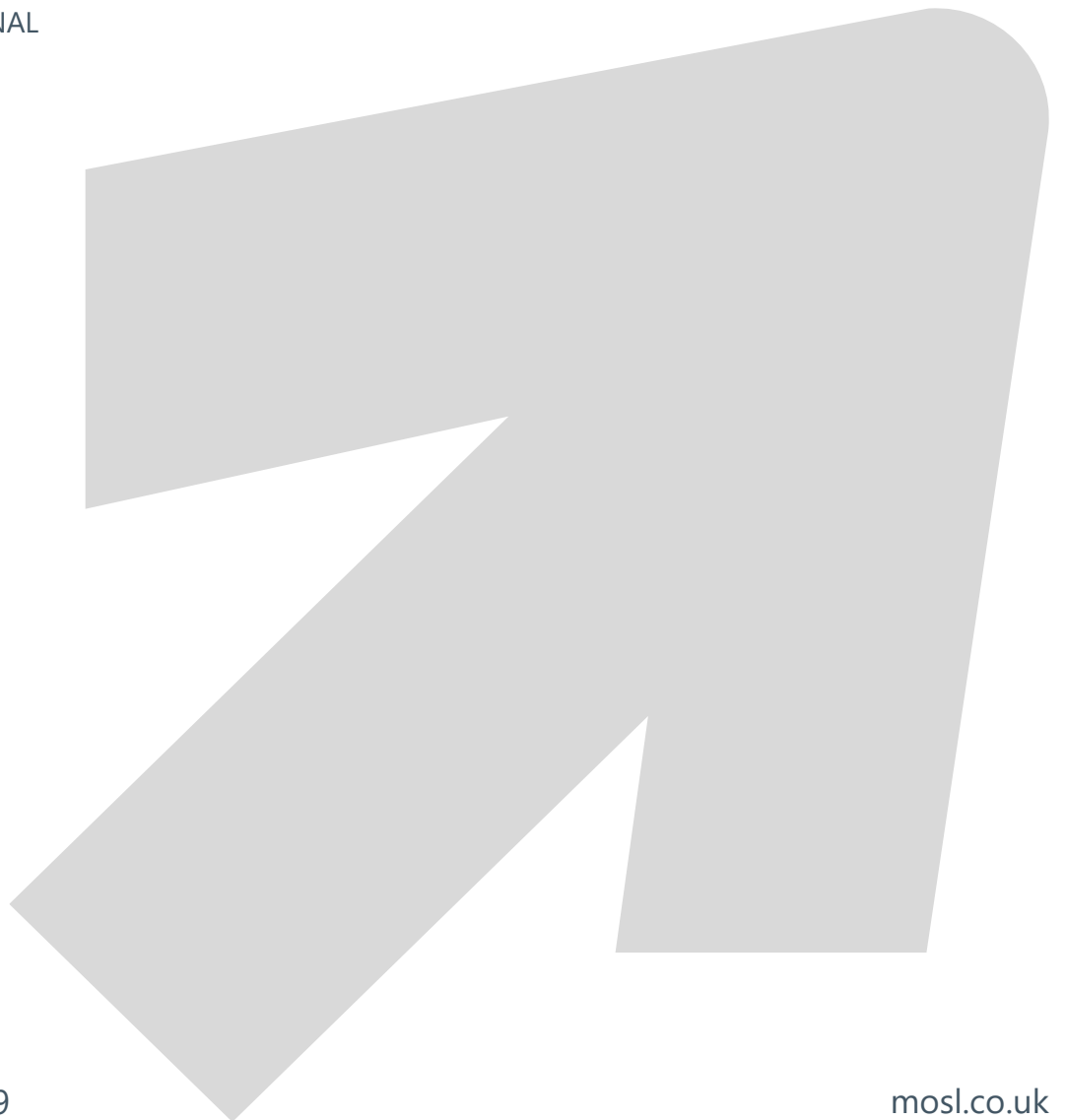


Performance Advisory Group (PAG) 79

Location: MS Teams

Date and time: 19 March 2025, 1000 - 1200

Status of minutes: FINAL



Meeting Minutes

Market attendees

Name	(Initial)	Role/Organisation	Name	(Initial)	Role/Organisation
Adam Boyns	AB	CCW (O)	Mark Howell	MH	Water Plus (R)
Clare Garland	CG	United Utilities (W)	Mary Porter-Chorley	MPC	South Staffs (W)
Daniel Proctor	DP	Water Plus (R)	Michael Gadd	MG	United Utilities (W)
David Morris	DM	Water Plus (R)	Michelle Thompson	MT	Anglian (R)
David Moss	DMo	Castle (R)	Pam Nash	PN	C&C (O)
Emily Jerome	EJ	Water2Business (R)	Paul Baker	PB	Business Stream (R)
Gerard Lyden	GL	Thames (W)	Paul Walmsley	PW	Yorkshire (W)
Gillian Bladen	GB	Southwest (W)	Peter Strain	PS	Castle (R)
Greig Jardine	GJ	Business Stream (R)	Robert Hetherington	RH	Ofwat (O)
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)	Stephanie Tucker	ST	Severn Trent (W)
Kristofer Turner	KT	Castle (R)	Wendy Monk	WM	Wave (R)
Letoia Mann	LM	Clear Business (R)			

MOSL Attendees

Name	(Initial)	Role	Name	(Initial)	Role
Miles Robinson	MR	Chair	Janet Judge	JJ	Observer
Oli Robins	OR	Presenter	Katy Woodhouse	KW	Observer
Adam Richardson	AR	Observer	Nichola Sampford	NS	Observer
Alexander Piper	AP	Observer	Sam Webb	SW	Observer
Elliot Smith	ES	Observer	Sauda Dickinson	SD	Notes

Evan Joanette	EJ	Observer	Steve Formoy	SF	Observer
Huw Comerford	HC	Observer	Toby Hunt	TH	Observer

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.	M02 – Proportion of smart meters read
	<p>OR presented a reminder of the M02 design, as on slide 10.</p> <p>OR presented Quantitative Consultation feedback on M02 – Performance Standards, as on slides 11-12.</p> <p>OR presented Qualitative feedback - Support for M02 proposal, as on slide 13.</p> <p>OR presented Qualitative feedback - Mixed, as on slide 14.</p> <p>OR presented Qualitative feedback – Against M02 proposal, as on slide 15-17.</p> <p>MR highlighted that the feedback presented in the slide pack is not an exhaustive list of all feedback received from the Consultation.</p> <p>OR presented Discussion point 1: TPs: Value in a separate view of smart and non-smart performance, but not as a KPI, as on slides 18-19.</p> <p>DMo noted that smart meters and analogue meters may not require a comparable/similar KPI, and that retailers do not have control of smart meter rollouts. M02 may be prematurely added as the market is currently in a transitional period with smart meter rollouts, noting that M01 and M02 should not be merged, but that M02 should be revisited later as there may be an opportunity to measure smart meter performance differently during and after the transitional period of the rollouts, potentially having a separate KPI around removing analogue meters.</p> <p>GL advised that the customer outcome is around reading meters, and that the obligation is the same for retailers regardless of the meter technology, which retailers have no control over, noting that M01 and M02 should be merged, and smart meter reads should be reviewed as an API. The same analysis can be done with AMR meters, which is at a much higher penetration in the market. Disagreed with the concern that having a higher penetration of smart meters would result in less charges with a combined metric as the same</p>

pre-existing conditions exist with AMR meters regarding ease and cost of reading the meter and the market has not considered these differences to be a concern.

PW advised that **having M02 now is premature** as there is **no expectation from Ofwat** to have smart meters up and running for the next two years. It is important to have visibility of the distinction in performance between smart and analogue meters, **M01 and M02 should not be merged** as there would be variances in smart meter rollouts.

AB advised that there needs to be **assurance that differences in performance can be monitored between smart and analogue meters**, customer have an interest in getting an accurate bill from meters, regardless of the technology. Having the separate metrics would be useful for PAC to identify different performance levels and different challenges against each metre type. Concerned that having the metrics merged, may mask accurate performance, noted a **preference for having the KPIs separated**, as KPIs rather than a separate API.

JD advised that there are natural and competitive incentives for retailers to read meters, noting a preference for **M01 and M02 being merged** as the Code obligation to read meters does not distinguish between meter types, and advised that the Codes may need to be reviewed as the Codes are currently not outcome based, but that progress needs to be made now by getting **skip data** into the market to inform the challenges around getting meter reads. JD advised that there would be an uneven playing field for retailers whether the metrics were merged or split but that merging the metrics would be better as it follows what the current meter reading obligation is.

WM advised that the point of failure of the old MPF was around penalising trading parties for things that are out of their control and advised that we are in danger of repeating that with having M02, noting that the roll out of smart meters is led by wholesalers and would be unfair to determine retailer performance. There should be transparency of the performance of smart meters but should not be a KPI for retailers.

GB advised that the Code obligation is for meters to be read and that customers want meter reads regardless of meter technology, noting a preference for **combining M01 and M02** as M02 does not make sense as a retailer performance standard as smart meters are led by wholesalers. GB advised that M01 and M02 should be separated as **APIs** for the PAC to review separately, and that merging the metrics would not mask performance as the information could still be made accessible as APIs.

JL advised that it may be **too early to have a standard of 95% on M02** and that consideration needs to be taken around how a read is requested from wholesaler as there is no process for these requests.

AR queried whether the view heard from some parties was that by combining the metrics, performance would be driven by smart meter rollouts, and that by separating the metrics, the retailers' performance is measured on a like for like basis, disregarding difference in smart meter rollout provisions or rates.

WM advised that retailer performance should not be determined by wholesaler decisions around smart meter rollout speeds and speeds at which wholesalers fix the meters. Retailer metrics need to be based on things retailers can control. Agreeing with the point that M01 should be separated from M02 for better visibility on performance but that **M02 should be revisited later** as there may be an opportunity to **measure smart meter performance differently**.

SF noted **agreement with splitting M01 and M02** but acknowledges views that the code obligation is the same regardless of the technology, and agreed it is **too early to have a standard of 95% on M02**, noting that the standard has been set based on wholesalers who are further along in the smart meter programme

JD noted not having a strong disagreement with keeping M01 and M02 separated but advised that the obligation, as it currently stands, is to read all meters, and advised that there is a lot of work to be done in the market to revisit the obligation and build a KPI that measures performance fairly, but that until then, the metrics should be merged.

MR advised that the skip code change is progressing, and that the data will drive future change.

DMo advised that the technology needs to be automated and standardised and the failure points for the new world need to be understood; we are not at a point to be able to measure the points of failure around smart meters yet.

MR noted a comment from AB in the chat – "Another concern on merging - If a retailer's performance is very high based largely on their smart meter portfolio, PAC may not prioritise looking deeper into this to determine if their non-smart meter performance is quite low. PAC's resources are likely to be focused more on TPs performing poorly against KPIs."

AB advised that in a scenario where a smart meter portfolio it would be important to ensure APIs are actively looked at, noting concern that there is a risk that the API could be overlooked for a period.

GL advised that having a **combined measure would be better** with **separate APIs**, noting that wholesalers are at different paces with smart meter rollout efforts and advised that the split in metrics makes performance unfair for retailers with variances in smart meter penetration. There are also variances in performance between **AMR and AMI meters**.

OR presented Discussion point 2: **TPs: The proposal will unfairly penalise Retailers on M01 where more progress has been made on smart meters, and Retailers are left with hard to read meters. Lowering the M01 standard over time to address this sends the wrong message.**, as on slide 20.

WM reiterated the point around retailers not having control over smart meter rollouts, and advised that with M01, some retailer may be left with more difficult-to-read meters sooner than others, noting that the approach to meter reading needs to be reviewed.

OR presented Discussion point 3: **TPs: Proposal is logical, but too early to implement a separate M02 KPI.**, as on slide 21.

JD suggested that meter reading performance may only be measured fairly by **measuring retailer performance within each wholesaler area**. The possibility of using skip data to improve meter reading performance needs to be reviewed.

EJe advised that the work on skip data is crucial to understand the challenges behind meter reading and that it is important to ensure smart meters are rolled out in line with plans determined by Ofwat.

OR presented Discussion point 3: **TPs: Proposal is logical, but too early to implement a separate M02 KPI.**, as on slide 22.

MR noted that previous feedback from some trading parties was that it may be too early to have a metric for smart meters and queried when the best time would be to introduce a smart meter metric if not now.

GL advised that the APIs should be created immediately with the decision of merging the metrics and establishing a review to take place in a couple of years, as that is the point where we would be able to better understand performance after smart meter rollouts are further along.

DM advised that the challenges with rollouts cannot be understood right now as there are regional variances and rollout plans, but that APIs should be in place to start informing the challenges and points of failure for smart meters. It is too soon to assess the points of failure for smart metering roll out, and what the potential performance metrics could or should be.

OR summarised that the view from some trading parties was that there is less value in setting an arbitrary review point, but that rather, the point of review would be data-driven by use of the APIs.

JL advised that the **projected smart meter installations** presented **only reflects the physical meters and not the enabled meters** there needs to be consideration around the fact that meters may be installed but not enabled to submit reads.

PW advised that smart meter connection dates may be up to one year after installation according to Ofwat's requirements.

OR presented Discussion point 4: **TPs: The proposal may incentivise Retailers to seek installations against hard to read meters**, as on slide 23.

GL advised that the incentive for installing smart meters against hard to read meters is not a direct incentive from having the KPI split but that it would be a good approach to have retailers working with wholesalers on smart meter rollouts to address hard to read meters.

JD noted that the vacant premises are the most difficult to read meters and that currently there are no processes in the market to address this from a retailer or a wholesaler perspective.

AB advised that having a smart and non-smart metric split would not be a negative outcome for customers as having M01 with non-smart meters, including difficult to read meters, would incentivize replacing meters with smart meters, which would then move into the ease to read pot.

EJe noted concern with the potential changes to smart meter rollout plans by wholesalers and advised that there are many things to consider around the rollouts, noting that there may be a retailer with a larger proportion of customers in a particular wholesaler area, who may be given first preference over smart meter installations, over and above the pre-existing issues around meter access and regional differences.

SF advised that the proposal may incentivize retailers to seek smart meter installations on difficult to read meters but that the incentivisation is only relevant if the meter is able to communicate, noting that retailers should be asking for installations but that the meters would not communicate until the area is set up for it, which would possibly only be possible in a few years' time.

PW advised that wholesalers may already have a set plan for their smart meter rollouts which they may not be able to change, noting that wholesalers may not be able to accommodate retailers' requests for prioritising certain meter changes.

DMo advised that there needs to be consideration around the reasons for hard to read meters and there needs to be a bigger pivot around the market approach to address the issues and what the alternatives are, noting that there needs to be a standardized targeted approach agreed by the market.

WM advised that the market needs to be conscious that customers with difficult to read meters will become difficult to serve as they will incur penalties and trading parties may no longer want them as customers, which could distort the market. WM suggested that perhaps the financial penalties should be passed on to the customers.

DMo agreed that there needs to be progress reviewing alternative resolutions for non-cooperative customers and a possible 'unhappy path' for smart meter rollouts.

OR presented Discussion point 5: **TPs: The proposal does not reflect Retailers lack of control for smart meters or the provision of reads. Retailers cannot be held accountable where reads are not available (e.g., due to outages)**, as on slide 24.

JF noted that smart meters would be subject to all the same physical elements and issues experienced with physical assets (weather, battery issues) and that there may need to be a review of the definition of a fault in terms of B5 in the Codes.

JL advised that there is inconsistency among wholesalers when it comes to providing meter reads for free and that retailers sometimes have to pay wholesalers for reads which results in a double financial impact for retailers. JL reiterated that a 95% standard on M02 is too high.

OR queried what trading parties felt would be a reasonable standard.

JL advised that it would be **beneficial to have a view of the entire market data**, rather than just a sample size of SPIDs, as it would enable a better view and understanding of the market average to be able **to establish a reasonable standard**.

OR noted that there was agreement in the Consultation responses around the sample size of data.

EJe advised that there are examples where **smart reads are not aligned with previous consumption history**, particularly where LUMs have suddenly been exchanged, noting that we would not want those reads in the market because of the **impacts on the customer and their bill**. EJe advised that **skip data** is needed as a raising a bilateral case may not resolve the problems, noting that there have been **more than a thousand skips throughout the year** and would not be beneficial to raise a thousand bilateral cases.

GL agreed that smart meters are prone to the same physical conditions that would break a traditional meter and that the B-processes would still apply, noting that it would be worth considering the possibility of different breaking conditions for different technologies or models of smart meters, and that there may be temporary issues with no specific resolution action, as well as more permanent issues that need consideration.

	<p>GB queried, if a read is obtained or attempted at the end of the month, how long have trading parties got to enter the read into the market before charges are incurred.</p> <p>OR advised that trading parties have 10 business days to enter the read into the market.</p> <p>GB advised that 10 days may be an insufficient range for monthly reads and noted that skip code data is vital to many parts of the meter reading elements, supporting the view that M02 should be revisited later once skip codes are in place.</p> <p>DMo advised that a new smart metered world will enable an enriched data set for customers spanning a couple of years, so even if the meter stops working, customers can still be billed fairly accurately based on previous data sets. It would be a disservice raising bilaterals for every occasion as it affects high-impacting cases and creates unnecessary back-and-forth work. Skip data could enable self-reporting.</p> <p>OR presented Discussion point 6: TPs: The definition of smart is unclear (at what point should an AMI meter officially start being recorded under M02?). It is also inconsistent to separate SmartAMI but not AMR., as on slides 25-26.</p> <p>OR encouraged PAG members to send through any further feedback or views offline.</p> <p>GL advised that the definition of smart meters should be looked at as part of the Code change and should possibly be a metering committee debate around whether the Codes are sufficiently well defined.</p> <p>JD agreed that the metering obligations need to be revisited in the Code and only then can the framework be built on top of the Codes.</p> <p>OR presented Discussion point 7: TPs: It is inconsistent to separate Smart AMI but not AMR, as on slide 27.</p> <p>OR presented Ways forward (wrap up), as on slide 27.</p> <p>OR noted that all feedback and views will be taken away for consideration.</p>
<p>3.</p>	<p>Upcoming PAG workshop(s) & AOB</p>
	<p>MR provided an overview of the key Consultation 5 dates and upcoming PAG workshops.</p> <p>JD requested having an update at a future PAG meeting on the decision around M01/M02.</p> <p>MR closed the meeting.</p>