

**To promote, challenge and lead the operation and evolution  
of the market for the benefit of business water customers**



# **Market Performance Framework (MPF) Reform Programme**

## **Consultation 5: Detailed Engagement Report**

17 April 2025

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## **About Consultation 5**

The fifth consultation relating to the proposed reforms of the non-household Market Performance Framework (MPF) ran from 17 February to 7 March 2025.

The consultation sought stakeholder feedback on proposals for:

1. Performance standards and adjustment by the Performance Assurance Committee ([consultation document 1](#))
2. Performance standards and charges for Cyclic Meter Read KPIs ([consultation document 2](#))
3. Performance standards and charges for Transfer Meter Read KPIs ([consultation document 3](#)), and
4. Supplementary information to support documents (2) and (3) ([consultation document 4](#))

The quantitative results from the consultation (i.e. responses to closed questions) were [issued on 14 March](#). For completeness, the responses to these questions are included below, excluding some of the Section 1 'about you' questions.

A webinar was held on 19 February to provide an overview of the consultation and any clarifications that may be needed before stakeholders submit their responses. A recording of the webinar is available on the [MOSL website](#).

## **About this document**

MOSL received 21 responses to Consultation 5. This document sets out in tabular format the comments, queries and suggestions received from respondents, and MOSL's response to each. Where comments have included multiple issues, they have been separated to enable MOSL to respond.

Where necessary, responses have been summarised or condensed due to their length. Where this is the case, we have sought to ensure the meaning of the original response remains unchanged.

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A document containing the original verbatim responses is [available here](#). A holistic view of comments and the conclusions that MOSL has drawn will be provided at the [face-to-face feedback session](#) in London on 24 April.

The response numbers correspond with the structure of the questionnaire. Each question is presented, followed by stakeholders' comments. Where appropriate, comments have been moved to a more relevant theme.

Our desire to provide transparency and enable stakeholders to see MOSL's response to each of their comments means that this is, unavoidably, a long document. Responses are listed alphabetically by Retailer, then Wholesaler. Trading parties may wish to search the document to find their names (e.g. by CTRL-F). Each response has a unique reference that includes the number of the original question and number of the comment in sequence. Numbers that appear out of sequence were added latterly.

The key themes arising from Consultation 5 will be presented at a face-to-face meeting in London on [Thursday 24 April](#). The presentation and discussions on the day will inform the way forward and will ultimately be included in the Recommendation Report for the consideration of the Code Change Committee and Ofwat.

### Methodology

Please note that the percentages quoted are based on the number of responses to each question, not the total number of responses to the consultation. The percentages represent only trading parties that expressed a view.

**Please note that trading parties' comments were categorised into relatively broad themes to enable MOSL's responses to answer as many questions as possible. Where necessary or appropriate, additional commentary has been provided.**

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## Section 1 – ‘About you’

Questions 1.4/1.5. Respondee’s names and type of organisation (total: 21)

Wholesalers	Retailers	Other
Affinity Water	Business Stream	CCW
Anglian Water	Castle Water	
Dŵr Cymru (wholesaler)	Everflow	
Northumbrian Water	Pennon Water Services	
Portsmouth Water	Water2Business	
South East Water	WaterPlus	
South West Water	Waterscan	
Southern Water	Wave	
Thames Water		
United Utilities		
Wessex Water		
Yorkshire Water		
<b>Total: 12</b>	<b>Total: 8</b>	<b>Total: 1</b>

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**Section 2 – Proposed MPF performance standards**

To what extent do you consider that the standards for the following KPIs are set at an appropriate level to incentivise good outcomes for all customers for...

**Q2.1: Cyclic meter read KPIs (market meters): M01 – Cyclic meter reads performed within SLA (non-smart meters)**

**Explanation:** the performance standard retailers would be required to meet when reading traditional (not smart) meters on a routine ('cyclic') basis.

**Quantitative results:** For more detail, please refer to the [high level quantitative results](#)

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 43% of retailers 'oppose/strongly oppose' the proposal</li> <li>• 9% of wholesalers 'strongly oppose' the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 57% of retailers are neutral</li> <li>• 27% of wholesalers are neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• No retailers support the proposal</li> <li>• 63% of wholesalers 'support/strongly support' the proposal</li> <li>• CCW supports the proposal</li> </ul>

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**Q2.2: Comments to Q2.1**

Ref	Respondent	Score	Comment	Response
2.2.1	Business Stream	3	<p>As stated in the supplementary information, “determining what is ‘stretching but achievable’ will be easier for the PAC once true performance data is available. For now, the current performance figures relate to a single period where different measures are applied.” We and other trading parties (TPs) cannot confidently say the performance standards are set at the appropriate (stretching but achievable) level based on the sample data. The shadow period will however allow further assessment and monitoring to establish if the proposed standards are set at the correct level.</p> <p>In order to effectively evaluate the proposed standards, it will be important that:</p> <ul style="list-style-type: none"> <li>• All meters are analysed, as opposed to the current ~42% sample, to ensure accuracy.</li> <li>• A monthly analysis (ideally over 12 months) is provided to understand trends and seasonality.</li> <li>• Volumetric data is considered (number of meter reads) as well as the performance levels expressed as a percentage, to provide additional context for any material variations across TPs.</li> <li>• The overall market performance needs to be analysed and shared, along with anonymised TP performance stats.</li> </ul>	<p>We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.</p> <p>The performance data only covers one performance month, but we have modelled a range of scenarios based on historic fluctuations in MPS to determine a likely range in market performance and charges.</p> <p>We note that M01 uses a subset of meters, but this is still a significant dataset of 250K meters in the market, without bias or characteristic. In the case of biannual KPIs, the data covers a “look back” period of seven months. For all other KPIs, the performance data covers every meter in the market at the point of the data being run.</p> <p>However, it is important to note that the KPIs are still yet to be fully built and assured, and the data refers to time when the market was being measured against different metrics and SLAs.</p> <p>The likelihood of changes to reduce charges or standards is considered low as the modelled performance data is expected to underestimate true performance once the KPIs are up and running (and bilateral exclusions are applied). Furthermore, performance should not solely drive the setting of charges and</p>

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			<ul style="list-style-type: none"> <li>• Vacant and occupied performance should be analysed to ensure it is not distorting performance.</li> </ul>	standards - the performance data is one consideration amongst many in determining a suitable set of initial values.
2.2.2	Business Stream	3	<ul style="list-style-type: none"> <li>• TPs need access to their own modelled data to assess the impacts. Where the actual data suggests that the proposed levels are too lenient or punitive during the shadow period (or any other period), TPs should have the opportunity to raise their concerns to allow the PAC to consider amending the targets (please see our comments in 4.1).</li> </ul>	<p>Trading parties will have access to their own shadow performance data in June for the transfer read KPIs and July for the cyclic read KPIs.</p> <p>There is a risk that sharing individual performance data at this stage will be misleading.</p> <p>It is important to note that the KPIs are not yet fully built and assured, and the data refers to a period where the market was being measured against different metrics and SLAs.</p>
2.2.3	Business Stream	3	<p>Monthly Meters Based on the information provided, the proposed standards for monthly internal and external meters have been set significantly higher than the modelled performance – representing an uplift of 14% or 15% (compared to 5% or 6% for biannual). We note that rationale has been provided for this but do not believe it justifies or explains how the performance standards have been set so high relative to current market performance – we note that no retailers in the sample are achieving the performance standard, suggesting that this is too stretching, at least for the initial position.</p>	<p>The proposed standard for this KPI reflects the importance of this activity to the market and its customers and the degree of incentive required for trading parties to improve their performance.</p> <p>Trading parties whose average performance against this KPI achieves the performance standard will not incur any charges for instances where the SLA was not achieved.</p> <p>We recognise trading parties concerns and additional backdated performance data will be run once the shadow period has begun. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.</p> <p>Following implementation, the Performance Assurance Committee (PAC) will be responsible for ensuring the standards protect customers from performance failures and trading parties from failure due to charging levels. Subject to approval, the PAC will be able to adjust performance standards for each KPI up or down by up to 5 percentage points (proposed)</p>

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				<p>provided there is at least 12 months between implementation of any amendment to a standard (absent any code change).</p> <p>We are minded to align the standards for biannual and monthly M01, meaning that the internal standards are set at 75% and the external standards are set at 85%. This still represents a stretch on market performance for monthly meters but recognises trading party feedback on the difficulty in accessing internal monthly meters.</p>
2.2.4	Business Stream	3	<p>MOSL needs to ensure that the standards are set at achievable (but stretching) levels and it's important there is consistency in setting the biannual and monthly performance standards relative to their modelled performance, and relative to M02 and M19. Occupancy - While no data has been provided, we believe that different standards should be considered for occupied and vacant. We understand that the tolerance levels have been set at a level which recognises failure due to factors outside trading parties' control including properties being vacant, but given the strength of feeling in this area, we would suggest that the shadow period should be used to measure and assess any significant differences between vacant and occupied premises, with the standards, or the tolerance levels, adjusted if differences are higher than modelled.</p>	<p>The proposals focus on areas for which trading parties are responsible as parties to the code.</p> <p>Where counterparties under the code might impact the potential to deliver, (e.g. where broken meters impact the ability to take readings, these factors can be excluded from a retailer's performance until such time as the wholesaler fixes the meter. The wholesaler is measured separately on its ability to fix meters in a timely fashion).</p> <p>Other factors might impact a trading party's ability to deliver, nevertheless, that party remains responsible for delivery under the code. Consequently, these factors have been taken into account through the application of a sub-100% performance standard. This recognises that mitigating action by a trading party to deliver code provisions may not be successful in all cases and allows for a degree of failure (e.g. where a meter cannot be accessed on a temporary basis).</p> <p>We are keen to deliver an MPF that works for the whole market and avoid over-reliance on exceptions for region-specific and variable factors.</p>



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				<p>Fundamentally, the reformed MPF is being determined against current code obligations. If and when changes to code obligations are progressed, KPIs (and standards) will be updated to reflect any adjustments.</p> <p>Retailers are obliged to read all meters and the KPI will therefore measure the proportion of all meters that are read. This includes meters on vacant sites. Our modelling indicates that vacant meters can be (and are being) read in many circumstances. The performance standard has been set at a level which allows for some failures to gain reads across both occupied and vacant sites.</p>
2.2.5	Castle Water	1	<p>We strongly disagree that the standards have been set to a level that is 'appropriate' for M01 and M02. It is difficult to summarise just how many issues there are with M01, both with performance threshold levels, methodology used to create them and overall design of the KPI.</p>	<p>The initial standard represents a judgement of several factors set out in the consultation material. It needs to:</p> <ul style="list-style-type: none"> <li>- Represent an improvement in the average performance of the market (otherwise there is no incentive for improvement)</li> <li>- Balance achievability (and therefore the potential scale of underperformance and any resulting charges) with service to customers</li> <li>- Recognise the proportion of failures that can be reasonably expected due to the characteristics of different meters (i.e. traditional vs smart) and premises (internal vs external).</li> </ul>
2.2.6	Castle Water	1	<p>Lack of information to make informed decision on whether standards are appropriate, e.g. how estimated performance has been calculated, or where thresholds and fines should be set. That exercise, as well as this consultation, would have been more suitable taking place months into shadow, with the benefit of the experience during that period to inform the setting of standards.</p>	<p>The Steering Group has noted industry concerns in relation to the current timeline and will be confirming an updated programme plan as soon as possible. The shadow period is expected to provide sufficient time for the industry to adapt to the new KPIs prior to the implementation and the programme has noted the preference from Consultation 4 for the shadow environment to replicate the final proposed MPF model as closely as possible.</p>

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2.2.7	Castle Water	1	<p>Applying a single performance standard across all wholesaler areas is flawed and discriminatory and does not create a level playing field. The standards are not fit for purpose. Unless the standards have been set at the value of the worst performing wholesaler area – for each of the four cells in the proposed matrix of internal/external and monthly/biannual – some parties will be discriminated against by the proposed standards based purely upon geography. The fact that we have regional monopolies is not recognised in the proposed standards and the documentation fails to detail the degree of that discrimination and impact. We must accept some ‘average’, with no explanation as to how it has been set and how is disadvantaged or advantaged by it for each metric, and by what amount relative to their peers. For a framework which directly compares trading party performance, that is a serious and significant flaw of design.</p>	<p>See 2.2.5 plus: Our market is national; many customers are multi-regional. We believe it is important that the rules and obligations of the market are consistent across boundaries and geographies. Regional variations would introduce complexity and difficulties in providing like-for-like comparisons for customers. MOSL does not agree that standards should be based on the lowest performing wholesale areas, as this is unlikely to lead to better customer outcomes.</p>
2.2.8	Castle Water	1	<p>MOSL has recognised the discrimination (of using a single performance standard across all wholesaler areas) at the PAG, but rather than addressing, it has responded by saying we must live with it.</p>	<p>The proposals focus on areas that impact services to customers and monitor activities where trading parties carry responsibility under the market rules. The proposals apply equally to all trading parties that have those responsibilities under the code. Charges are only intended to prevent performance from falling to an unacceptable level of failure for customers. The KPIs afford greater transparency and clarity relating to the delivery of services to customers. This will enhance the competitive and reputational impact of performance reporting.</p> <p>MOSL does not recall making the comment to which you refer.</p>

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				MOSL proposes the variants of internal/external and smart/non-smart, highly affected by Wholesaler policies to address the issue the retailer raises.
2.2.9	Castle Water	1	Concerns about the sampling approach used to estimate trading party performance: why the need to sample only a subset of meters given that MOSL has all the data. The February 2024 data is now a year old – is it representative? While it would look back over the previous 7 months when estimating M01 performance, it would not capture the entire year or any seasonal effects that are a feature of reading meters. Why has MOSL determined it is appropriate to base its estimate of trading party performance on a limited sample of a single month (February 2024), and a subset of c250,000 biannual meters for that 1 month? Further, whilst the sample size appears sufficiently large, we question whether the sample chosen is representative of the population as a whole. We ask given that, for each large retailer in a sample of that significant size, one would expect the sample to contain a similar percentage of each retailer’s metered portfolio. Yet, that isn’t the case. For some large retailers, as little as 9% of their metered portfolio performance within that month has been included. Meanwhile for others that percentage is as high as 30%. That seems very odd, and not what one would achieve by sampling at random. So, what has MOSL done to select its sample? From the data we have been given, MOSL has not sampled at random but has somehow and	See 2.2.1 plus: Our modelling considered a completely random sample of 250k meters that did not take into account which trading party, consumption or any other variables. There were no aspects of the process where a meter was selected by a particular variable.

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			<p>for some undefined reason, determined to use an alternative sampling scheme which has skewed the sample relative to the population as a whole. That clearly is concerning, and we strongly suggest that it invalidates the sampling approach and any conclusions drawn. It looks as if MOSL has constructed a sample to produce an outcome, rather than one which is representative of the population of meters. Why use a subset and not all meters for that month? Why only 1 month and not 3, 6, or 12 to capture seasonal variation? And why use what looks to be a sampling approach which results in a sample unrepresentative of the population that it purports to represent? The supporting documentation does not provide that information, nor explain the reasoning behind why MOSL has made these decisions. The supporting documentation adds further confusion when it states that the performance data is "not predictive" (see next comment).</p>	
2.2.10	Castle Water	1	<p>We are concerned that our requests at the PAG for details of our own modelled performance as a retailer have been denied. As a minimum, we suggest that each of the large retailers sampled and modelled need to be provided with their own data, so that they can understand where they sit relative to their peers and check that they agree the calculations based on MOSL's sample are representative of our entire population. That is a reasonable request, yet it has been denied,</p>	See 2.2.2

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			<p>unfortunately suggesting that MOSL has something to hide or doesn't want its standards challenged. We need to have confidence collectively and we need to understand the true implications of the standards that are proposed. That we do not have based upon the limited detail provided by MOSL and its failure to answer basic questions at the PAG. What does that mean?</p>	
2.2.11	Castle Water	1	<p>Surely, we are trying to offer a model that is predictive of performance? Collectively these issues mean we do not have the detail nor confidence to agree that the performance standards have been set appropriately.</p>	<p>See 2.2.1 plus: Whilst we expect impact of new metrics to drive improved performance, it is not possible to forecast this to a high level of accuracy. The shadow period will help provide a better indication of enduring performance and likely trajectories, which will also prove of value to the PAC when considering whether to adjust standards in the future.</p>
2.2.12	Castle Water	1	<p>A more logical and sensible approach would have been to set the performance thresholds during an extended shadow period, using actual performance data to inform that decision. Where each Trading Party could see their own performance and better understand it relative to their peers. This would also have allowed the PAC time to provide an informed opinion on where the thresholds should be set initially, and iron out any issues that might be found with the KPI design. In reality it is clear that "timely" delivery of the MPF is a much higher priority than ensuring what is being delivered meets the original aims that the reform set out to achieve. In our view and on the evidence presented, the proposed performance regime and performance standards fall far short of meeting those original aims. It is an</p>	<p>See 2.2.6 plus: Post Consultation 4, trading parties were in general agreement that all charges and standards needed to be established before shadow so that this period would be as true a representation of MPF 2.0 as possible.</p>

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			opportunity missed and an expensive mistake upon which we embark as a market.	
2.2.13	Castle Water	1	The M01 documentation is limited and numerous variables which might impact where to set a performance threshold for cyclic meter reading KPI are not mentioned, e.g: seasonal variation, geographical variation, the different challenges for a retailer with 50k SPIDs compared to a retailer with 250k SPIDs, different types of metered portfolios (e.g. populations of smart vs dumb meters). The inevitable conclusion one must take is that the M01 thresholds being proposed right now are a shot in the dark, and respondents to the consultation cannot realistically provide an informed opinion to the questions they are being asked.	See 2.2.5 plus: We welcome these alternative suggestions but do not consider that these align with the programme principle of simplicity or the concept of a national market.
2.2.14	Castle Water	1	This consultation is yet another example of the rushed nature of this MPF reform that has had an ever-increasing focus on timely delivery above quality.	<p>MOSL is accountable to the Steering Group for MPF reform and ultimately the Strategic Panel. Trading party feedback has been welcomed throughout five consultations and over 70 PAG meetings, which has also indicated that an industry consensus is not possible.</p> <p>Ultimately the final proposals to be presented to the Code Change Committee and Ofwat will be those which best balance the key programme success criteria (including customer outcomes), and we note that these can pull in different directions at times.</p> <p>The programme is multi year and has been planned (and replanned) in full view of the industry with the steering group. Timeliness is not a given priority over quality, demonstrated by</p>

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				the fact that the delivery date has shifted before to ensure a quality framework is delivered.
2.2.15	Castle Water	1	The focus on timely delivery over quality is a symptom of the continued failure of the programme's governance and oversight	See 2.2.14
2.2.16	Castle Water	1	The consultation questions have been written in a way that assumes the respondent agrees with the KPI design to which the proposed standard relates.	See 2.2.14. The questions were framed in neutral language and used a simple scale with free text responses. MOSL is content that it did not seek to bias the answers.
2.2.17	Castle Water	1	M01 fails to satisfy several of the success criteria detailed in the supporting documentation and our previous consultation responses on this topic remain valid. Concern raised previously, but ignored by MOSL: 1) M01 will continue to penalise retailers not getting a read for reasons outside of their control, thus failing to improve 'trading party accountability'. As with the current MPF KPIs, M01 also promises to discriminate against some trading parties just because they have a certain set of meters, or are a certain size, or are geographically located somewhere bad etc. Like today, the peer comparison reporting will inevitably suggest that it is comparing 'like for like' when that is far from the reality.	See 2.2.4
2.2.18	Castle Water	1	Concern raised previously but ignored by MOSL: 2) M01 also fails to meet the success criterion of 'simplicity'. When combined with M02, this design has effectively created 8 different thresholds to track and maintain for cyclic meter reading alone, for which we have 2 measures today. In particular,	'Simplicity' has been a key success criteria from the outset. We are keen to deliver an MPF that is as simple as possible, but recognise the challenge of doing so with a programme of this nature.  In some areas the proposed MPF is simpler than before, e.g. we are proposing a shorter list of chargeable metrics than the

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			splitting meters into dumb and smart has unnecessarily doubled the number of metrics needed.	<p>current MPS/OPS standards, the KPIs share design features and rationales, and better align to code obligations on meter reading.</p> <p>In some areas, trading party feedback has led to changes that have increased the complexity of the proposals, for example, taking into account internal/external meters, smart/non-smart meters.</p> <p>However, we believe such changes are worthwhile as they allow PAC to understand more easily "what can I expect performance to be for a meter of particular type for a given party?"</p> <p>Where there is complexity, however, we have sought to make our explanations and processes as straightforward as possible.</p>
2.2.19	Castle Water	1	<p>Concern raised previously, but ignored by MOSL: 3) The consultation 5 documentation exemplifies the failure of this KPI, and the MPF reform programme, to meet the 'transparent and proportionate' success criterion. Transparency is badly lacking in particular, and has been throughout the MPF reform process. What little data has been used to help inform the standards being proposed is not data that has or will be shared with trading parties and is entirely too limited. Whilst for the reasons stated earlier regarding the lack of a level playing field in the design of the performance standards we can say that we do not believe them to be appropriate, what we can't yet answer is the real question being asked here, whether we can live with the proposed threshold for M01, due to the lack of evidence</p>	See 2.2.2



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			provided to explain and justify what is being proposed.	
2.2.20	Castle Water	1	Based on the programmes own success criteria, most of these KPIs are not fit for purpose, yet they now are setting thresholds and fines which have been created from a limited sample of estimated performance data, which the reader has been told should not be considered as predictive.	<p>The KPIs selected are those where companies' performance significantly impacts customers and the designs have sought to provide a true picture of what customers are experiencing - and so the focus of these KPIs is appropriate.</p> <p>Feedback from the PAG has informed the design of the KPIs, for example the suggestion to break down meter reading performance by internal and external meters, report against calendar month SLAs instead of business day SLAs and extend bilateral exemptions to include the C5 (de-registration of a supply point) process.</p> <p>We have considered the merits of amending specific KPIs including M01/M02, M19 and M09 following further trading party feedback in this consultation. Pending new arguments and evidence at the in-person event, we are minded to propose the current separation of M01 and M02, the current eight KPI splits of M19 and to reframe M09 as an Additional Metric to the Code Change Committee.</p> <p>Furthermore, if there are changes to the codes arising from work being undertaken by the Metering Committee or other groups/parties that impact the design of any KPIs, this will also be accommodated.</p>
2.2.21	Castle Water	1	Frustratingly, when it comes to the mindset of where to set the performance standards for M01, there continues to be this incorrect assumption (which has clearly shaped the majority of the reformed MPF KPIs) that without a penal based system, retailers would just perform poorly, have no reason to adhere	<p>The proposals focus on areas that impact services to customers and monitor activities where trading parties carry responsibility under the market rules. The proposals apply equally to all trading parties that have those responsibilities under the code. Charges are only intended to prevent performance from falling to an unacceptable level of failure for customers. The KPIs</p>

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		<p>to the market codes, or do what is right for customers. Pre-consultation document 1, 'In fact, some trading parties' performances are expected to improve when properly incentivised'. And yet, as we articulate later, in setting the much-needed cap, we note that the penalty charges which MOSL argues are necessary to incentivise performance will have no more impact than they do today for those worst-performing parties that are already at the cap; these new performance standards will only seek to raise additional revenue to fund the MIF for those better performing parties. Perverse, but true.</p> <p>Whilst there is an argument that this may be true for the monopolistic structure in the wholesale side of the market, retailers operate in a competitive market in which there are both natural and competitive incentives. This should have been considered when designing M01 to determine if standards are even needed. In consultation 4, we raised that one of the biggest incentives for a retailer is that by taking visual meter reads and providing accurate bills to customers, that retailer will greatly reduce its potential costs in comparison to using estimates. This natural incentive is something MOSL seems unwilling to acknowledge, which presumably is why MOSL believe an uplift of 6 – 15% is needed, based on data that is not predictive.</p> <p>It was also noted in the Summary minutes of MOSL Board Meeting from 9 February 2022, 'The programme should start from scratch by identifying</p>	<p>afford greater transparency and clarity relating to the delivery of services to customers. This will enhance the competitive and reputational impact of performance reporting. The number of trading parties still hitting the cap is small and account for a very small proportion of SPIDs and charges in the market.</p> <p>Fundamentally, cyclic read metrics were determined by the industry to be one of the priority metrics when looking at risks/issues. The existence of LUMs is evidence that the market lacks incentivisation to sort some hard-to-read pots of meters. The charges applied to the cyclic meter read KPIs are intended to supplement natural incentives, i.e., competition. If a minimum service is achieved, no charges will apply. Improvements beyond minimum service will occur through competition.</p> <p>The proposals apply equally to all trading parties that have those responsibilities under the code. Charges are only intended to prevent performance from falling to an unacceptable level of failure for customers. The KPIs afford greater transparency and clarity relating to the delivery of services to customers. This will enhance the competitive and reputational impact of performance reporting.</p>
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			<p>the desired outcomes and consider what could be delivered by competition only'. In 3 years of PAG meetings, the words 'competition' has never once been mentioned. Has the programme even considered this, and if yes, when was that consideration made, and why is there not any information about how that has been included in any of the MPF measures being proposed. In this regard, Castle Water's consultation #4 response demolished the validity of any reference to a PwC study when considering meter reading. Castle Water therefore must conclude that 'competition' has not been effectively considered, otherwise we would be looking at a very different set of KPI designs for retailers.</p>	
2.2.22	Castle Water	1	<p>What does become obvious when reading the supporting documentation for this consultation is that the new MPF (particularly M01) has also prioritised returning financial penalties to a certain level prior to recent improvements in performance measured against the current MPS regime. It is interesting to note that MOSL estimates the penalties may exceed £2m for M01, levels not seen since 2021/2022. In a low performance scenario, this could jump up to £3.5m. Is it fair to assume that retailers are performing at the same level as they did back in 2021/2022, because that is the message that is being sent? It appears that setting the thresholds to where they are, as well as the overall design of the meter reading KPIs, is mainly motivated by a desired</p>	<p>The MPF is not focussed on generating funds for the Market Improvement Fund (MIF) or other projects. If the market performs above standard, customers receive the service they expect, trading parties would incur limited performance charges, and there would be little or no funds available for the MIF as a result – which would signal improvements in customer service.</p> <p>Comparisons to current market-level penalties was done purely to understand if our proposals were historically bearable.</p>

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			<p>level of funding for the MIF. We fear that the NHH water market can look forward to many more Wizso tablets and other MIF funded projects of questionable value to improving the operation of the market.</p> <p>There are many valid concerns and observations that we have detailed in previous consultation responses relating to the fundamental design of M01, most of which have not received a satisfactory response from or been addressed by MOSL. Overall, this makes it impossible to assess the proposed threshold for M01, especially given the numbers proposed have not been evidenced, and what little data has been used we are told is not predictive.</p>	
2.2.23	Everflow	3	<p>Given the presented modelled performance on monthly meter reads, we argue that the proposed performance standards are set too high. Whilst we recognise that the impact of a lack of a reading on these meters can be higher, we also believe that the proposed standard would require evidence that retailers are in fact not attempting these reads, rather than trying and failing. In the latter case, the proposed standards are punitive. We propose that the performance standards for monthly meters should be more aligned with those of the biannual meters.</p>	<p>See 2.2.3 plus: We are minded to align the standards for biannual and monthly M01, meaning that the internal standards are set at 75% and the external standards are set at 85%. This still represents a stretch on market performance for monthly meters but recognizes trading party feedback on the difficulty in accessing internal monthly meters.</p>
2.2.24	Pennon Water Services	3	<p>While the introduction of a more structured metric is welcomed, we remain concerned that the proposed performance standards may not fully account for regional challenges and operational constraints. The</p>	<p>See 2.2.4</p>

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			ability to obtain meter reads is influenced by factors such as accessibility, wholesaler engagement, and customer participation. Without mechanisms to accommodate these nuances, retailers may be penalised unfairly.	
2.2.25	Pennon Water Services	3	Additionally, wholesaler meter read contracts play a key role in frustrating meter reading efforts, particularly through poor asset maintenance and the use of scurrilous SKIP codes or dropped read routes. We recommend MOSL consider an additional level of adjustment to reflect these variances.	This feedback isn't specifically related to the level of charges and standards set out in Consultation 5 proposals, but is helpful for MOSL to share with relevant stakeholders, including the Performance Assurance Committee. Noted.  We consider that meter reading contracts are for trading parties to manage rather than the MPF attempt to recognise.
2.2.26	Water Plus	2	Whilst we believe the new approach to assessing cyclical meter read performance provides a better framework for assessment, with clearer performance timelines, we are ultimately concerned that the proposed scope is unfair and penalises Retailers where there is no ability to impact outcomes. We have identified below our major concerns with the proposed scope, including our recommendations that would ensure a fairer performance framework:	See 2.2.20
2.2.27	Water Plus	2	<u>Removal or separation of vacants:</u> The current proposal would see the inclusion of meters on vacant properties, that have previously been excluded from the MPS penalty structure. The performance against these meters would be factored in alongside performance on occupied properties, however these are materially different circumstances with different levels of benefit for obtaining a read and different abilities for Retailers to obtain these	See 2.2.4 plus: Retailers are obliged to read all meters and the KPI will therefore measure the proportion of all meters that are read. This includes meters on vacant sites. Our modelling indicates that vacant meters can be (and are being) read in many circumstances. The performance standard has been set at a level which allows for some failures to gain reads across both occupied and vacant sites.

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			reads. Specifically we are concerned that establishing a threshold for performance that ‘factors in’ vacancy rates, and the associated reduced ability to obtain reads, will not be representative of vacancy rates for any individual Retailer. It is our view that vacant sites should continue to be excluded from the MPF, or at minimum considered separately from occupied reads.	
2.2.28	Water Plus	2	<u>Bilaterals</u> : Whilst we welcome the exclusion of meters where there is an outstanding bilateral process, we have some concerns around the practical exclusion of these read failures. Firstly, we do not believe the list of bilaterals that result in an exclusion is exhaustive and at minimum we believe that the B7 should also be included. Secondly, we are concerned that the technical implementation of this exclusion will not ensure that raised bilaterals lead to a resolution before MPF charging will once again be incurred. To ensure that trading parties are not incentivised to constantly open and close a bilateral to reduce fine exposure where a resolution is not immediately possible (incurring operational cost with no clear outside benefit), the process must ensure that a complete resolution or cancellation is achieved before charges once again apply	See 2.2.20 plus: We welcome further rationale as to why B7 or other processes are important candidates for bilateral exclusions. It is also important that these KPIs are supplemented by additional activities such as audits and other metrics to monitor behaviours.  Exclusions will continue to apply if the retailer is dissatisfied with the outcome of the bilateral request and chooses to resubmit.
2.2.29	Water Plus	2	<u>Skip Codes</u> : As has been raised at the Performance Advisory Group, the current proposals do not currently adequately account for the variety of circumstances where a Retailer is unable to obtain a read due to factors outside of their control. Whilst	See 2.2.4 plus: Skips arising due to issues with the meter may be rectified through bilateral service requests. Where this is the case, they will be excluded from the performance calculation. Other skips will not be excluded and remain for the retailer to address. Separately, MOSL has raised a change proposal to

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			<p>the market thresholds are set to factor in some of these circumstances, any approach to factor in these circumstances at a market level cannot reflect the variety of different customer portfolios and therefore will be inaccurately established for each Retailer individually. We believe that for the MPF to accurately ensure appropriate levels of performance assessment and charging, Retailer SKIP codes should be factored into the performance assessment process and where a relevant (and assured if appropriate) SKIP code is present this should not be considered a 'failure'.</p>	<p>enable skip data to be collected centrally to increase visibility of skip issues and allow the PAC to consider skips when reviewing performance. An RWG subgroup is being convened to review the routes to resolution for skips with a view to providing guidance in resolving skips. This may lead to further code changes as required. Metrics and tools within the MPF will be amended to reflect any changes coming out of that work.</p>
2.2.30	Water Plus	2	<p><u>Monthly read threshold:</u> We note in the justification documentation, current market performance and variation between Retailers on Biannual and Monthly read requirements are broadly similar however the threshold for performance penalties has been established at a higher level for monthly meter reads. Whilst we recognise that there is a greater need to understand consumption for larger meters, due to the expected increased volumes, the consequence of missing any read in particular is lower due to the regularity of reads being obtained. As such, we believe that the combination of a higher threshold and significant increase to performance penalties for monthly reads is excessive and will negatively impact the market. The combined high threshold and penalty level will exaggerate the consequences of the issues raised above, and prevent the proposed MPF from being a fair and</p>	<p>See 2.2.3 plus: We are minded to align the standards for biannual and monthly M01, meaning that the internal standards are set at 75% and the external standards are set at 85%. This still represents a stretch on market performance for monthly meters but recognizes trading party feedback on the difficulty in accessing internal monthly meters.</p>

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			proportionate performance assessment and incentive mechanism	
2.2.31	Water2business	-	We are in agreement that the standards should be split to reflect internal & external meters, as we believe this will allow greater analysis to be undertaken to further identify risks to customers & the market. We acknowledge that some trading parties are near or over the proposed levels, however we are concerned for those that are under the standard, this could lead to poor behaviours around raising operational cases.	Agreement with split noted. We welcome further information on what the unintended behaviours of those below standard might be and whether they are likely to increase as a consequence of these proposals or are current behaviours that will persist.
2.2.32	Water2business	-	We would also like clarification on the inconsistency around the proposed standard for external meters, why is there a different standard for internal when the external standard is the same? The likelihood is that this will lead to a huge increase in bilateral cases being raised, to avoid charges being triggered. MOSL should therefore attempt to “forward plan” on the assumption that for every missed meter read, a bilateral should be raised, to understand the impact to the wholesalers. With M15 forming one of the BR-Mex measures, this could have a hugely significant financial penalty attached to it, this is something we do not believe has been appropriately addressed by the MPF so far.	See 2.2.5 plus: We are minded to align the standards for biannual and monthly M01, meaning that the internal standards are set at 75% and the external standards are set at 85%. This still represents a stretch on market performance for monthly meters but recognizes trading party feedback on the difficulty in accessing internal monthly meters.
2.2.33	Water2business	-	However, we are concerned with the current definition of internal vs external, and believe this warrants review. We believe that accessible vs inaccessible is a better definition, as this will allow greater visibility of the issues with these meters.	Noted. We welcome suggestions on further improvements, but not all are practical prior to implementation. The first iteration of the new MPF needs to improve upon the baseline and our assessment is that it does. Inaccessible vs accessible may be



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			There are concerns that with some meters which are deemed outside, but within locked gates, this will penalise a retailer for failures which are outside of our control to access and a bilateral in this instance will not resolve the issue.	worth further exploration but is still likely to be open to interpretation.
2.2.34	Waterscan	3	Overall supportive of the measure and agree that differing performance standards will help differentiate performance across the range of issues facing meter reading, however this will have little impact on our current processes and performance. The targets could be set higher to really push the boundaries further on performance.	<p>Based on our modelling, the initial performance standard has been set at a level that should be stretching but achievable for all parties to mitigate the risk of party failure - and subsequent impacts on customers during an interim supply event - as the market transitions to the new performance framework.</p> <p>The standards are set at a level which (as noted) is stretching but balances achievability with customer outcomes. Setting standards in this way creates headroom where trading parties meeting the standard are not charged, while being able to show that they are performing above these standards – and therefore adding value to customers – via peer comparison.</p> <p>The improved transparency and agility of the new MPF enables the market's performance against this standard to be monitored more closely and the standard adjusted over time as necessary.</p> <p>The Performance Assurance Committee (PAC) will be responsible for monitoring performance and driving improvements and better customer outcomes. The PAC will consider the natural, reputational and financial incentives for each KPI and may (subject to approval) adjust a KPI's performance standard by up to 5 percentage points (proposed) provided there is at least 12 months between implementation of any amendment to a standard (absent any code change).</p>

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2.2.35	Wave	1	<p>There is a serious risk of unintended consequences from these proposals in that repeated financial penalties when a meter cannot be read makes these customers expensive to serve. Expensive to serve customers will struggle to get a good deal from any Retailer because they are financially unattractive and therefore will find it difficult to switch. This creates customer harm. Examples are the hair salon and cricket club above, and others with difficult/impossible to read meters such as: those who operate outside of normal working hours and require more expensive out of hours reads, those who operate seasonally/have shutdowns/holidays, those without smart meters etc. Retailers who focus on these customer segments will be disproportionately negatively impacted. There is also the risk of gaming the system by automatically issuing bilateral forms whether or not it is right to do so.</p>	<p>Metrics are designed to measure performance against the current Wholesale Retail Code (WRC) obligations to customer and between trading parties. Trading parties retain the opportunity to communicate with either other trading parties or their customers to deliver good service.</p> <p>Performance standards will allow for a degree of failures.</p> <p>Trading parties have rightfully identified frictions and unwanted behaviours, for example parties inappropriately raising bilateral requests, that the PAC will need to keep an eye on. We consider that the majority of these exist as potential risks today with little or no evidence that they are regularly occurring or likely to increase as an unavoidable consequence of these proposals.</p>
2.2.36	Wave	1	<p>Wave strongly supports the need for timely, accurate and regular meter reads as these form the basis of accurate bills and facilitate high levels of customer service. In a competitive market, these are critical to winning new business and retaining existing business and therefore we invest considerable time, effort, resource and money in acquiring meter reads and inputting them into CMOS.</p> <p>There seems to be a presumption that Retailers are not seeking reads and therefore harsh financial</p>	<p>See 2.2.4 plus: MOSL has not assumed that trading parties are not attempting to read meters. Instead, we note that this and other responses to the consultation acknowledge that there are real differences between retailers in terms of genuinely good and bad meter reading performance.</p>

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			<p>penalties are needed to push Retailers into action. This is simply not the case. Where we cannot get reads, it is because there will be blockers which are out of our control to fix. Often we are paying for a meter reader to attend and seek a read, whether or not a read is actually obtained. It is concerning to create a market performance framework which repeatedly penalises us for these blockers, rather than addressing them. Without a clear route for resolving the issues, the performance framework just adds cost. The money we spend on fines cannot then be used to resolve issues which can be tackled and are causing customer harm. Ultimately higher costs are passed on to customers and we are concerned that it is the wrong time to add more costs to customer's bills, on top of the significant price increases customers are already facing following PR24.</p>	
2.2.37	Wave	1	<p>We do not think M01 is well designed and we do not support the proposed standards. Objectives for Retailers need to be SMART (specific, measurable, achievable, relevant and time-bound) and performance needs to be focused on what we can control which is: Scheduling reads according to the code requirements and Having the right processes to deal with read misses and skips. The proposed standards for M01 will unfairly penalise Retailers for: Meter access issues caused by customers / external factors / health and safety issues and Legacy LUMs – which are the wholesalers' responsibility. To illustrate</p>	<p>See 2.2.4 plus: Bilateral exemptions will prevent Retailers from being unfairly penalised due to practical issues with a meter. We note that in a competitive market, participants that better manage difficult interactions and frictions with wholesalers and customers will likely have a greater degree of success. The MPF looks to supplement competition to protect customers from unresolved failures, not remove competition or solve all known issues.</p>

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			<p>using real examples: Example 1 is a hair salon who have boxed the water meter into their new bathroom so it is behind the wall and is not accessible to any meter reader. How should it be resolved? The meter is not our asset and therefore we have no right to ask the customer to remove their new bathroom. Within our customer terms and conditions we have a clause which obligates the customer to provide safe and unobstructed access to the meter, but we have no mechanism to enforce this other than taking the customer to court for breach of contract which is prohibitively expensive. That leaves the Wholesaler as the meter assessment owner and section 175 of the Water Industry Act which sets out the offence of tampering with a water meter, but Wholesalers are reluctant to use this. Therefore we have no remedy to resolve this situation and we will be financially penalised every month until it is resolved. Example 2 is a cricket club whose meter pit regularly floods. A bilateral request has been raised and the Wholesaler will fix it but at a cost of £2k to be paid either by the customer or the Retailer. The customer cannot fund this, and nor can we. How should it be resolved? The customer is being harmed yet we have no remedy to resolve this situation and we will be financially penalised every month until it is resolved.</p>	
2.2.39	Wave	1	<p>We have recommended previously that to incentivise resolving issues such as those outlined above, Wholesalers need to have a KPI that measures the</p>	<p>See 2.2.20 plus: Retailers are best placed to identify non-working or inaccessible assets and can raise a bilateral request to resolve. Where relevant requests remain open, the retailer</p>

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			proportion of meters which are working and accessible to be read with a penalty for non-resolution of issue preventing the ability to read.	will be exempt from meter reading performance charges on the relevant meter. M15 and M18 will then incentivise the wholesaler to action bilateral requests on a timely basis.
2.2.40	Wave	1	<p>The proposed standards allow a % to reflect that not all meters can be read but it is arbitrary to apply a standard approach to all Retailers when there are different issues at play including vacancy rates (a feature of the economic climate and nothing to do with market performance) and Wholesaler's attitudes/policies to the types of scenarios above. Incumbent Retailers are disproportionately impacted by poor data. Retailers who acquire their customers solely through switching will address data issues as part of the switching process (as the customers are more engaged with their Retailer) and so have proportionately better data, lower levels of vacancy and lower levels of long unread meters (all evidenced by market data provided by MOSL). Some Retailers will be unfairly penalised over others, because there is no level playing field for Retailers. An average rate of 13% for vacancy has been taken into account. By definition this does not take account the differing levels of vacancy in different locations. We have created a model to run Wave's actual historic performance data from July 2024-January 2025 inclusive and applied it to the new MPF metrics ("Our modelling"). Our analysis shows that 21% of our biannual internal meters are vacant. It is impossible to read internal meters when they are inside vacant premises because it is impossible to</p>	<p>See 2.2.4 plus: Retailers are obliged to read all meters and the KPI will therefore measure the proportion of all meters that are read. This includes meters on vacant sites. Our modelling indicates that vacant meters can be (and are being) read in many circumstances. The performance standard has been set at a level which allows for some failures to gain reads across both occupied and vacant sites.</p>

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			<p>get access. Similarly, some external vacants are also challenging, for example when the meter is behind locked gates. We continue to send meter readers to try and get a read, because that is what the code obligation requires, and we incur the costs of doing so even though a read cannot be obtained. We can raise a bilateral form but these are either rejected because no customer details can be provided or they cannot be resolved as there is no customer which whom the Wholesaler can make an appointment. Therefore, with a proposed standard for biannual internal meters of 75%, yet 21% impossible to read and nothing that can be done by us to change that, it leaves only 4% to cover all other scenarios and only 4% which can be improved upon.</p>	
2.2.41	Wave	1	<p>This standard cannot be considered 'stretching but achievable'. The data and rationale set out by MOSL in document 4. Graph 3.1 shows that only 1 large retailer has been able to perform above 75%. The market performance is materially skewed by self-suppliers where all currently perform above 75% because unsurprisingly they are able to access their internal meters.</p>	<p>See 2.2.3 plus: The market performance figures are not skewed by self-supply, as self-supply account for c0.9% of meters. Market performance largely represents the average performance of the larger retailers in the market.</p>
2.2.42	Wave	1	<p>In discussions at the PAG, attendees repeatedly requested that Legacy LUMs be excluded from M01. This is because there is a core asset problem with these meters and the industry has already agreed that these are the responsibility of Wholesalers to fix, as evidenced by the inclusion of Legacy LUMs as part of Wholesaler holistic performance. It is</p>	<p>See 2.2.4</p>

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			<p>therefore illogical to include these within the Retailer performance standard. How can Retailers improve their performance of reading Legacy LUMs? Wave currently has 1437 Legacy LUMs which we are still attempting to read as required by the code. Collectively, these will trigger financial penalties of £3,592 per month for us, repeated every month, pushing up costs to customers but without any incentive on Wholesalers to resolve. Part of the rationale for the approach to biannual reads is that if missed reads are resolved before 4 months of failure, there is an incentive to resolve missed reads sooner rather than skip to the next cycle. For internal vacants, inaccessible external vacants, Legacy LUMs and other impossible to read meters including the hair salon and cricket club, it will be impossible for Retailers to pay less in performance charges than previously by getting a read quickly. It will just simply push up costs, ultimately to customers.</p>	
2.2.43	Wave	1	<p>There seems to be an assumption that Retailers have control over the timing and availability of cyclic reads. The reality is that read routes by meter readers are largely static and there are few meter read providers. Where Wholesalers provide meter reading services, the read routes are heavily influenced by the need to synchronise household and non-household reads and are not readily amended. In the event of a skip, the meter readers may not be back in the geographical area for some</p>	<p>See 2.2.25 plus: Bilateral exemptions will prevent Retailers from being unfairly penalised due to practical issues with a meter. We note that in a competitive market, participants that better manage difficult interactions and frictions with wholesalers and customers will likely have a greater degree of success. The MPF looks to supplement competition to protect customers from unresolved failures, not remove competition or solve all known issues.</p>

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			time, so adhoc reads are difficult to provide and are expensive.	
2.2.44	Wave	1	In splitting out M01 and M02, MOSL has indicated that it would not be fair to hold parties with a high proportion of harder to read meters to the same standard as one with a high proportion of easier to read meters. Wave agrees. The concern is that smart meter rollouts will differ in pace by Wholesalers and Retailers with higher volumes of smart meters will face a higher proportion of harder to read dumb meters faster than others. Yet the standard does not account for this.	We have received a lot of helpful feedback from parties in response to the cyclic meter reading KPIs, specifically on whether M02 should continue to exist as a separate KPI or be wrapped up into M01. We note there is support for smart meter reading performance to be measured and incentivised separately to traditional meter reading performance. There is also support for meter reading performance to be incentivised in a combined measure across traditional and smart meters. Pending new arguments and evidence at the in-person event, we are minded to propose the current separation of M01 and M02 to the Code Change Committee.
2.2.45	Wave	1	Our modelling shows Wave would perform below the proposed standards for biannual internal, monthly internal and monthly external and our corresponding financial penalties would be 149% higher than currently. Wave is one of the better Retailer performers in the provision of cyclic reads; so far in this financial year Wave has achieved 97.66% against the total Retailer performance of 95.69%. This scale of increase doesn't seem to align with MOSL's statement that "many of the best performing Retailers are already at, or near, these standards." An increase of 149% is immense and not consistent with MOSL's rationale that the proposals would not create a material risk of market instability nor is proportionate to historic levels of charging	The performance profile in the modelled data for the market does not suggest that parties will be charged orders of magnitude above what they have been charged in previous periods of MPS. This can be confirmed once more performance data is available in shadow. Currently we see no evidence or rationale for adjusting the current exposure that trading parties face and our modelling indicates that parties will not hit their caps – remaining incentivised by performance – so we have not sought to amend this.  MOSL's statement that many best performers are at or near the standard is in relation to M01 performance, not in relation to what has previously been observed on MPS18. If parties work towards to provide at least one read every seven months on each biannual meter, and one read every month on each monthly meter, MOSL does not foresee charges being disproportionate to historic levels.



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				<p>We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.</p> <p>If data suggests that charges would be at destabilising levels after go-live, the code change process may be used to accommodate changes. The likelihood of changes to reduce charges or standards is considered low as the modelled performance data is expected to underestimate true performance once the KPIs are up and running (and bilateral exclusions are applied).</p>
2.2.46	Affinity Water	-	-	N/A
2.2.47	Anglian Water	4	<p>We support the approach to separately measure internal and external meters to reflect the different challenges with reading meters depending on their location. We consider there will need to be some supporting definitions of an Internal and External meter to ensure consistent interpretation across trading parties. An example is where a meter may be categorised as external where is not inside a property, however, it may be in a compound that is not immediately accessible to allow reads to be taken. Without clear definition there is a risk of wholesalers responding differently to Retailer requests for updates to meter location information.</p>	See 2.2.33

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2.2.48	Northumbrian Water	1	We strongly oppose the metric as we are concerned about the suggestion to raise a bilateral request to pause the KPI	See 2.2.20 plus: MOSL notes the concern raised here. These exclusions have been in operation under the existing MPF for c16 months and there is no evidence that this had led to an increase in invalid or spurious requests.
2.2.49	Northumbrian Water	1	and do not believe that it should be split between smart and traditional at this early stage, however some consideration should be given to review this at the end of this AMP as more Smart meters will be installed across Wholesaler operating region	See 2.2.44
2.2.50	Portsmouth Water	5	We agree with the proposal	Noted
2.2.51	South East Water	3	We note that in the Potential Unintended Consequences section of the Summary 4 document that MOSL believes that there is low risk of retailers raising additional bilateral requests due to the changes to MO1; however, we believe there is a very high risk of this, as indicated directly by our engagement with retailers. We feel that MOSL need to engage further with retailers on this point. We also believe that the proposed audits, to confirm that requests are only being raised where there are genuine issues, need to be conducted much earlier.	See 2.2.35 plus: MOSL notes the concern raised here. These exclusions have been in operation under the existing MPF for c16 months and there is no evidence that this had led to an increase in invalid or spurious requests. We also note the point regarding the timing of audits. We will monitor relevant bilateral data following go-live and the PAC may move forward audits if we believe this is necessary.
2.2.52	South West Water	3	We ask that smart and non-smart meters are not separated in the way suggested. There is nothing in the current market code to suggest that dumb and AMR meters be treated any differently. By maintaining two pairs of metrics (internal and external for each of smart and non-smart), trading parties may not be incentivised in the desired way.	See 2.2.44 plus: We agree that additional metrics would be required to breakdown performance by technology type if smart meters are added to M01.

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			As Wholesalers roll out smart metering, the sample sizes for smart/non-smart will lead to unwanted performance calculations in the smaller pot, outside of Retailers' control. In time where all but the most challenging meters have been replaced, performance close to 0% may become a concern. We propose the use of APIs to track performance of what is currently M01 and M02, whilst the MPF2 metric combining smart and non-smart meters	
2.2.53	Southern Water	4	We agree with the proposed performance standard and the 'look back' periods methodology.	Noted
2.2.54	Thames Water	3	We support the new approach on continuing charges whilst a meter is unread and that this is a more appropriate way to incentivise getting meters read,	Noted
2.2.55	Thames Water	3	We believe this KPI should include all market meters including dumb, AMR and Smart AMI, with the standard being modified to account for all.	See 2.2.44
2.2.56	Thames Water	3	We also agree that internal meters should have a lower target as a proxy for the fact these meters are more difficult to read.	Noted
2.2.57	Thames Water	3	We remain of the belief that, as set out in the previous consultation and as discussed at PAG, better solutions exist rather than the one proposed by MOSL that is leading to the need to use different targets for internal and external meters. We understand MOSL is looking at the use of skip Codes as a possible future change in Codes, but have concerns that this is not a panacea for ensuring that	See 2.2.20 plus: We welcome suggestions on further improvements, but not all are practical prior to implementation. The first iteration of the new MPF needs to improve upon the baseline and our assessment is that it does.

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			the right actions are incentivised through the design of the market KPI, and that meter skip codes need to be accompanied by other forms of assurance (which could potentially be implemented more quickly).	
2.2.58	Thames Water	3	We agree that where action cannot be taken by Retailer that bilateral may be raised, however this needs to be only in circumstance that are 'actionable' by the wholesaler to resolve the issue. We are concerned that this may lead to retailers submitting bilateral requests where there is little chance of the visit being able to proceed, where previously there was more space for collaboration across TP types to find solutions. This is most likely with internal meters where the customer denies access, given retailers have the relationship with the customer, it is unlikely that a wholesaler would be able to obtain access. All that is likely to happen is a circle of bilaterals being raised and deferred or rejected with no prospect of any resolution. This will cause additional costs with no benefits. We estimate the proposed M01 design to drive an additional volume of bilateral requests in the order of 300 to 600 a month.	See 2.2.35 plus: MOSL notes the concern raised here. These exclusions have been in operation under the existing MPF for c16 months and there is no evidence that this had led to an increase in invalid or spurious requests. We will monitor relevant bilateral data following go-live and the PAC may move forward audits if we believe this is necessary.
2.2.59	United Utilities	4	We agree with the proposed performance standard being set to 85% for external monthly read meters, although this represents a more challenging target, we do agree with rationale 4, that a missed monthly meter reading is likely to represent a comparatively large amount of water compared to a biannually read meter	Noted

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2.2.60	United Utilities	4	Another consideration which should be considered is the proportion of AMR meters versus dumb meters each retailer has within their portfolio.	See 2.2.20 plus: We welcome suggestions on further improvements, but not all are practical prior to implementation of phase 1. This is a useful suggestion but as noted in the response, this would require a CMOS change. We have considered the proportions of AMR meters by Retailer and this could become an additional metric view of M01 rather than a new KPI. We consider that the activity of reading an AMR meter is more akin to reading a non-smart meter than receiving a smart meter read. AMR meters are also subject to similar accuracy and performance issues as non-smart meters and will become less important as smart meter rollout ramps up.
2.2.61	United Utilities	4	The legacy long unread meters (LLUMs) should continue to be reported separately, with the reporting based on the percentage of SPIDs per portfolio and considering vacant/occupied SPIDs within the measure. LLUMs are typically complex to resolve and require coordination between retailer and wholesaler. It is not reasonable to penalise retailers for LLUMs.	See 2.2.25 plus: We welcome suggestions on further improvements but not all are practical prior to implementation of Phase 1. This is a useful suggestion and we agree that Legacy Long Unread meters (LLUMs) warrant continued focus in the framework. Note that retailers will not be penalised for LLUMs where a bilateral request has been raised to resolve the LLUM.
2.2.62	United Utilities	4	Finally, we would suggest an additional KPI/API for consuming vacant properties.	See 2.2.25 plus: This is a useful suggestion and could likely reflect the holistic measure that the MPC had access to in the past.
2.2.63	United Utilities	4	We agree with the proposed performance standards for biannual read meters and support the respective 75% for internal meters and 85% for external meters as this recognises that internal meter readings are more difficult to obtain	Noted
2.2.64	Welsh Water	4	For internal monthly read meters we disagree with the performance being set at 80%. Despite agreeing	See 2.2.3

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			with rational 4 we do not believe this recognises the challenges to obtain monthly internal reads. These can be illustrated by the current performance for monthly read meters being below biannual read meters. We believe a more appropriate measure at this time would be 75% thus matching biannual read meters. Although a missed monthly read could have a larger financial impact this could be relative to the size of the customer for a missed biannual read	
2.2.65	Welsh Water	4	While we support the splitting of the KPI between internal and external meters at this stage we believe there is potential for further data segmentation to take place to ensure fair relative performance is measured. One possible future improvement, as data improves, would be to split external meters further between external within a premises boundary and external outside of a premises boundary. This split would then appropriately account a variation in difficulty between reading these respective meters. We do recognise this would need to be a future measure as this data is not currently available in CMOS.	See 2.2.25 plus: We welcome suggestions on further improvements but not all are practical prior to implementation of Phase 1. This is a useful suggestion, but as noted in the response, this would require a CMOS change.
2.2.66	Welsh Water	5	We believe the proposal will incentivise trading parties to obtain meter reads. The difference in standards depending on internal and external reads and monthly or biannual reads reflects the challenges that may exist. We support as long as if there is an outstanding Bilateral form C1/B5/C5 it is not included	Noted

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2.2.67	Wessex Water	4	We welcome the proposed improvement on the current KPIs for cyclical reading that were introduced in 2020. Since 2020, we have observed an increase in the duration of leaks due to the extended KPIs that were implemented at the time. We believe that a reduction in the KPI timeframes will lead to an improvement in this area and a better outcome for customers and business demand reductions. We are in support of a repeating failure KPI that maintains incentives until a read is obtained.	Noted
2.2.68	Wessex Water	4	We agree with the variants proposed for the standard of internal and external as we recognise that the location of the meter can present different challenges in obtaining a successful read.	Noted
2.2.69	Wessex Water	4	We are concerned however, in the absence of any data provided by MOSL that the exceptions of an open B5, C1 or C5 in the bilateral hub is being proposed. We support the notion that Retailers may be prevented from obtaining a read due to reasons outside of their control and this shouldn't impact performance. However, this should be explored and understood and the data exists today through bilateral transactions to understand the validity of current requests. Whilst raised multiple times through PAG and other forums, MOSL have not shared any analytics on this to date. We are not averse to the proposed exclusions but believe that any exclusions should be backed by rationale and robust data to support recommendations. There is a risk unless carefully managed that inappropriate use	See 2.2.35 plus: MOSL notes the concern raised here. These exclusions have been in operation under the existing MPF for c16 months and there is no evidence that this had led to an increase in invalid or spurious requests. We will monitor relevant bilateral data following go-live and the PAC may move forward audits if we believe this is necessary.

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			of these processes may happen to protect performance and avoid charges. Any concerns should be mitigated by MOSL committing to a robust approach to monitor and intervene where needed.	
2.2.70	Yorkshire Water	4	We would feed back that using a calendar monthly timescale is not one we are keen on as it does not necessarily deliver the best customer outcomes for monthly billing. If retailers were to take a read on the 1st of the month, followed by one on the 31st of next month, that would mean they were compliant, but that is not necessarily helpful to customers. Furthermore, a read on the 31st of January and then a read on the 1st March (i.e not submitting a read in February) would be non-compliant, despite being read more frequently than the previous example. In Yorkshire Water’s meter reading service, we use a timescale of 15-25 business days, which is better for customers and more accurate. Furthermore, we would be concerned that the changes may impact on the efficiency of our meter reading service offerings – which would have a secondary impact on retailer costs to serve.	See 2.2.20 plus: Moving to calendar months was an early design decision for MPF reform in order to make things simpler for customers and trading parties (especially newer starters compared to current metrics).
2.2.71	Consumer Council for Water	4	Meter reading is a core service that business customers expect and depend on for accurate billing. While reduced competitive pressures dilute incentives for retailers to provide meter reading services to a high standard, it is vital that the MPF provides strong incentives. Therefore, while we understand the reasons for performance standards	Noted



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			<p>not being set at 100% (to reflect where some meters cannot be read on first attempt due to challenging circumstances), the standard needs to be stretching in order to drive a high level of performance for the benefit of business customers.</p> <p>We support a key part of MOSL’s rationale for setting performance standards, which sets a target that is stretching compared to average market performance, while also taking into account the range of individual retailer performance. From the supplementary data provided in the consultation, it is positive to see that the proposed 85% and 75% standards will represent a stretching target, particularly for those retailers currently performing well below the market average.</p>	
2.2.72	Consumer Council for Water	4	<p>However, in respect of the external target of 85%, we want this to be increased to 90% as a number of retailers are already at 85%, or have exceeded this. As biannual meters make up the majority of the market, it is important that the target is stretching enough to drive improved performance.</p>	<p>See 2.2.34 plus: 90% might be a more appropriate long-term target than an initial standard at implementation, and the PAC will be able to drive towards this (using the ability to change standards by 5% every 12 months).</p>

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**Q2.3: Cyclic meter read KPIs (market meters): M02 – Proportion of cyclic meter reads (smart meters)**

**Explanation:** the proportion of smart meters retailers have read within the agreed timescales.

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 57% of retailers ‘oppose/strongly oppose’ the proposal</li> <li>• 18% of wholesalers ‘strongly oppose’ the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 29% of retailers are neutral</li> <li>• 55% of wholesalers are neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 14% of retailers ‘strongly support’ the proposal</li> <li>• 27% of wholesalers ‘support/strongly support’ the proposal</li> <li>• CCW supports the proposal</li> </ul>

**Q2.4: Comments to Q2.3**

Ref	Respondent	Score	Comment	Response
2.4.1	Business Stream	1	Throughout the design of this metric and previous consultations, the working assumption has been that this would be measuring the performance of wholesalers. Given Ofwat’s decision to reject Wholesaler Smart Reads (CPW142), until and unless any future changes are identified and agreed upon, we consider the responsibility for smart meter reads remains with the retailer. This presents fundamental issues with the design of this metric, as the ability to meet the performance standards depends on the wholesaler. There are still many	<p>We have received a lot of helpful feedback from parties in response to the cyclic meter reading KPIs, specifically on whether M02 should continue to exist as a separate KPI or be wrapped up into M01.</p> <p>We note there is support for smart meter reading performance to be measured and incentivised separately to traditional meter reading performance. There is also support for meter reading performance to be incentivised in a combined measure across traditional and smart meters. Pending new arguments and evidence at the in-person event, we are minded to propose the</p>

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		<p>considerations and changes that need to evolve in relation to smart metering in the market, including:</p> <ul style="list-style-type: none"> <li>• Developing a data-sharing mechanism.</li> <li>• Defining when a smart meter starts operating and becomes 'smart' rather than 'dumb'.</li> <li>• Agreeing roles and responsibilities.</li> <li>• Ensuring retailers can read smart meters</li> </ul> <p>Until these changes are agreed and implemented there should be no differentiation between standards and charges for smart or non-smart meters. These standards should not be based on a future state that is still being developed, but should instead reflect current roles, responsibilities and capabilities of wholesalers and retailers. To this end, we propose the information for M01 and M02 be modelled together to create standards and charges that include both smart and non-smart meters. This could then be reviewed during the shadow period to ensure they are set at the correct levels. The current proposals for smart meters are based on the fact that performance for smart meter reads is much higher than non-smart meters, however this is modelled based on a very small number of wholesalers who have rolled out smart metering earlier than their peers. Performance is dependent on retailers establishing data-sharing mechanisms with wholesalers, which will become increasingly challenging as more wholesalers start to rollout smart meters and develop their own processes for sharing the reads/data. In the absence of a central data-sharing solution or a market-defined</p>	<p>current separation of M01 and M02 to the Code Change Committee.</p>
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			<p>approach, retailers may need to develop multiple solutions to accommodate the different approaches of wholesalers (e.g. data formats and sharing mechanisms). Another unintended consequence of the current proposals is that it is likely to mean retailers will incur wasted investment to develop ways to obtain, transform, ingest (into billing systems), validate and submit meter reads from each wholesaler region. A central data-sharing hub would most likely resolve this in future, but this is not yet certain to happen, and the current proposal is that the central hub will be voluntary not mandatory. Assuming it does happen, there are likely to be sunk costs from retailers for developing bespoke solutions. Following Ofwat’s decision to reject CPW142, we can see a case for merging M02 with M01. However, we consider it would be easier to maintain a separate smart meter KPI to maintain visibility of performance and allow standards to be easily introduced once the smart meter approach is agreed upon. This will allow different standards and charges for M01 and M02 to be created once there is sufficient smart meter data available to measure performance effectively.</p>	
2.4.2	Castle Water	1	<p>It is not possible to comment on the M02 standards given the lack of transparency in how MOSL have estimated the market performance on which the standards are based. Many of the same arguments provided in the previous question apply here,</p>	<p>The initial standard represents a judgement of several factors set out in the consultation material. It needs to:</p> <ul style="list-style-type: none"> <li>- Represent an improvement in the average performance of the market (otherwise there is no incentive for improvement)</li> <li>- Balance achievability (and therefore the potential scale of underperformance and any resulting charges) with service to</li> </ul>

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			particularly when it comes to the confused messaging throughout the supporting documents.	customers - Recognise the proportion of failures that can be reasonably expected due to the characteristics of different meters (i.e. traditional vs smart) and premises (internal vs external).  MOSL notes that the respondent proposes similar shortcomings on M02 as per M01.
2.4.3	Castle Water	1	The supporting documentation contains contradictory and confusing information. The rationale for M02 includes statements that are inaccurate and misleading for trading parties responding to this consultation, e.g. 'The proposed standard is moderately stretching (versus market average performance) to drive improvement and is achievable when assessed against current levels of higher performing retailers' seem hopeful at best, especially when remembering that it is based on only one month's worth of data, which has not been shared with trading parties.	We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.  The performance data only covers one performance month, but we have modelled a range of scenarios based on historic fluctuations in MPS to determine a likely range in market performance and charges.  We note that M01 uses a subset of meters, but this is still a significant dataset of 250K meters in the market, without bias to characteristic. In the case of biannual KPIs, the data covers a "look back" period of seven months. For all other KPIs, the performance data covers every meter in the market at the point of the data being run.  However, it is important to note that the KPIs are still yet to be fully built and assured, and the data refers to time when the market was being measured against different metrics and SLAs.  The likelihood of changes to reduce charges or standards is considered low as the modelled performance data is expected to underestimate true performance once the KPIs are up and

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				<p>running (and bilateral exclusions are applied). Furthermore, performance should not solely drive the setting of charges and standards - the performance data is one consideration amongst many in determining a suitable set of initial values. The Steering Group has noted industry concerns in relation to the current timeline and will be confirming an updated programme plan as soon as possible. The shadow period is expected to provide sufficient time for the industry to adapt to the new KPIs prior to the implementation.</p> <p>Ultimately the final proposals to be presented to the Code Change Committee and Ofwat will be those which best balance the key programme success criteria (including customer outcomes), and we note that these can pull in different directions at times.</p>
2.4.4	Castle Water	1	<p>Separating out AMI meters from M01 to create M02 is unnecessary, overly complicated, discriminatory and not based on the market code obligation as it is today. At the PAG, MOSL said that meter reading obligations should be based on the market codes as they are today, and changing the codes should lie outside of the MPF reform. So why separate any meter types at all? The market codes do not differentiate between meter types, and the obligation (today) is to try and read all meters. The proportion of AMR meters are fare higher than AMI meters in the market, so why not separate AMR as well? Addressing the issues with the wording of the code obligation would have been a sensible place to start, as we suggested.</p>	<p>See 2.4.1</p>

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2.4.5	Castle Water	1	<p>The M01 and M02 KPIs have 8 different standards (compared with the 2 today), which is unnecessary complex and adds cost to the MPF reform. Those standards are a result and symptom of the flawed design of both measures. They are only needed because MOSL believes the obligation is both absolute, but also acknowledges it is unachievable. The priority should be to standardise and use skip data to improve meter reading performance, without penalising retailers for issues outside of their control.</p>	<p>'Simplicity' has been a key success criteria from the outset. We are keen to deliver an MPF that is as simple as possible, but recognise the challenge of doing so with a programme of this nature.</p> <p>In some areas the proposed MPF is simpler than before, e.g. we are proposing a shorter list of chargeable metrics than the current MPS/OPS standards, the KPIs share design features and rationales, and better align to code obligations on meter reading.</p> <p>In some areas, trading party feedback has led to changes that have increased the complexity of the proposals, for example, taking into account internal/external meters, smart/non-smart meters.</p> <p>However, we believe such changes are worthwhile as they allow PAC to understand more easily "what can I expect performance to be for a meter of particular type for a given party?"</p> <p>Where there is complexity, however, we have sought to make our explanations and processes as straightforward as possible.</p> <p>We welcome suggestions on further improvements but not all are practical prior to implementation of phase 1. The first iteration of the new MPF needs to improve upon the baseline and our assessment is that it does.</p>
2.4.6	Castle Water	1	<p>By removing smart meters into a separate metric (M02), the M01 metric risks discriminating against retailers disproportionately operating in areas where wholesalers have made more progress than others in the rollout of AMI meters. Evidence to date supports our concern that in rolling out smart</p>	<p>See 2.4.1</p>

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			<p>meters, the resulting population of smart meters will not be representative of the overall population of meters. By that, the more difficult to access sites for meter reading purposes including those internal meters on vacant premises, are proving equally difficult to fit a smart meter. Hence, disproportionately more readable dumb meters are being converted to smart meters than those which are unreadable – a fact acknowledged by MOSL.</p>	
2.4.7	Castle Water	1	<p>The separation of meters into 2 different KPIs – dumb and smart – is unnecessary and will result in the M01 pot being increasingly left with all the hardest to read or unlocatable meters. That may have been something which as an industry we could accommodate via the lowering of the M01 thresholds over time by the PAC, had all of the wholesaler programme started from the same base and advanced at the same pace. However, they start from quite different bases, and each will advance at quite different paces.</p>	See 2.4.1
2.4.8	Castle Water	1	<p>M02 is discriminatory against retailers with meters in wholesaler areas where that wholesaler has made an investment in smart meters and intends to continue to do so at a pace ahead of the average. It adds unnecessary complexity to the KPI itself, but also for the Retailer, as it creates another issue to manage on top of trying to read meters.</p>	See 2.4.1
2.4.9	Castle Water	1	<p>M02 is a disincentive for wholesalers to install AMI meters due to, for example, increasing the volume and nature of bilaterals raised. Hence wholesalers</p>	See 2.4.1



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			with most foresight and arguably better performance overall are being penalised by separating out meters into two metrics.	
2.4.10	Castle Water	1	MOSL has stated that the MPF reform should be based on the market codes as they are today. The codes do not differentiate between meter types, so why is MOSL proposing a change that does so?	Metrics are designed to measure what are currently WRC obligations to customers and between trading parties. We note challenges to M09 regarding whether this has been sufficiently reflected in the proposals. Elsewhere we consider that the proposals do match the current code obligations.
2.4.11	Castle Water	1	M02 being separate from M01 may have made more sense when CPW142 was still being considered by OFWAT. Had these meters become the responsibility of wholesalers to read, then wholesalers alone should have had their own KPI for reading those meters, although for the retailer the appropriate measure would remain all meters regardless as to whether dumb or smart, as this is what matters for customers overall and otherwise, the design would have discriminated against the retailer if they were the only measure on a subset of dumb meters which with every meter made smart become disproportionately more difficult to read.	See 2.4.1
2.4.12	Castle Water	1	Once OFWAT rejected CPW142 the programme should have revisited the design, especially with the PAG. Once again this did not happen, highlighting yet another failure of governance, due diligence, and transparency, notably with the PAG. Discussing issues such as the unintended consequences of leaving the two measures separate should have been a priority following OFWAT's decision. For	See 2.4.1

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			<p>example, if left separated then the market and the PAC will need to continually lower the standards over time for M01. This will be necessary to reflect the growing proportion of unreadable meters left. Is that the right message for the market to be sending, or will continuing to charge retailers for issues outside of their control be the default position in that scenario?</p>	
2.4.13	Castle Water	1	<p>The documentation does not explain when an AMI meter should officially start being recorded under M02, which should be considered when setting standards and charges. It can take a considerable period to connect them to the network, but will they be listed as AMI in CMOS as soon as they are installed? Has the proposal considered this, or is that going to be another scenario where retailers must continue to pay fines for issues outside of their control? It makes even less sense to keep these measures separate when remembering that, in part, the MPF is meant to be managing risks in the market.</p>	<p>See 2.4.10 plus: We note this concern and will ensure there is clarity on the codes through further work with the CAG.</p>
2.4.14	Castle Water	1	<p>The documentation does not explain why a separate measure is needed now that CPW142 has been rejected. Is there a concern with current AMI meter reading performances in the market? Why do we need, at additional cost, a separate and overly complex KPI just for that meter type? A KPI which has 4 different standards within it. Consequently, it is not possible to reconcile M02, as it is designed now, with the MPF reform aim 'to create a simpler,</p>	<p>See 2.4.1 and 2.4.5</p>

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			more effective, more flexible MPF; one with fewer, more effective measures’.	
2.4.15	Castle Water	1	The 3 rationales listed for M02 all start by saying ‘As per M01’. Surely this raises the question that, if the rationale is the same as M01, and the obligation is the same as M01, why do we need an M02 KPI at all? The answer is that we do not. M01 and M02 should be merged into one KPI, as should be done with M19. It will be more cost effective, less discriminatory against retailers with large AMI portfolios, and is more consistent with today’s market codes and market obligations.	See 2.4.1
2.4.16	Everflow	5	We support the proposed charges and standards here; however, it is crucial that “smart” for this metric is limited to SmartAMI meters only. In practice, AMR meters (mis) behave in the same ways as dumb meters, and have the same scale of difficulty in obtaining a read as dumb meters. Market data for readings obtained from these meters, as well as our own data reflects this. AMR meters are also often retrofitted, and therefore often less reliable than SmartAMI meters.	Noted
2.4.17	Everflow	5	Furthermore, we must query whether and how wholesalers will be held to account for providing data and maintaining the network infrastructure associated with SmartAMI meters. Our colleagues with experience in energy smart metering note that to date, ~10% of smart meters are not operational.	See 2.4.1 plus: For now, Retailers are obliged to read these meters. We note that Retailers are dependent on Wholesalers for these reads, and a proportion of smart meters might not be fully functioning at any point in time, hence the proposed performance standards are not set at 100% and Retailers will not be penalised where a bilateral request has been raised. We will also review the proposals from CPW142 to ensure the definition

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				of Smart AMI is clear and requires that the meter is operational as a smart meter before being counted in M02.
2.4.18	Everflow	5	Furthermore, in the north, smart energy metering networks are not yet able to manage the amount of data being transmitted. If a similar issue were to occur in water which prevented retailers from obtaining a read, will this be captured by the Bilateral Hub? And if yes, can the bilateral hub cope with any increase in requests that this could trigger? We don't have the answers to the questions posed above, but we do believe it is paramount to the proportionality and effectiveness of this metric that these issues are considered.	<p>This feedback isn't specifically related to the level of charges and standards set out in Consultation 5 proposals, but is helpful for MOSL to share with relevant stakeholders, including the Performance Assurance Committee. Noted.</p> <p>We agree that it is important to consider these implications. The Bilateral Hub will be able to cope with the volume of requests where these are raised for genuine operational issues (e.g., the meter is broken).</p>
2.4.19	Pennon Water Services	3	The standards for smart meters appear more reasonable, given the ability to automate readings. However, it is important to ensure that penalties are not disproportionately applied where the meter read is never provided to the retailer to enter into the market. This is outside a retailer's control yet would result in a retailer receiving a charge.	Noted. This is why the proposal sets out standards less than 100% and bilateral exclusions.
2.4.20	Pennon Water Services	3	Additionally, it is important to note that smart meters are not the answer to fix all meter reading issues—batteries require replacement over time, and retailers may not be aware if a meter is malfunctioning and therefore cannot raise a B5 request to prevent charges. We strongly recommend MOSL account for these factors in the standard's implementation.	<p>The KPIs selected are those where companies' performance significantly impacts customers and the designs have sought to provide a true picture of what customers are experiencing - and so the focus of these KPIs is appropriate.</p> <p>Feedback from the PAG has informed the design of the KPIs, for example the suggestion to break down meter reading performance by internal and external meters, report against calendar month SLAs instead of business day SLAs and extend</p>

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				<p>bilateral exemptions to include the C5 (de-registration of a supply point) process.</p> <p>We have considered the merits of amending specific KPIs including M01/M02, M19 and M09 following further trading party feedback in this consultation. Pending new arguments and evidence at the in-person event, we are minded to propose the current separation of M01 and M02, the current eight KPI splits of M19 and to reframe M09 as an Additional Metric to the Code Change Committee.</p> <p>Furthermore, if there are changes to the codes arising from work being undertaken by the Metering Committee or other groups/parties that impact the design of any KPIs, this will also be accommodated.</p> <p>This is why the proposal sets out standards less than 100% and bilateral exclusions.</p>
2.4.21	Water Plus	3	<p>We are generally supportive that Smart Meters are handled separately to ensure that the market and the MPF is better able to address the correct accountability once the responsibility for Smart Meter Read submission is resolved in the market. The market is currently in the early stages of Smart Metering, and therefore any assessment of performance thresholds and penalties may prove inaccurate or inappropriate as circumstances develop. At this stage we are loosely supportive of the proposals, but believe it is critical that these measures remain monitored and change is streamlined should responsibilities and</p>	<p>Noted. We agree that that the framework needs to be adaptable to changing market conditions and forces. The standards for smart and non-smart meters will be kept under close review by the Performance Assurance Committee.</p>

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			accountabilities in Smart Metering are amended going forward.	
2.4.22	Water2business	-	<p>We understand the rationale for the proposed performance standard being higher for smart meters than cyclic reads, however retailers have no control over the data, so feel that retailers could be unfairly penalised for a standard which is out of our control. We believe the standard should measure the number of smart meters being delivered, and volume of data being shared with the market and this should be a wholesaler responsibility. The recently rejected code change proposal CPW142 should be reinvigorated. We are concerned this will naturally favour retailers which have a higher customer base in regions where the smart meter roll out is more advanced (Thames &amp; Anglian regions are examples of this). We are already seeing issues with smart meter reads where the meter has stopped recording, or where meters have been exchanged after a period of a long unread meter, causing large catch up bills for customers. We are also concerned with poor behaviours around this metric. In one recent PAG call, one retailer admitted that they would ask their largest wholesaler to target specific customers/areas in the wholesaler region where they know there have been historic issues with meter reading, potentially manipulating the smart meter roll out plan to the detriment of customers. This is an unintended consequence, and we would be concerned about</p>	<p>See 2.4.1 plus: We maintain that it is important for customers that there are separate views of smart and non-smart performance. We note the call to reinvigorate CPW142 - the MPF will be adaptive to any future changes in roles and responsibilities for smart meters.</p>

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			<p>the potential competition impact of this standard. The entire responsibility for the success of this metric sits with wholesalers, yet it is a retailer measure. This does not make sense. Retailers cannot be held responsible for data being entirely controlled by wholesalers. This is a poorly thought out measure and should be pended for review.</p>	
2.4.23	Waterscan	2	<p>Unsure of why monthly meters would have a much lower threshold for smart meters when they should be as easy to read as six monthly.</p>	<p>Based on our modelling, the initial performance standard has been set at a level that should be stretching but achievable for all parties to mitigate the risk of party failure - and subsequent impacts on customers during an interim supply event - as the market transitions to the new performance framework.</p> <p>The standards are set at a level which (as noted) is stretching but balances achievability with customer outcomes. Setting standards in this way creates headroom where trading parties meeting the standard are not charged, while being able to show that they are performing above these standards – and therefore adding value to customers – via peer comparison.</p> <p>The improved transparency and agility of the new MPF enables the market’s performance against this standard to be monitored more closely and the standard adjusted over time as necessary.</p> <p>The Performance Assurance Committee (PAC) will be responsible for monitoring performance and driving improvements and better customer outcomes. The PAC will consider the natural, reputational and financial incentives for each KPI and may (subject to approval) adjust a KPI’s performance standard by up to 5 percentage points (proposed) provided there is at least 12 months between implementation of any amendment to a standard (absent any code change).</p>

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				<p>A higher standard has been considered but we note the dependency on Wholesalers for Retailer access to smart meters will be most strongly felt on monthly read meters. The PAC may look to align the biannual and monthly standards on M02 in the future.</p>
2.4.24	Waterscan	2	<p>We also think that the distinction between internal and external is much less relevant for smart meters and could possibly be eliminated altogether for this metric.</p>	<p>See 2.4.5 plus: A single standard on smart meters could be an end point for the PAC to consider working towards.</p>
2.4.25	Wave	1	<p>There is greater transparency in being able to see the performance of smart meters in providing reads but that should be a market indicator and therefore an API not a KPI against Retailers. This metric penalises Retailers when smart meters fail to provide reads yet smart meters are owned by Wholesalers and have to be fixed by Wholesalers. So what element of Retailer performance is it seeking to incentivise? As proposed, this KPI is illogical and poorly designed. The current Wholesaler SLA for resolving a bilateral request is 30 days. For monthly read smart meters, this is too long to avoid Retailers facing financial penalties, even if we raise a bilateral request immediately or the Wholesaler raises a bilateral as soon as they observe a failure. Some Wholesalers wait 30 days after a smart meter failure before taking any action and request that Retailers do not raise a bilateral until 30 days has passed either. Waiting 30 days before raising a bilateral and then waiting up to 30 days for the bilateral to be resolved will</p>	<p>The selected KPIs are those where companies' performance significantly impacts customers and seek to provide a true picture of what customers are experiencing.</p> <p>We note that M02 – Cyclic meter reads for smart meters – was originally scheduled for Phase 2 and did not, therefore, have the same level of discussion as other Phase 1 metrics prior to Consultation 5. M02 has since been discussed with PAG in more detail, and we have received a lot of helpful feedback from parties on whether M02 should continue to exist as a separate KPI or combined with M01.</p> <p>We note there is support for smart meter reading performance to be measured and incentivised separately to traditional meter reading performance. There is also support for meter reading performance to be incentivised in a measure combining traditional and smart meters. Pending new arguments and evidence at the in-person event, we are minded to propose the current separation of M01 and M02 to the Code Change Committee.</p>



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			<p>immediately trigger financial penalties for unread monthly smart meters against Retailers. At least one Wholesaler has told us that in the case of a meter recorded as biannual in CMOS, when a smart meter is installed but fails, they will wait 6 months before the smart meter is replaced because its biannual and only requires a read every 6 months. That ignores the customer perspective that once a customer has a smart meter they will expect regular reads and waiting 6 months before it is fixed is a poor customer outcome. All smart meters should be fixed quickly and there needs to be Wholesaler incentives to do so.</p>	<p>If meter fixes are required and raised through a bilateral, these exclusions will continue to apply until the retailer is satisfied with the outcome of the bilateral request (e.g., resubmission reapplies the exclusion). M15 and M18 will then incentivise the wholesaler to action bilateral requests on a timely basis.</p>
2.4.26	Wave	1	<p>Wave’s data shows we currently have 136 smart meters which are Long Unread which means they have not been fixed to reinstate reads in at least 12 months. This is a poor customer experience and demonstrates the need for incentives on Wholesalers to fix smart meters quickly. As more smart meters are rolled out, this will become a bigger problem, impacting more customers. For customers, the issue is the speed of fixing a smart meter to reinstate reads. Fixing smart meters has to be done by Wholesalers, therefore, a useful KPI would focus on the speed Wholesalers fix a smart meter to reinstate reads. There needs to alignment between the time taken to fix and the performance standard. Neither party should wait more than 2 weeks before raising a bilateral. We note that financial penalties will be suspended where there is</p>	<p>See 2.4.5 plus: Retailers are best placed to identify non-working or inaccessible assets and can raise a bilateral request to resolve. Where relevant requests remain open, the retailer will be exempt from meter reading performance charges on the relevant meter. M15 and M18 will then incentivise the wholesaler to action bilateral requests on a timely basis.</p> <p>Specifically to the questions raised, it does not matter who raises the request, a retailer or a wholesaler, and deferred requests remain as active exclusions for M01 and M02.</p>

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			an open C1, B5 or C5 bilateral request in the Bilateral Hub. We assume that it makes no difference whether the bilateral is raised by the Retailer or the Wholesaler - can this be confirmed please? We also assume that any bilaterals which have been paused or deferred by the Wholesaler remain 'open' for the purposes of M01 and M02 - can this be confirmed please?	
2.4.27	Affinity Water	-	-	N/A
2.4.28	Anglian Water	3	We consider that it may be too early to introduce this measure. There are different approaches by Wholesalers on their Smart programmes and provision of Smart reads, resulting an inconsistent data feed of Smart data for Retailers to utilise. There is also a range of maturity across the wholesaler programmes which could lead to large variances of Smart meter population between Retailers. If this measure is removed, M01 standards would need to be revised.	See 2.4.1
2.4.28	Thames Water	1	We believe that there should only be one KPI with a revised target standard to include dumb, AMR and AMI meters, this will provide a uniform approach and not penalise certain Retailers who operate in areas with advanced Smart installations. The unwanted consequence of this will be a disincentive to install smart meters, which requires the collaboration of retailers and wholesalers to be successful. It will also create geographic advantages	See 2.4.1

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			for those retailers operating in high AMR areas who will have an 'easier' reading level to reach.	
2.4.29	Anglian Water	3	There is a consultation being released 10 March 2025 on the potential Centralised Data Sharing Mechanism, which would provide a standard approach for Wholesalers to share granular Smart consumption data. This in turn will provide the consistency that Retailers require to obtain a Smart Read to be submitted to CMOS.	Noted
2.4.30	Northumbrian Water	1	Please see answer to question 2.2	See previous responses.
2.4.31	Northumbrian Water	1	Please see answer to question 2.2	See previous responses.
2.4.32	Portsmouth Water	5	None	N/A
2.4.33	South East Water	3	Please see previous comments. (See Q2.2)	See previous responses.
2.4.34	South West Water	3	Please see our comments in question 2.2/Q8	See previous responses.
2.4.35	Southern Water	4	We agree with the proposed performance standard.	Noted
2.4.36	Thames Water	1	In line with our comments of Q2.1 we believe this KPI should be removed, all cyclic meter types should be treated equally. The M02 KPI for AMI Smart meters was originally included within the scope of work for the MPF Reform Programme in the light of an assumption that Code Change	See 2.4.1

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			CPW142 would be implemented and the reading responsibilities passing from retailers to wholesalers. Ofwat have rejected this change and hence this KPI should be removed. Our experience of market forums, such as the PAG, where M02 has been discussed is that this view to remove M02 has been unanimous amongst Trading Parties, so it is with surprise that we see that M02 is still being proposed as a standalone KPI.	
2.4.37	Thames Water	1	<p>M02 should be removed for two key reasons: 1. Retailers have no control over the technology that wholesalers choose to use, be these dumb meters, various types of AMR meters or various types of AMI meters. The Code obligations on Retailers are neutral to the meter technology type.</p> <p>2. There are no distinctions made between between any other technology type of meter. AMR meters are included in M01 and their ability to be read is higher than a dumb meter, and the cost to read is much lower, but they have the same standard.</p>	See 2.4.1
2.4.39	Thames Water	1	<p>Singling out Smart AMI Meters for a different standard seems to be based on a view of what the meter make up may be in 2030, not what it is today and over the 5-year period to get to 2030. Currently only 8.4% of meters in the market are smart AMI, whereas 25.1% are AMR meters. This use of AMR meters is not distributed evenly though, meaning that the M01 and M02 construct proposed by MOSL will lead to significant advantage to retailers with high proportions of</p>	See 2.4.1 plus: The industry has not decided that AMR meters are the same priority as fully AMI smart meters. Furthermore, AMR meters still require on-site attendance, making them more akin to traditional (non-smart) meters than smart meters.

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			<p>AMR meters and disadvantage to those with a low proportion (or high proportion of smart AMI Meters). Using data from MOSL’s published metering charts (Feb 2025) we can see that this is significant, with a range of 8% AMR penetration for the retailer with the lowest proportion up to 47% for the retailer with the highest proportion of AMR meters. There has been no suggestion in the eight years since the market opened that the read standards or penalties for failing to obtain reads should be adjusted to allow for AMR technology meters. *We do not propose that they are*, but by proposing that Smart AMI meters are treated differently this opens up unfairness and discriminatory concerns relating to other technologies.</p>	
2.4.40	United Utilities	3	<p>We agree with the separation between M01 and M02 as this rightfully recognises that it will be more difficult to obtain meter reads for non-Smart meters. As some wholesalers will be at different stages of Smart Meter Rollout Programmes it is fair to split these measures rather than disadvantaging retailers whose incumbent wholesaler have not started to install smart meters.</p>	Noted
2.4.41	United Utilities	3	<p>It is less clear on the rational to incentivise retailers to read smart meters when this is dependent on wholesalers providing the data. Retailers are only able to use the data provided or obtain visual readings. What retailer behaviour are we seeking to incentivise here? Is the incentive to ensure the use</p>	<p>See 2.4.20 plus: We recognise that M02 is a special case where Retailers are dependent on Wholesalers to provide smart meter data. By having a KPI which measures performance here, we are incentivising Retailers to work closely with their Wholesaler to guarantee reliable access to timely smart meter reads. The</p>

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			of the data and when unavailable to gain a visual read in the time provided?	incentive is to ensure the use of the data and when unavailable to gain a visual read in the time provided.
2.4.42	Welsh Water	4	There is little difference between the % performance standard for M01 and M02 and our initial view is that the standard should be higher for the monthly meters. We do however note the comments in rationale 4 and suggest this is one area to be kept under review.	See 2.4.23 plus: We agree that that the framework needs to be adaptable to changing market conditions. The standards for smart and non-smart meters will be kept under close review by the Performance Assurance Committee.
2.4.43	Wessex Water	3	We would suggest that a split between SMART and BASIC meters in cyclical read KPIs causes a challenge against a key principle of the MPF reform. Simplicity. This has the potential to complicate the view of performance for customers. There are only two cyclical read standards in the current MPF. Splitting the standards between monthly/bi-annual, internal/external and SMART/BASIC increases the total standards to eight. Adding to this is the capped percentages that adds further complexities when they differ between KPIs. The result is sixteen parameters in total to understand and consider when viewing cyclical read performance.	See 2.4.5.
2.4.44	Wessex Water	3	We believe that an understanding of missed meter reads based on technology type is useful and will provide value in the next 5 years to understand how effective granular data sharing is between trading parties as SMART meter penetration increases. We do not believe at present that it is	See 2.4.1

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			essential for SMART meters to have their own KPI and that an API would be sufficient to start with.	
2.4.45	Wessex Water	3	We would expect PAC with any intent to intervene on performance, that due consideration would be given to the technology type of a meter before a decision is made on any intervention required. Whether this standard is a KPI or API doesn't prevent the PAC in using this information when reviewing performance.	See 2.4.28 plus: We agree with your comment
2.4.46	Yorkshire Water	3	-	N/A
2.4.47	Consumer Council for Water	4	For the benefit of customers, it is important that retailers are meeting or exceeding the required standards for meter reading. Given the difference in market performance regarding non smart meters vs smart, we support the proposal for two KPIs measuring these separately.	Noted
2.4.48	Consumer Council for Water	4	Combining the two into one measure would make it very difficult to set a single performance standard given the current variance in performance. It would also create the risk that retailers with a high proportion of smart meters could rely on these to meet the performance standard, at the expense of those non smart meters that are harder to read. We do not want to see customers with non-smart meters deprioritised, leading to a reduction in their billing accuracy and service delivery.	Noted

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2.4.49	Consumer Council for Water	4	<p>We agree the performance standard for smart meters should be set higher than the non smart meter standard to reflect the relative ease of obtaining smart reads. While the proposed standard for external meters appears reasonable, MOSL and the PAC need to determine why current performance is lower for biannually read internal meters, and all monthly read meters, which has led to the proposal for lower performance standards for these meters. It is important that the reasons for lower performance is then addressed as the location of a smart meter, and the read cycle it's on, should not make a material difference to how successfully smart meter reads are obtained. To ensure retailers are required to meet stretching performance standards in respect of all smart meters, MOSL and the PAC need to prioritise this as an area of review, as all smart metered customers need to receive the benefits of more regular reads and the associated benefits these bring.</p>	<p>See 2.4.28 plus: We agree with these observations and recommendations for further review post implementation.</p>
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**Q2.5: Cyclic meter read KPIs (non-market meters): M19 – Cyclic non-market meters read within SLA (biannual or monthly)**

**Explanation:** the proportion of non-market meters wholesalers have read within the agreed timescales

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 45% of wholesalers ‘oppose/strongly oppose’ the proposal</li> <li>• 17% of retailers ‘strongly oppose’ the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 27% of wholesalers are neutral</li> <li>• 17% of retailers are neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 27% of wholesalers ‘support/strongly support’ the proposal</li> <li>• 67% of retailers ‘support/strongly support’ the proposal</li> <li>• CCW supports the proposal</li> </ul>

**Q2.6: Comments to Q2.5**

Ref	Respondent	Score	Comment	Response
2.6.1	Business Stream	3	Please see our comments in 2.2 regarding insufficient data being available to assess whether the performance standards are set appropriately.	<p>We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.</p> <p>The performance data only covers one performance month, but we have modelled a range of scenarios based on historic fluctuations in MPS to determine a likely range in market performance and charges.</p>

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				<p>However, it is important to note that the KPIs are still yet to be fully built and assured, and the data refers to time when the market was being measured against different metrics and SLAs.</p> <p>The likelihood of changes to reduce charges or standards is considered low as the modelled performance data is expected to underestimate true performance once the KPIs are up and running (and bilateral exclusions are applied). Furthermore, performance should not solely drive the setting of charges and standards - the performance data is one consideration amongst many in determining a suitable set of initial values.</p>
2.6.2	Business Stream	3	We also consider that the difference between reading monthly and biannual meters needs to be accounted for in this measure (see 2.2 comments).	<p>The initial standard represents a judgement of several factors set out in the consultation material. It needs to:</p> <ul style="list-style-type: none"> <li>- Represent an improvement in the average performance of the market (otherwise there is no incentive for improvement)</li> <li>- Balance achievability (and therefore the potential scale of underperformance and any resulting charges) with service to customers</li> <li>- Recognise the proportion of failures that can be reasonably expected due to the characteristics of different meters (i.e. traditional vs smart) and premises (internal vs external).</li> </ul> <p>We have proposed breaking M19 in 8 ways but do not consider there to be enough meters in each split to warrant 8 different standards. For example, there are approximately 400 monthly non market meter compared to thousands of</p>

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				<p>biannual non-market meters, and very few smart non-market meters. This means there are considerably fewer data points from which to base a specific market standard for the monthly splits, and less value in doing so. The existence of the splits provides sufficient visibility on the varying areas of performance (although the PAC may choose not to present each split as a public peer comparison) and provides some flexibility for the future should volumes in some categories change (e.g., smart replacing traditional).</p>
2.6.03	Castle Water	1	<p>M19 suffers from all the design flaws that have been listed by M01 and M02, as well as the justification for the thresholds being proposed today. There are effectively 8 measures for one KPI which is neither simplistic nor necessary. It adds unneeded and unhelpful complexity when the market code obligation to read meters does not distinguish between meter types. Please reference the two previous answers for M01 and M02 for the justifications behind why we have scored a 1 for this answer.</p>	<p>'Simplicity' has been a key success criteria from the outset. We are keen to deliver an MPF that is as simple as possible, but recognise the challenge of doing so with a programme of this nature.</p> <p>In some areas the proposed MPF is simpler than before, e.g. we are proposing a shorter list of chargeable metrics than the current MPS/OPS standards, the KPIs share design features and rationales, and better align to code obligations on meter reading.</p> <p>In some areas, trading party feedback has led to changes that have increased the complexity of the proposals, for example, taking into account internal/external meters, smart/non-smart meters.</p> <p>However, we believe such changes are worthwhile as they allow PAC to understand more easily "what can I expect performance to be for a meter of particular type for a given party?"</p>

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				<p>Where there is complexity, however, we have sought to make our explanations and processes as straightforward as possible.</p> <p>In addition, we have proposed breaking M19 in 8 ways but do not consider there to be enough meters in each split to warrant 8 different standards. For example, there are approximately 400 monthly non market meter compared to thousands of biannual non-market meters, and very few smart non-market meters. This means there are considerably fewer data points from which to base a specific market standard for the monthly splits, and less value in doing so. The existence of the splits provides sufficient visibility on the varying areas of performance (although the PAC may choose not to present each split as a public peer comparison) and provides some flexibility for the future should volumes in some categories change (e.g., smart replacing traditional).</p>
2.6.4	Everflow	5	-	N/A
2.6.5	Pennon Water Services	4	The current approach to M19 does not fully acknowledge retailer dependencies on wholesalers for non-market meter reads. As a retailer, we strive to provide the most accurate billing possible, and this depends entirely on a timely non market meter read (when required).	Noted
2.6.6	Water Plus	4	-	N/A
2.6.7	Water2Business	-	-	N/A
2.6.8	Waterscan	4	Similar to M01, agree that non-market meters should be treated the same as market meters with the main distinction being access through	Noted

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			internal/external locations which is already accounted for.	
2.6.9	Wave	-	No comment	N/A
2.6.10	Affinity Water	-	-	N/A
2.6.11	Anglian Water	3	Similar to our view on M02, we consider that there should not be any differentiation between Smart and non-Smart meters at this stage. Although the proportion of non-market meters across the market is relatively low, we believe a consistent approach should be taken. Additionally, the proposal has the same standards for Smart and non-Smart meters, so it would make sense to simplify the measure by keeping both meter types under one standard.	See 2.6.3
2.6.12	Northumbrian Water	1	Although the metric shares the same design principles as the M01/M02 measures, the proposed penalty for M19 is disproportionately higher. The challenges faced by wholesalers in reading these meters are identical to those faced by retailers, yet this is not accounted for in the proposed charge.	<p>The performance charge needs to be at a level that will incentivise trading parties to improve their performance in this area and provide better customer outcomes.</p> <p>For areas where performance is currently of concern, the charge may therefore need to be higher than the current MPS charges for a long period of failure.</p> <p>The charge must also take account of the average cost of the activity being measured to ensure companies choose to take action.</p> <p>The charging model for many KPIs means that trading parties have a window of opportunity to resolve issues quickly and incur lower charges than would have been the case with the current MPS. Charges will also only apply if performance is below standard, i.e., of concern.</p>

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				<p>The performance profile in the modelled data for the market does not suggest that parties' charges will be orders of magnitude above the current MPF. This can be confirmed once more performance data is available in shadow. If this data suggests that charges would be at destabilising levels from go-live, the code change process may be used to pursue changes to the charge.</p> <p>We do not consider that Retailers and Wholesalers share all the same challenges in locating, accessing and reading meters. This is evident in part by the higher performance of Wholesalers on non-market meters. In addition, missing non-market meter reads impact two parties, the retailer and the customer, therefore there needs to be a strong penalty for poor performance.</p>
2.6.13	Northumbrian Water	1	Wholesalers are already subject to financial penalties in the household sector if the required steps to read a meter are not followed. The introduction of this charge effectively results in wholesalers being penalised twice for the same issue.	<p>This feedback isn't specifically related to the level of charges and standards set out in Consultation 5 proposals, but is helpful for MOSL to share with relevant stakeholders, including the Performance Assurance Committee. Noted.</p> <p>In addition: M19 is not proposing a new concept of charge. MPS Charges apply today on non-market meters to represent the obligation in the market codes for Wholesalers to submit household readings that impact non-household consumption. Furthermore, charges in the household sector acknowledge the impacts on the domestic customer, whilst the charges in the non-household sector acknowledge the impacts in the non-household section (including the business customer and retailer).</p>
2.6.14	Northumbrian Water	1	In Document 1, Point 9 - anticipated overall impact of charges offering a window of	The proposals focus on areas for which trading parties are responsible as parties to the code.

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		<p>opportunity for trading parties to act - without access to skip code information, both trading parties lack visibility into the steps being taken to resolve failures. We believe this aspect requires further consideration to allow trading parties to understand what work is being carried out to rectify the failure. We believe further refinement of the proposal is necessary. The issue did not receive sufficient discussion in the PAG, and the current approach feels rushed</p>	<p>Where counterparties under the code might impact the potential to deliver, (e.g. where broken meters impact the ability to take readings, these factors can be excluded from a retailer’s performance until such time as the wholesaler fixes the meter. The wholesaler is measured separately on its ability to fix meters in a timely fashion).</p> <p>Other factors might impact a trading party’s ability to deliver, nevertheless, that party remains responsible for delivery under the code. Consequently, these factors have been taken into account through the application of a sub-100% performance standard. This recognises that mitigating action by a trading party to deliver code provisions may not be successful in all cases and allows for a degree of failure (e.g. where a meter cannot be accessed on a temporary basis). We are keen to deliver an MPF that works for the whole market and avoid over-reliance on exceptions for region-specific and variable factors.</p> <p>Fundamentally, the reformed MPF is being determined against current code obligations. If and when changes to code obligations are progressed, KPIs (and standards) will be updated to reflect any adjustments.</p> <p>We are minded to reduce the charge for biannual M19 from £17.50 to £10. This follows the precedent of 4 times higher charges for non-market meters compared to market meters in the current MPF. It also provides the same 4-month window as afforded to retailers for wholesalers to resolve missed reads before charges at the meter level exceed MPS charges at the current SLA.</p>
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2.6.15	Northumbrian Water	1	<p>While we acknowledge that the number of non-market meters is relatively low, the financial impact on wholesalers is significant. Additional work is required before this metric can be applied fairly. Would MOSL consider monitoring performance initially while postponing the implementation of penalty charges? This would allow for necessary adjustments to ensure a more robust process any financial penalties are implemented.</p>	<p>The Steering Group has noted industry concerns in relation to the current timeline and will be confirming an updated programme plan as soon as possible. The shadow period is expected to provide sufficient time for the industry to adapt to the new KPIs prior to the implementation and the programme has noted the preference from Consultation 4 for the shadow environment to replicate the final proposed MPF model as closely as possible.</p> <p>Specifically to this point - yes, this is what the shadow period is for.</p>
2.6.16	Portsmouth Water	3	<p>In comparison to M01, we feel the proposed performance standard % of 90 and 98% is disproportionate. With less non-market meters, a performance of 90 and 98% will be harder to achieve anyway due to lower volumes and this should be reflected by the performance standard %.</p>	<p>The proposed standard for this KPI reflects the importance of this activity to the market and its customers and the degree of incentive required for trading parties to improve their performance.</p> <p>Trading parties whose average performance against this KPI achieves the performance standard will not incur any charges for instances where the SLA was not achieved.</p> <p>We recognise trading parties concerns and additional backdated performance data will be run once the shadow period has begun. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.</p> <p>Following implementation, the Performance Assurance Committee (PAC) will be responsible for ensuring the standards protect customers from performance failures and trading parties from failure due to charging levels. Subject to approval, the PAC will be able to adjust performance standards for each KPI up or down by up to 5 percentage points (proposed) provided there is at least 12 months</p>



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				<p>between implementation of any amendment to a standard (absent any code change).</p> <p>Several higher performing Wholesalers (including those with high numbers of non-market meters) are proving the standard to be achievable.</p>
2.6.17	South East Water	2	<p>We understand that MOSL are trying to push for high standards on this metric, but we do not believe that 98% performance on external non-market meters is a realistic target and would welcome dialogue on this. It may be a glidepath to this could be put in place to give companies time to look at best practice in this area and put in place measures to achieve this, particularly where significant costs are involved.</p>	See 2.6.16
2.6.18	South West Water	5	<p>We agree that the proposed standards and penalties are challenging however these are to the benefit of the open market. We would not wish to see smart and non-smart meters to be separated in the future (should that be the case), in line with our previous comments.</p>	Noted
2.6.19	Southern Water	2	<p>Whilst we understand the rationale behind increasing the performance standard based upon a modelled market performance, what was the methodology in moving to a 90% performance standard from a modelled 50% performance level for internal monthly read non-market meters? This seems disproportionate in comparison with M01 &amp; M02 which appear to be more proportionate.</p>	<p>See 2.6.16 plus: In addition, we have proposed breaking M19 in 8 ways but do not consider there to be enough meters in each split to warrant 8 different standards. For example, there are approximately 400 monthly non market meter compared to thousands of biannual non-market meters, and very few smart non-market meters. This means there are considerably fewer data points from which to base a specific market standard for the monthly splits, and less value in doing so. The existence of the splits provides sufficient visibility on the varying areas of performance (although the</p>

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				PAC may choose not to present each split as a public peer comparison) and provides some flexibility for the future should volumes in some categories change (e.g., smart replacing traditional).
2.6.20	Thames Water	2	We agree with the sentiment proposed to align M19 with M01, but it seems this has not happened in practice. Although set out as one KPI, MOSL are proposing 8 variances of this which is disproportionate and inefficient to the numbers of NMM registered (which is c0.7% of the total number of meters in the market). MOSL have also set out the same standards for all types of internal meters and all types of external meters. One principle of the new MPF is supposed to be simplicity so why not reduce the 8 measures to two ?	See 2.6.3
2.6.21	Thames Water	2	M19 as proposed does not align with M01, there is no difference in the ability to read external meters whether they are Market Meters or Non Market Meters, there should therefore be no difference in the standard. Market meters are set at 85% whereas NMM are set at 98% for biannual external meters, there is no rationale for this difference. Any thought that such a target represents appropriate stretch to current performance ignores the diminishing returns and increased costs as performance nears 100%. We would expect far more robust, evidence-based justification for these very high target performance levels.	See 2.6.16

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2.6.22	Thames Water	2	Although a principle of vacant sites will not be included, MOSL have not set out how this will work in practice, there is not way to add a vacant flag to a NMM as it has not got an associated premises in CMOS.	Vacant sites cannot be excluded from this metric as there is no means of identifying vacant non-market meters. We have examined the number of non-market meters with 0 YVEs as a proxy for vacancy to discount a certain proportion of meters from failure (standard set below 100%).
2.6.23	Thames Water	2	In addition the use of bilateral requests to avoid M01 penalties where there is an intervention needed for the meter in question applies to NMMs, but market systems will have no visibility of such scenarios as these do not involve market based bilateral requests. We believe this will drive more metered properties to be moved to assessed, due to making such meter networks impractical or unfeasible and will therefore make customers bill less accurate and move away from the building blocks to drive water efficiency.	The status quo has existed for 7 years and MOSL is not aware of any evidence to suggest that wholesalers have been moving supplies to assessed charges to avoid market charges.
2.6.24	Thames Water	2	Another issue which has not been taken into account is that a large percentage (70%) of meters in the Thames Water area do not serve households premises directly, they only exist to deduct external use only and are usually situated on the NHH premises.	See 2.6.3 plus: MOSL notes this concern, but the MPF cannot account for a geographical factor that impacts a single party. If the obligation lies with the wholesaler to read the meters then it is right that they are accounted for. MOSL is however considering the case for a lower charge which would provide additional time to resolve failures before charges reach the levels that they would under MPS, thus leaving Wholesaler less exposed financially to these issues.
2.6.25	United Utilities	2	We disagree with the proposed performance standards set for non-market meters and the rationale that the performance standards should be different from market meters. Although the number of non-market meters is low, we do not believe this has any bearing on the challenges wholesalers face obtaining readings for individual	See 2.6.16

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			<p>meters. Wholesalers face the same issues as retailers for example accessing vacant properties to read meters. We disagree with the logic of setting this measure against the highest performing wholesaler as this may not be representative of the market. For a single monthly read meter that is unread throughout the year this will attract a charge of £210 (£17.50 X 12 months) which feels disproportionate. We believe the performance standards should mirror M01 for non-smart meters and M02 for smart meters.</p>	
2.6.26	Yorkshire Water	4	<p>We would ask MOSL to provide further clarification as to why the performance metrics are so markedly different to M01. The process of reading the meters is the same – we perform the same process and face the same challenges to read meters, so why is the expectation that non-market meters are somehow easier to read or would have fewer exceptions?</p>	See 2.6.16
2.6.27	Welsh Water	3	<p>We don't agree with the % performance standard for Smart meters. In accepted Rationale 4 for M02 we don't understand why this isn't reflected for M19.</p>	<p>See 2.6.2 plus: In addition, we have proposed breaking M19 in 8 ways but do not consider there to be enough meters in each split to warrant 8 different standards. For example, there are approximately 400 monthly non market meter compared to thousands of biannual non-market meters, and very few smart non-market meters. This means there are considerably fewer data points from which to base a specific market standard for the monthly splits, and less value in doing so. The existence of the splits provides sufficient visibility on the varying areas of performance (although the PAC may choose not to present each split as a public peer comparison) and provides some flexibility for the future</p>

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				<p>should volumes in some categories change (e.g., smart replacing traditional).</p> <p>The charge is based on several factors set out in the consultation material. This includes the average cost of the market activity being measured, compared against the total charge for failures that are resolved quickly and failures which are not resolved, subsequently compared to the current charges which apply under the equivalent MPS metric.</p>
2.6.28	Wessex Water	4	We agree that the standards for non-market meters should align with those proposed for M01.	Noted
2.6.29	Wessex Water	4	Further consideration should be given outside the MPF reform as to the effective management of household meters that are VOID and the exceptions that maybe applicable to relevant KPIs.	See 2.6.13 plus: Vacant sites cannot be excluded from this metric as there is no means of identifying vacant non-market meters. We have examined the number of non-market meters with 0 YVEs as a proxy for vacancy to discount a certain proportion of meters from failure (standard set below 100%).
2.6.30	Consumer Council for Water	4	We also agree this should be a stretching target for wholesalers, given this has been set at 98%. Ensuring non-market meters are frequently read should be as important for wholesalers as reading their regular household meters, so their entire customer base receives a consistent level of service. It is important they are strongly incentivised to do so.	Noted
2.6.31	Consumer Council for Water	4	In addition, given the low number of non-market smart meters, we understand the reason for setting separate standards, as is proposed for market meters under M01 and M02. However, the risk of good smart meter performance masking	Noted

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			poor non-smart meter performance may increase as more smart meters are rolled out. This may lead to retailers de-prioritising the reading of non-smart meters, which will lead to a deterioration in billing accuracy and service standards. We therefore agree that the PAC has a key monitoring role to play in this area, and separate performance standards may need to be developed if the number of non-market meters increases.	
2.6.32	Consumer Council for Water	4	We agree that the same performance standard should be used for all non-market meters. Given the low number of meters in this category, there is insufficient variance in terms of read frequency and meter type for different performance standards to be meaningful.	Noted

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**Q2.7: Transfer meter read KPIs: M04 – proportion of successful transfer reads**

**Explanation:** the proportion of meter reads the incoming retailer has carried out successfully when a customer is transferring to a new retailer.

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• No retailers oppose the proposal</li> <li>• 9% of wholesalers 'oppose' the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• No retailers are neutral</li> <li>• 18% of wholesalers are neutral</li> <li>• CCW is neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 100% of retailers 'support/strongly support' the proposal</li> <li>• 73% of wholesalers 'support/strongly support' the proposal</li> </ul>

**Q2.8: Comments to Q2.7**

Ref	Respondent	Score	Comment	Response
2.8.1	Business Stream	5	We consider that these standards have been set appropriately.	Noted
2.8.2	Castle Water	4	The threshold being 100% is fair given that estimated T reads are acceptable under the market codes. As with previous answers in this consultation, skip data should be used as soon as possible to help understand and solve the challenges obtaining a meter read, as well as allowing retailers to avoid fines for reasons outside of their control.	Noted

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2.8.3	Everflow	5	-	N/A
2.8.4	Pennon Water Services	5	We agree with the proposed standard for this.	Noted
2.8.5	Water Plus	4	We believe the appropriateness of these thresholds should be reviewed following any on-going assessment of estimation in the transfer read process. In the current circumstances, these levels feel appropriate.	Noted. We agree that that the framework needs to be adaptable to changing market conditions and forces. The standards for transfer reads will be kept under close review by the Performance Assurance Committee, particularly where further improvements to the transfer read process are expected to be assessed by the Metering Committee.
2.8.6	Water2business	5	We are comfortable with the proposed standard (100%).	Noted
2.8.7	Waterscan	4	Agree that 100% should be threshold as this should be easily achievable with the ability to use estimates.	Noted
2.8.8	Waterscan	4	An audit of use of reason codes for estimate transfers would help ensure these are used correctly.	Noted: We agree that an audit may be of use here.
2.8.9	Wave	5	We support strong incentivisation for retailers to provide timely (actual, where possible) meter reads when customers transfer between retailers. This enables the customer to receive a timely and accurate final bill from the outgoing retailer and a clear starting read and ongoing accurate bills from the incoming retailer. This proposal is an improvement on the current Transfer read metrics (MPS16 and MPS17). We support a performance standard of 100%.	Noted



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2.8.10	Affinity Water	5	Whilst we would want to discourage estimated transfer reads, based on the current market codes we feel it is appropriate that the standard is set to 100%. We do not feel this metric should have a flex due to the current market codes.	Noted
2.8.11	Anglian Water	5	-	N/A
2.8.12	Northumbrian Water	2	We have opted towards opposing due to the penalty proposed if the metric is not met. For M19 the reasoning for imposing a high charge includes the impact an estimated read has on billing. We would argue that a transfer read is equally if not more important than a Non-Market read. The retailer should work with the transferring customer to ensure that a read is taken and work with them to obtain access to do this before the transfer process begins.	<p>Taken together, the proposed charges for M04 and M06 aim to incentivise Retailers to submit reads on time while not being so severe that they rush to submit an estimated read rather than take an actual read. The performance charges start off lower to encourage trading parties to take action and reduce the charges they incur. However, if a trading party ignores failures, it will be charged the same as under the current MPS17. However, it is recognised that at certain point, higher unit charges will not help to resolve performance issues and blockers and may incentivise unwanted behaviours and negative impacts on market.</p> <p>MPF charges are not the only performance incentive in the market. If charges are not having the desired effect, the PAC may apply an audit, issue public communications, create a new metric, or look to escalate and rectify performance directly.</p> <p>We agree that transfer reads are important and retailers should work with the transferring customer to ensure a read is taken.</p>

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2.8.13	Portsmouth Water	5	None	Noted
2.8.14	South East Water	3	-	N/A
2.8.15	South West Water	5	We support the proposal and welcome the acceptance of estimated reads to meet the 100% target	Noted
2.8.16	Southern Water	4	We agree with the proposed performance standard.	Noted
2.8.17	Thames Water	-	-	N/A
2.8.18	United Utilities	5	We agree with the proposed performance standard being set at 100%. We believe this is an achievable measure due to estimated readings being permitted as a transfer read. Given the need for a final bill to be sent soon after transfer, this measure feels appropriate.	Noted
2.8.19	Yorkshire Water	3	-	N/A
2.8.20	Welsh Water	5	We agree with this proposal, it is essential transfer reads are entered into CMOS to ensure a smooth transfer of the customer from Retailer to Retailer.	Noted
2.8.21	Wessex Water	4	We are in support of the proposed metric and associated timescales for the KPI.	Noted
2.8.22	Consumer Council for Water	3	We agree with the proposed standard of 100% for submission of transfer reads for the reasons MOSL has provided. As the market codes allow retailers to submit estimates in the limited circumstances where an actual meter read cannot be taken, there	Noted

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			should be no reason why a read cannot be submitted within the required timescale.	
2.8.23	Consumer Council for Water	3	While we agree with the proposed performance standard of 100%, retailers successfully meeting this will not necessarily result in improved customer outcomes. Given estimated reads are permissible in limited circumstances, this can lead to customers not receiving an accurate opening bill, with the potential for a bill shock in the future. Retailers must strive to obtain actual reads when a customer transfers, with estimated reads only used as a last resort. Where retailers are meeting this standard with a high level of estimated reads, we would expect the PAC to monitor this carefully and act swiftly to address any poor retailer behaviour and inform any changes required to the codes. Ultimately, the relevant section of the market codes may need to be strengthened to ensure compliance in this area, and encourage more actual reads to be taken.	<p>This feedback isn't specifically related to the level of charges and standards set out in Consultation 5 proposals, but is helpful for MOSL to share with relevant stakeholders, including the Performance Assurance Committee. Noted.</p> <p>We agree with these observations and recommendations for further review post implementation.</p>

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**Q2.9: Transfer meter read KPIs: M06 – Lateness of overdue transfer meter reads**

**Explanation:** how late (i.e. how long after the SLA) the incoming retailer takes a meter reading for the customer that is switching to them.

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 14% of retailers are neutral</li> <li>• 30% of wholesalers are neutral</li> <li>• CCW is neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 86% of retailers 'support/strongly support' the proposal</li> <li>• 70% of wholesalers 'support/strongly support' the proposal</li> </ul>

**Q2.10: Comments to Q2.9**

Ref	Respondent	Score	Comment	Response
2.10.1	Business Stream	5	We consider that these standards have been set appropriately.	Noted
2.10.2	Castle Water	4	No comment	Noted
2.10.3	Everflow	5	-	N/A
2.10.4	Pennon Water Services	5	We agree with the proposed standard for this.	Noted
2.10.5	Water Plus	4	Water Plus broadly supports the metric standards as currently proposed, however concerns remain regarding later aspects of the Transfer Read process. We believe it is important that the 'T	Noted

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			Read' process is managed more carefully, to ensure that an outgoing retailer has a clear and final value at which to assess charging liability.	
2.10.6	Water2business	5	We are comfortable with the proposed standard (100%).	Noted
2.10.7	Waterscan	3	Broadly agree with penalties for late transfer reads and the timeframes seem reasonable, but not really sure how this will improve transfer read behaviour. Could possibly think about monthly ongoing charges for missing transfer reads to incentivise resolving the issue after the cap is reached. If the cap is reached, then there will be no incentive for a retailer to then input a transfer read which could have negative impacts on customer billing.	Noted
2.10.8	Wave	5	As above, we support strong incentivisation for retailers to provide timely (actual, where possible) meter reads when customers transfer between retailers. This enables the customer to receive a timely and accurate final bill from the outgoing retailer and a clear starting read and ongoing accurate bills from the incoming retailer. This proposal is an improvement on the current Transfer read metrics (MPS16 and MPS17). We support the proposed performance standard of 0 days late.	Noted
2.10.9	Affinity Water	-	-	N/A
2.10.10	Anglian Water	5	-	N/A

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2.10.11	Northumbrian Water	3	<p>We agree that an incentive is needed to encourage missed reads to be taken however are unsure if the value of the penalty will encourage retailers to make the reads a priority and again, could increase bilateral requests to Wholesalers to resolve a customer access issue</p>	<p>Taken together, the proposed charges for M04 and M06 aim to incentivise Retailers to submit reads on time while not being so severe that they rush to submit an estimated read rather than take an actual read. The performance charges start off lower to encourage trading parties to take action and reduce the charges they incur. However, if a trading party ignores failures, it will be charged the same as under the current MPS17. However, it is recognised that at certain point, higher unit charges will not help to resolve performance issues and blockers and may incentivise unwanted behaviours and negative impacts on market.</p> <p>MPF charges are not the only performance incentive in the market. If charges are not having the desired effect, the PAC may apply an audit, issue public communications, create a new metric, or look to escalate and rectify performance directly.</p> <p>Trading parties have rightfully identified frictions and unwanted behaviours, for example parties inappropriately raising bilateral requests, that the PAC will need to keep an eye on. We consider that the majority of these exist as potential risks today with little or no evidence that they are regularly occurring or likely to increase as an unavoidable consequence of these proposals.</p>
2.10.12	Portsmouth Water	5	<p>We would like to understand if there will be anything to encourage the incoming retailer to submit a transfer read after the 30 BD to</p>	<p>MPF reform aims to create a new baseline for the PAC to have access to stronger incentives and diagnostic tools and more transparent metrics. The changes cannot</p>

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			encourage them to enter a reading as there is a risk these will simply get lost.	<p>resolve all frictions in the market straight away at implementation.</p> <p>Frictions caused by issues with the current market codes are not in scope of the programme and will need to be addressed outside the MPF.</p> <p>There might be a reduced incentive to supply a transfer read once the lateness period where the charge applies has elapsed. However, this period has been set in recognition that any reads provided beyond this point are too late to be of value to the other Retailer, and so continued charging beyond this point is of limited value for the intended purpose of closing a customer account. Also, the SLAs and charges for regular cyclic reads will apply after this period to ensure the customer still receives a read and good data gets into the market. We also highlight that MPF charges are not the only performance incentive in the market. If charges are not having the desired effect, the PAC may apply an audit, issue public communications, create a new metric, or look to escalate and rectify performance directly.</p>
2.10.13	South East Water	3	-	N/A
2.10.14	South West Water	5	We recognise the need for transfer reads to be completed in a timely manner.	Noted
2.10.15	Southern Water	4	We agree with the proposed performance standard.	Noted
2.10.16	Thames Water	-	-	N/A

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2.10.17	United Utilities	5	We support the proposed performance standard as the transfer reads should be easy to gain as the retailer will already be in contact with the customer during the on-boarding therefore this should allow arrangements to be made to obtain transfer readings thus reducing challenges reading internal meters.	Noted
2.10.18	Yorkshire Water	3	-	N/A
2.10.19	Welsh Water	5	We agree with this proposal, Retailers should be penalised for missing transfer reads	Noted
2.10.20	Wessex Water	4	We believe that it is correct to incentivise beyond failure a downstream KPI to incentivise a resolve.	Noted
2.10.21	Consumer Council for Water	3	While we generally agree with the proposed standard, we have the same concerns as outlined in respect of M04. Market performance against this standard is likely to be high as an estimated read can be submitted on time in the event an actual read is not obtained, thereby greatly reducing the possibility of late reads. However, poorly estimated opening bills, for example, those based on long unread meters, could have a detrimental impact on customers. More work is needed to review retailers' transfer read obligations to ensure the right outcomes are being produced for customers. We comment further on this in response to Q2.11.	<p>This feedback isn't specifically related to the level of charges and standards set out in Consultation 5 proposals, but is helpful for MOSL to share with relevant stakeholders, including the Performance Assurance Committee. Noted.</p> <p>We agree with these observations and recommendations for further review post implementation.</p>



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**Q2.11: Transfer meter read KPIs: M09 – Proportion of actual transfer meter reads**

**Explanation:** the proportion of actual (rather than estimated) meter reads an incoming retailer takes when a customer is switching from their current retailer.

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 86% of retailers 'oppose/strongly oppose' the proposal</li> <li>• 10% of wholesalers 'oppose' the proposal</li> <li>• CCW opposes the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 40% of wholesalers are neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 14% of retailers 'support/strongly support' the proposal</li> <li>• 50% of wholesalers 'support/strongly support' the proposal</li> </ul>

**Q2.12: Comments to Q2.11**

Ref	Respondent	Score	Comment	Response
2.12.1	Business Stream	5	We welcome the introduction of this measure as it will encourage retailers to submit actual transfer reads as opposed to estimated reads. We consider that these standards have been set appropriately.	Noted
2.12.2	Castle Water	1	Setting any performance standard for the number of visual T reads each month contradicts the market codes and is an overreach by MOSL. The market codes allow the use of estimated T reads under certain circumstances. There is good reason for this due to the complexity in getting	Metrics are designed to measure what are currently WRC obligations to customers and between trading parties. We note challenges to M09 regarding whether this has been sufficiently reflected in the proposals. Elsewhere we consider that the proposals do match the current code obligations.

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			<p>visual T reads in many scenarios. When discussing M01, the PAG was reminded that the KPIs being designed were for the market codes as they are written today, and yet MOSL demonstrates that this only matters when it suits their interests by applying a performance standard to M09. What right does MOSL have to dictate any performance threshold on an activity that is allowed under the market codes? As market operator, MOSL should be making sure that any excessive use of estimated T reads by retailers is being done in adherence with the market codes.</p>	<p>In addition: The MPF needs to be simple and the first iteration will principally focus on the type of transfer read, rather than the type of transfer read AND context in which it has been provided. We agree that this is an important consideration when interpreting performance, and this is something that the PAC could request to be explained through the use of audits and other metrics. We have received a lot of helpful feedback from parties on whether M09 should be a KPI. Pending new arguments and evidence at the in-person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee, meaning that a % standard does not need to be set.</p>
2.12.3	Castle Water	1	<p>Most of the feedback from PAG has been ignored. As an advisory group, PAG is supposedly used to provide advice and guidance from leading industry experts. PAG members discussed several options that would improve the number of visual T reads being captured for transfers, but MOSL instead chose to go ahead with a threshold that is utterly meaningless as it blindly measures performance for an activity that is allowed under the market codes.</p>	<p>See 2.12.2</p>
2.12.4	Castle Water	1	<p>The PAG also discussed how estimates themselves are not necessarily bad. If that estimate is based on recent meter read history and is calculated correctly then it should have no negative impacts for the customer at all. Again, the approach taken on this KPI shows a lack of understanding and investigation into the causes</p>	<p>We have considered the merits of amending specific KPIs including M01/M02, M19 and M09 following further trading party feedback in this consultation. Pending new arguments and evidence at the in-person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee.</p>

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			for the high number of estimated T reads being entered into the market, as well as clearly showing a lack of interest in actually improving performance.	<p>Furthermore, if there are changes to the codes arising from work being undertaken by the Metering Committee or other groups/parties that impact the design of any KPIs, this will also be accommodated.</p> <p>See also response to 2.12.2.</p> <p>In addition: recent PAG deliberations on APIs have noted that an additional metric on estimation accuracy could be taken forward and will be subject to consideration by the PAC.</p>
2.12.5	Castle Water	1	If it would benefit the PAC, M09 and M02 could be changed to APIs, but they are not KPIs and are not necessary. The decision to keep M09 and attach any performance standard to it does seem to be symptomatic of the position the programme finds itself in, scrambling to justify measures like M09 that are pointless, especially since 2 of the 3 'tools' that were originally proposed for the MPF have been removed. M09 was originally meant to be a KPI that had outperformance payments attached, but this is not the case anymore and it now feels like this is a poor attempt to keep alive a KPI we no longer need, much like M02.	<p>The selected KPIs are those where companies' performance significantly impacts customers and seek to provide a true picture of what customers are experiencing.</p> <p>We have received a lot of helpful feedback from parties on whether M09 should be a KPI. We note support for both options. Pending new arguments and evidence at the in-person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee.</p> <p>We note the comment regarding outperformance payments.</p>
2.12.6	Castle Water	1	Alternative options were suggested at PAG for measuring performance and policing the use of estimated T reads. Alternative options, such as reviewing T reads that are retrospectively changed, or auditing retailer T read estimate reason codes, are more aligned with the market	See 2.12.4 plus: We agree with the recommendations for further work in this area in parallel with MPF Reform.

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			codes and would be more effective at improving the rate of visual T reads being entered into the market. There are probably many more ways of improving T read performance that could be discussed if MOSL allowed time to do so, but M09 is not one of them.	
2.12.7	Castle Water	1	There is then the Code change CPW159 to consider. This change seeks to tighten the wording of the codes around the use of estimated transfer reads. Presumably this is a result of a few trading parties admitting last year that they did not attempt to get a visual T read if the customer did not provide/pay for one. For over 12 months since this admission, one of these trading parties has continued to submit 90% or more of all their T reads as estimates, every single month. Whilst there may be room for interpretation within the codes, it should be obvious that the spirit of the codes dictates that a visual read is required where possible. Nonetheless a code change to tighten any loopholes is understandable and should be allowed to run its course, alongside auditing retailers to make sure that the use of estimated T reads is done in line with the market codes.	<p>This feedback isn't specifically related to the level of charges and standards set out in Consultation 5 proposals, but is helpful for MOSL to share with relevant stakeholders, including the Performance Assurance Committee. Noted.</p> <p>We agree with the recommendations for further work in this area in parallel with MPF Reform.</p>
2.12.8	Castle Water	1	M09 is a lazy approach which likely won't have any impact performance, especially as it does not include performance fines (which is entirely correct, and that should also be the case for a performance threshold).	<p>The initial standard represents a judgement of several factors set out in the consultation material. It needs to:</p> <ul style="list-style-type: none"> <li>- Represent an improvement in the average performance of the market (otherwise there is no incentive for improvement)</li> </ul>

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				<p>- Recognise a proportion of meter reads may be estimated where certain limited circumstances are encountered.</p> <p>We have received a lot of helpful feedback from parties on whether M09 should be a KPI. We note support for both options. Pending new arguments and evidence at the in-person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee.</p>
2.12.9	Castle Water	1	<p>A lot of feedback from PAG was that M09 should be an API at best, but not a KPI. M09 as an API might initially indicate which trading parties should be audited and would also indicate which trading parties are responsible for most estimated transfer reads. This in turn would allow MOSL and the PAC to investigate which trading parties are adhering to the codes when using estimates through targeted audits. Not only is this fair and aligned with the market codes, but it aligns with why the feedback at the PAG. Once again though, we find that the advice from industry experts has been ignored, and a KPI which directly conflicts with the market codes has been given a meaningless threshold without fines attached.</p>	See 2.12.5
2.12.10	Castle Water	1	<p>The supporting documentation of M09 has not explained why an arbitrary threshold will have any impact at all, or why they have not considered the alternative and far more suitable approaches suggested at the PAG.</p>	See 2.12.8

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2.12.11	Castle Water	1	<p>The supporting documentation includes baseless statements as part of the rationale, such as 'A standard will help in monitoring and driving performance' and 'This is a non-chargeable KPI, so there's no financial risk to Retailers of a challenging performance standard'. Just saying that this threshold will drive performance is not good enough. No evidence is presented that this will drive performance, especially without performance charges attached to it. It is just an unhelpful assertion without justification. Far from driving performance, it is more likely to have no impact at all as there is no real penalty for not achieving that standard. As stated above, however, if M09 was an API, used by the PAC to have targeted audits of the worst performers, then trading parties would at least be forced to make sure that any estimated T reads they submit are done so according to the rules defined in the market codes. As a result of the above, there should be no standard applied to M09.</p>	<p>We have received a lot of helpful feedback from parties on whether M09 should be a KPI. We note support for both options, Pending new arguments and evidence at the in-person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee, meaning that a % standard does not need to be set.</p>
2.12.12	Castle Water	1	<p>M09 should be scrapped as a KPI, and should have been when outperformance payments were removed as a tool from the MPF reform. As already stated, MOSL believing they can limit an activity, one which is allowed under the codes, by simply applying an arbitrary standard, one which is not and cannot have a fine attached to it, it not only incompatible with the market</p>	<p>See 2.12.2</p>

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			codes, but represents a dangerous overreach of MOSLs authority as a market operator.	
2.12.13	Everflow	1	We continue to oppose the inclusion of M09 Estimated vs Actual Transfer Read as a KPI, on the same grounds as in previous consultations. This metric does not drive better customer outcomes, is actively detrimental to market competition and efficiency, and disproportionately harms SMEs and Microbusinesses. The data presented in this consultation only reinforces our position.	See 2.12.5
2.12.14	Everflow	1	<u>Detriment to Competition:</u> This metric penalises retailers who switch more customers by increasing the costs associated with switching—creating an inherently anti-competitive effect. Furthermore, it unfairly holds incoming retailers accountable for poor legacy data left behind by outgoing retailers. We do not consider this to be a fair, transparent, or proportionate way to address data quality issues in the market	<p>The proposals focus on areas that impact services to customers and monitor activities where trading parties carry responsibility under the market rules. The proposals apply equally to all trading parties that have those responsibilities under the code. Standards are only intended to prevent performance from falling to an unacceptable level of failure for customers. We consider that it is better to have a view of performance in this area (which can be a trigger for further investigation by the PAC) than none at all, but note the risk of lower performance being incorrectly perceived as non-compliance with the code.</p> <p>We have received a lot of helpful feedback from parties on whether M09 should be a KPI. We note support for both options. Pending new arguments and evidence at the in-person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee.</p>
2.12.15	Everflow	1	<u>Poor Cost/Benefit for Customers:</u> Transfer reads are inherently inefficient and costly, particularly	MPF reform aims to create a new baseline for the PAC to have access to stronger incentives and diagnostic tools and

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			for smaller customers. T-reads typically cost 5–10 times more than cyclical reads, as they must be conducted within a short time frame, often at inconvenient locations, and with little notice. The already limited capacity of meter reading providers—such as Morrison Data Services, which is struggling to meet existing demand—means this metric will place additional strain on a market that cannot deliver against it. These inefficiencies are directly detrimental to VC003.	more transparent metrics. The changes cannot resolve all frictions in the market straight away at implementation. Frictions caused by issues with the current market codes are not in scope of the programme and will need to be addressed outside the MPF.
2.12.16	Everflow	1	<u>Poor Customer Outcomes</u> : This metric increases costs to customers without delivering any meaningful improvement in service quality. This is our primary concern. For SMEs and Microbusinesses, where retail margins are already slim, implementing this change will disproportionately raise costs, making it more difficult for them to participate in the market and increasing their bills without justification. This is directly detrimental to VC004	See 2.12.14
2.12.17	Everflow	1	<u>Customer Choice and Value</u> : If a customer elects to have an estimated transfer read, why should retailers be penalized for obliging? The data in this consultation demonstrates that performance on estimated vs actual transfer reads varies widely across trading parties—not because one approach delivers better or worse outcomes, but because retailers and customers are making different choices at the point of transfer. Furthermore, our own analysis of MOSL’s	See 2.12.14



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			justification for this metric—that estimated transfer reads lead to inaccurate billing, degrade data quality, or worsen customer experience—shows that this is simply not the case, at least not for the customers we switch. The findings from our own investigations directly contradict the case for this KPI. <i>If MOSL insists on retaining this metric within the framework, it should not do so as a KPI.</i>	
2.12.18	Pennon Water Services	1	The performance standard set for M09, without an associated charge for underperformance, enables some retailers to potentially game the system by relying on estimated reads instead of attempting actual transfer reads. A reputable retailer will always attempt 100% of transfer reads, as this provides better outcomes for customers and the market. Transfer reads are the most expensive reads to obtain, meaning retailers who disregard this standard and use estimated reads gain a financial advantage.	See 2.12.15 plus: Trading parties have rightfully identified frictions and unwanted behaviours that the PAC will need to keep an eye on. We consider that the majority of these exist as potential risks today with little or no evidence that they are regularly occurring or likely to increase as an unavoidable consequence of these proposals. This is something that the PAC could request to be explained through the use of audits and other metrics.
2.12.19	Pennon Water Services	1	This creates a distortion in competition and may result in the market settling at the minimum compliance level of 60%, with no tools to drive performance beyond this. MOSL should consider introducing financial incentives or penalties to prevent such unintended consequences.	See 2.12.14 plus: MPF charges are not the only performance incentive in the market. There are reputational tools (i.e, peer comparison), and the PAC may apply an audit, issue public communications, create a new metric, or look to escalate and rectify performance directly.
2.12.20	Water Plus	2	We do not have sufficient confidence in the methodology of how this threshold was decided, and there is a legitimate basis under which estimated reads can be submitted to the market.	See 2.12.2 plus: Skips arising due to issues with the meter may be rectified through bilateral service requests. Where this is the case, they will be excluded from the performance calculation. Other skips will not be excluded and remain for

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			<p>We believe that for this metric to provide value for the market, it must be assessed in conjunction with analysis of trading party SKIP codes to understand where the 'estimate' functionality has been used legitimately</p>	<p>the retailer to address. Separately, MOSL has raised a change proposal to enable skip data to be collected centrally to increase visibility of skip issues and allow the PAC to consider skips when reviewing performance. An RWG subgroup is being convened to review the routes to resolution for skips with a view to providing guidance in resolving skips. This may lead to further code changes as required. Metrics and tools within the MPF will be amended to reflect any changes coming out of that work.</p>
2.12.21	Water2business	-	<p>Whilst we agree with the statement “this is a non-chargeable KPI, so there’s no financial risk to a retailer of a challenging performance standard”, the code does allow for estimated transfer reads in certain circumstances, so we do not believe this standard is reflective of the reasons for estimated reads being used. We do not believe MOSL can enforce a performance standard against a measure which is permissible under the codes.</p>	<p>See 2.12.2</p>
2.12.22	Water2business	-	<p>We also do not believe customer choice is being considered as part of this standard and we believe that this standard does not address the root cause of complaints around switching, that poor estimates are being used in the absence of a visual meter read. The main cause of customer contact relating to transfer reads in our experience, is where the outgoing retailer has failed to read their meter historically. This is an area of significant risk to the market and we do not believe this is being addressed by this</p>	<p>See 2.12.15 plus: We are open to exploring a different (or no) standard on M09. We consider that it is better to have a view of performance in this area (which can be a trigger for investigation by the PAC) than none at all but note the risk of lower performance being incorrectly perceived as non compliance with the code. We welcome the specific feedback on factors that need to be considered here including cost recovery, competition and customer choice and will also be sharing this feedback with the metering committee as it looks to explore transfer reads in more detail.</p>

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		<p>standard. We believe there would be more value in the market producing a guide or including within the current code, a standardised approach to estimating transfer reads. We also believe that further research should be undertaken on the reasons for estimated readings, including surveying customers. W2b does not absorb the cost of a transfer read, we expect the customer to pay this cost. In the case of multi site customers (a number of customers we have within our portfolio have hundreds of sites across the country), the cost of this could run into the tens of thousands. There is a real disparity in the cost of transfer read across the country, our meter readers charge anything between £5 - £150, depending on the customer's location, we do not believe it is fair for the customer to be significantly impacted based on where they are located. There is also no allowance for the cost of transfer reads within the REC. There should therefore be some method of recovery for these costs, as the current process is at the detriment to customers. By ignoring the customer choice whether to pay for visual readings, or accept an accurately calculated estimate, the control is taken away from the customer which is a barrier to competition. This will decrease the likelihood of the customer switching, as any transfer read costs are added to the overall price the customer will pay, therefore reducing the discount a</p>	
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		<p>customer may be able to negotiate by switching retailer. As an example, we are currently in the tender process for a multi national supermarket chain. The cost of obtaining visual transfer reads for this customer is around £37,000. Our net margin to win this customer is £45,000, so by absorbing the cost of transfer reads will mean that we will not cover our costs to serve this customer until 10 months after they switch. There is an increased risk to w2b due to the size of the customer, we will also incur increased settlement charges, which have to be paid without exception. This is a definite barrier to entry for new retailers and will also have a detrimental impact to all customers across the market as this will likely mean that smaller retailers who cannot absorb this additional risk or costs, will be unable to bid on large customers and this will limit all customers when looking to switch. We believe the right approach for a standard around switching would be to measure the percentage of actual cyclic reads taken within 6 months of a transfer taking place. This will allow for discrepancies with transfer reads to be identified quicker, highlight any possible meter issues and will reduce risk to the customer and the issuing of back bills. If MOSL is however determined to include this standard and report on "adherence", it should be a separate table and make clear to external parties and customers that this standard is not</p>	
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			measurable as the use of estimated reads is permitted within the code obligations. This measure removes the element of choice from customers and is a barrier to competition by enforcing additional and significant costs on retailers and customers. Whilst we acknowledge that correcting errors in T reads is inconvenient, this process only happens when the outgoing retailer has failed to read the meter sufficiently, making it difficult or impossible to accurately predict the T read. This measure is not considerate of customers and is a barrier to switching.	
2.12.23	Waterscan	2	The actual target percentage is likely not what will drive the incentive, it will be the comparison to similar size trading parties and the perception of the league table that will encourage better performance. We don't believe that many, if any, trading parties will be able to consistently get 60% actuals with high volumes of transfer and the table and quartiles will be heavily skewed by differences in trading party sizes and number of switches.	See 2.12.7 plus: This is an important observation which we consider applies across all metrics - the way performance is broken down and reported across different sizes/types of parties will directly impact the strength of reputational incentives.
2.12.24	Wave	2	Wave fully supports strong incentivisation for retailers to provide timely actual meter reads when customers transfer between retailers, and estimates only used when absolutely necessary and in compliance with the code. However, there is nothing in the proposal that differentiates between i) Retailers who seek	See 2.12.4 plus: The MPF needs to be simple and the first iteration will principally focus on the type of transfer read, rather than the type of transfer read AND context in which it has been provided. We agree that this is an important consideration when interpreting performance, and this is something that the PAC could request to be explained through the use of audits and other metrics.

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		<p>reads and only use estimates when needed in accordance with the code and ii) Retailers who make no attempt to get actual transfer reads and systematically use estimates. To use a real example, in a given month a large school contract is transferred during school holidays (the customer's preference) such that actual reads cannot be achieved because the schools are closed. Resources are focused on this particular transfer (and therefore not balanced out by other transfers) and estimates are needed. The % success rate would likely be substantially less than 60% - yet fulfilling the customer's requirements and entirely code compliant. This compares to a Retailer who makes no attempt to get reads and systematically uses estimates saving adhoc meter reading costs and being non-compliant with the code. 60% is derived from the performance level of the Retailer at the bottom of the top quartile of performance for actual transfer reads in 2024, which does not seem statistically robust. The concern is that the code allows estimates in certain circumstances, so the standard needs to exclude those that are code compliant so Retailers are not penalised in that circumstance. To be effective, Retailers should be prepared to evidence that they have sought to get an actual read, for example by providing visit rates and/or skip rates</p>	
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2.12.25	Affinity Water	-	-	N/A
2.12.26	Anglian Water	3	We do not consider this is set at an appropriate level due to the importance of accurate transfer reads and the impacts of inaccurate reads to customers. As stated in the consultation documents, estimated transfer reads are only allowed in limited circumstances, and a standard of 60% does not seem to reflect this. As customer reads are acceptable as an actual read, this should improve the opportunity for Retailers to submit actual reads. To reflect the potential impacts of high proportions of estimated transfer readings, we believe this should be set at a higher level	We have received a lot of helpful feedback from parties on whether M09 should be a KPI. We note support for both options, Pending new arguments and evidence at the in-person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee, meaning that a standard does not need to be set.
2.12.27	Northumbrian Water	4	We support this metric and we are sure the PAC will review the expected level of performance if this begins to be met, as 60% seems low although is a lot higher than current market performance	Noted
2.12.28	Portsmouth Water	5	None	Noted
2.12.29	South East Water	3	-	N/A
2.12.30	South West Water	4	We agree there should be no performance charge. Estimated readings are not inherently bad, however tracking this performance will provide insights and potentially flag any risks or concerns.	Noted

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2.12.31	Southern Water	4	We agree with the proposed performance standard.	Noted
2.12.31	Thames Water	-	-	N/A
2.12.32	United Utilities	2	We disagree with the proposed performance standard. Where a meter has a good history of meter readings using an estimated final meter read is not likely to result in any negative customer impact. In contrast, where an estimated reading is used for a meter that is long unread or has had changes of occupancy it may be inappropriate for an estimated read to be used. The main reason for this is that the customer is at risk of receiving a bill shock with an accurate final bill being issued several months after an inaccurate estimated final bill. If final bills are based on visual or customer readings the customer will be less likely to receive re-issued final bills. Secondly this will help ensure clear and fair billing between wholesalers & retailers.	See 2.12.4 plus: The MPF needs to be simple and the first iteration will principally focus on the type of transfer read, rather than the type of transfer read AND context in which it has been provided. We agree that this is an important consideration when interpreting performance, and this is something that the PAC could request to be explained through the use of audits and other metrics. The existence of M09 in its current design provides a starting point for these investigations.
2.12.33	Yorkshire Water	3	-	N/A
2.12.34	Welsh Water	3	We believe the % standard should be higher than that proposed. A Retailer will be actively engaging with the customer ahead of the transfer and would have notice of the requirement for a read. For small NHH properties the customer is probably able to read the meter and provide this to their Retailer.	See 2.12.26 plus: We agree that Retailers should be able to work with customers to obtain an actual read (either itself or via the customer). However current performance in this area suggests that this is not regular and/or successful practice. The standard may be raised in time, particularly if the underlying code requirements for actual transfer reads are strengthened.



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2.12.35	Wessex Water	4	We are in support of this metric as it is proposed but believe there is further work and analysis required in this area. Whilst we recognise that estimation should not be viewed as a negative outcome in all use cases, it should be incentivised to be minimal use when within the control of the Retailer. We hope that this metric incentivises a reduction in estimation where it can be reasonably avoided.	Noted
2.12.36	Wessex Water	4	The PIR of CPW130 indicated a high proportion of estimated reads due to a reason of "did not attempt". This should be explored and should not be considered as a valid estimation reason at face value without further understanding.	See 2.12.7 plus: We agree with the recommendations for further work in this area in parallel with MPF Reform. If there are changes to the codes arising from work being undertaken by the Metering Committee or other groups/parties that impact the design of any KPIs, this will be accommodated.
2.12.37	Wessex Water	4	We also note, that the number of customer reads at transfer is low. Retailers are no longer restricted in the number of customer reads that can be used. We would welcome further work to understand customer reads and how an increase could reduce estimation. Whilst we recognise that not all customers will be incentivised to provide a transfer read, we would expect the majority to be incentivised to do so.	Noted
2.12.38	Consumer Council for Water	2	Customers rightly expect bills to be based on actual reads. Our 2021 SME customer preferences on meter reading frequencies research showed that 88% believe it is important that their water and sewerage bills are based on meter reads rather than estimates, rising to 90%	See 2.12.2 plus: We are open to exploring a different (or no) standard on M09. We consider that it is better to have a view of performance in this area (which can be a trigger for investigation by the PAC) than none at all but note the risk of lower performance being incorrectly perceived as non compliance with the code. We welcome feedback on

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		<p>for micro businesses. We therefore agree with the need for more visibility in this area to improve meter reading services. Peer comparison could be a way of encouraging retailers to improve the number of actual transfer reads.</p> <p>However, we do not agree with measuring this as a KPI. A failure to meet a performance standard should mean that a trading party has failed to meet their obligations under the performance framework, and the market codes. However, as retailers are permitted to submit estimated reads in certain circumstances in respect of transfer reads, it does not mean that there has been a performance failure, unless there is evidence that estimates have not been submitted in line with the circumstances outlined in the codes. On the same basis, highlighting M09 performance in peer comparison tables may have limited value for customers as they are likely to interpret 'poor' performance as retailers breaching a rule or obligation, when this would not be the case if estimated reads have been submitted in line with the codes.</p> <p>To genuinely drive improvements in this area, a KPI is needed that incentivises retailers to improve the quality of transfer reads, and drive better customer outcomes. We support the work that is currently being undertaken with the aim</p>	<p>factors that need to be considered here including cost recovery, competition and customer choice and will also be sharing this feedback with the metering committee as it looks to explore transfer reads in more detail.</p>
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			<p>of strengthening the market codes so it is clearer that an actual read is expected for customer transfers. Work in this area needs to continue to ensure that the overall code provisions are fit for purpose, and are not inadvertently driving poor retailer behaviours.</p>	
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2.12.39	Consumer Council for Water	2	At this stage, we believe M09 as proposed should be an additional performance metric, as we agree there must be more visibility concerning actual transfer reads vs estimated reads. This will allow the PAC to scrutinise performance, uncover reasons for why the number of estimated readings is high, and help shape proposals for any further changes in obligations that may be needed. In addition, peer comparison tables available to retailers will be useful as it may encourage them to improve the number of actual reads being obtained	See 2.12.5 plus: We are open to exploring a different (or no) standard on M09. We consider that it is better to have a view of performance in this area (which can be a trigger for investigation by the PAC) than none at all but note the risk of lower performance being incorrectly perceived as non compliance with the code. We welcome feedback on factors that need to be considered here including cost recovery, competition and customer choice and will also be sharing this feedback with the metering committee as it looks to explore transfer reads in more detail.
2.12.40	Consumer Council for Water	2	Alongside this, work is needed to better define 'good' vs 'poor' quality estimation in respect of transfer reads, as this is a more robust indicator of billing accuracy and therefore how well a retailer is performing. We would then support the implementation of a KPI which can measure the level of 'poor' quality estimation, underpinned by a revised market code which is clear that estimation is only permitted in limited circumstances.	See 2.12.7

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### Section 3: Proposed MPF performance charges

To what extent do you consider that the proposed charges for the following KPIs are more appropriate than the current framework’s Market Performance Standards (MPS) in incentivising good outcomes for all customers?

#### Q3.1: Cyclic meter reads (market meters): M01 – Cyclic meter reads performed within SLA (non-smart meters)

**Explanation:** the proportion of traditional (not smart) meters retailers have read within the agreed timescales.

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 43% of retailers ‘oppose/strongly oppose’ the proposal</li> <li>• 16% of wholesalers ‘oppose/strongly oppose’ the proposal</li> <li>• CCW opposes the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 29% of retailers are neutral</li> <li>• 17% of wholesalers are neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 29% of retailers ‘support’ the proposal</li> <li>• 66% of wholesalers ‘support/strongly support’ the proposal</li> </ul>

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**Q3.2: Comments to Q3.1**

Ref	Respondent	Score	Comment	Response
3.2.1	Business Stream	3	We consider that the approach MOSL has used to set the charges relative to the current charges, will help drive the right behaviour in the market to deliver better outcomes for customers.	Noted
3.2.2	Business Stream	3	However, given the limited information available, MOSL needs to make sure appropriate safeguards are in place during the shadow period to ensure that the actual levels of performance and charges reflect those modelled. If there are material differences, the performance levels and charges should be revisited (please see our comments in 4.1).	<p>The Steering Group has noted industry concerns in relation to the current timeline and will be confirming an updated programme plan as soon as possible. The shadow period is expected to provide sufficient time for the industry to adapt to the new KPIs prior to the implementation and the programme has noted the preference from Consultation 4 for the shadow environment to replicate the final proposed MPF model as closely as possible.</p> <p>We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.</p>
3.2.3	Castle Water	1	The proposals contradict the statement in document 1 that 'The proposed performance standards and performance charges are designed to incentivise companies to act. They are not intended to be punitive, nor should they	The performance profile in the modelled data for the market does not suggest that parties will be charged orders of magnitude above what they have been charged in previous periods of MPS. This can be confirmed once more performance data is available in

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			destabilise the market’ and represent a frightening escalation of annual charges.	<p>shadow. Currently we see no evidence or rationale for adjusting the current exposure that trading parties face and our modelling indicates that parties will not hit their caps – remaining incentivised by performance – so we have not sought to amend this.</p> <p>We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.</p> <p>If this data suggests that charges would be at destabilising levels after go-live, the code change process may be used to accommodate changes. The likelihood of changes to reduce charges or standards is considered low as the modelled performance data is expected to underestimate true performance once the KPIs are up and running (and bilateral exclusions are applied).</p>
3.2.4	Castle Water	1	The baseline performance scenario (based on data that is not predictive) the supporting documentation estimates that annual charges will increase by well over £1m, to a total of over £2m just for M01. Things get worse when noting that in a ‘low performance scenario (which would only need average performance to have been overestimated by 8%), £3.5m worth of charges being collected for M01 and M02. How can the potential of £3.5m worth of annual charges not be	<p>The performance charge needs to be at a level that will incentivise trading parties to improve their performance in this area and provide better customer outcomes.</p> <p>For areas where performance is currently of concern, the charge may therefore need to be higher than the current MPS charges for a long period of failure.</p>

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			<p>detrimental to both the retailer and their end customers? How can that level of charges not be considered punitive and not add risk towards destabilising the market? The evidence to determine this either way has not been provided, and so it is not possible for the respondent of this consultation to determine of the charging level of appropriate.</p>	<p>The charge must also take account of the average cost of the activity being measured to ensure companies choose to take action.</p> <p>The charging model for many KPIs means that trading parties have a window of opportunity to resolve issues quickly and incur lower charges than would have been the case with the current MPS. Charges will also only apply if performance is below standard, i.e., of concern.</p> <p>The performance profile in the modelled data for the market does not suggest that parties' charges will be orders of magnitude above the current MPF. This can be confirmed once more performance data is available in shadow. If this data suggests that charges would be at destabilising levels from go-live, the code change process may be used to pursue changes to the charge.</p>
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3.2.5	Castle Water	1	The document states that 'In the case that the shadow period identifies that the proposed charges and standards are significantly inappropriate, the standard code change process or urgent code change process can be used to ensure that customers and trading parties are not exposed at full implementation in November 2025'. What is the definition of 'significantly inappropriate' and what level of annual charges would need to be reached for that definition to apply? Are MOSL comfortable with the market fines potentially totalling £3.5m for a low performance scenario, or would that amount be deemed significantly inappropriate? Is it up to individual trading parties to invoke an urgent code change process, or would that determination be made by the PAC?	See 3.2.2 plus: MOSL will work with the PAC, PAG, Strategic Panel, and Steering Group to understand performance in shadow and the expected impacts on customers and trading parties at full implementation. This work will determine whether any changes are required (code changes via the Code Change Committee to amend charges, or changes to standards via the PAC) and how these should be progressed.  For now, Retailers are obliged to read these meters. We note that Retailers are dependent on Wholesalers for these reads, and a proportion of smart meters might not be fully functioning at any point in time, hence the proposed performance standards are not set at 100% and Retailers will not be penalised where a bilateral request has been raised.
3.2.6	Castle Water	1	Would the charges being set to a significantly inappropriate level result in a change to size of the charge, or would the performance standards be changed to reduce the overall level of charges?	See 3.2.5
3.2.7	Castle Water	1	There are too many unknowns with this new framework, with the only sure information appearing to be how much money MOSL hope to collect in fines each year.	The MPF is not focussed on generating funds for the Market Improvement Fund (MIF) or other projects. If the market performs above standard, customers receive the service they expect, trading parties would incur limited performance charges, and there would be little or no funds available for the MIF as a result – which would signal improvements in customer service.
3.2.8	Castle Water	1	There is no appropriate level of charges to be set for M01 and M02 right now, mainly because the	

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			<p>design is fundamentally flawed and it does not really measure true performance, but also because the estimated data on which the charge amounts have been proposed has not been explained or justified. Had the programme listened in the early stages of the MPF reform and reviewed the codes before creating the framework, as a market we would find ourselves being able to build an effective meter reading performance framework. Instead, because MOSL have insisted on building a framework based on the market codes as they are today (but also acknowledges that the obligation itself is not always achievable for reasons outside of the TPs control), the KPI designs for M01 and M02 are overly complex, discriminatory to trading parties, and are not really reflective of actual true performance. The performance thresholds, potential code change from Business Stream to introduce estimated reads for vacant internal meters, the 8 different standards across both KPIs, the need for a CAP, are all symptoms of a design that both ignores and attempts to accommodate (poorly) the current issues with the wording of the market code obligations for meter reading.</p>	<p>Metrics are designed to measure what are currently WRC obligations to customers and between trading parties. We note challenges to M09 regarding whether this has been sufficiently reflected in the proposals. Elsewhere we consider that the proposals do match the current code obligations. MOSL is accountable to the Steering Group for MPF reform and ultimately the Strategic Panel. Trading party feedback has been welcomed throughout five consultations and over 70 PAG meetings, which has also indicated that an industry consensus is not possible.</p> <p>Ultimately the final proposals to be presented to the Code Change Committee and Ofwat will be those which best balance the key programme success criteria (including customer outcomes), and we note that these can pull in different directions at times.</p>
3.2.9	Castle Water	1	<p>The document states several times that the charges have been designed to be 'sustainable' and not 'destabilise' the market. Much like a lot of other claims in the consultation documentation, there is no supporting evidence to back up this claim. How has it been determined, using the</p>	<p>The charge is based on several factors set out in the consultation material. This includes the average cost of the market activity being measured, compared against the total charge for failures that are resolved quickly and failures which are not resolved, subsequently compared</p>

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			<p>limited and non-predictive data set used to estimate future market performance, that the level of standards and charges will not destabilise the market? What further risk mitigation has been conducted to make sure this statement is accurate? Like many other statements made in the documentation for this consultation, no evidence has been provided to back this statement up.</p>	<p>to the current charges which apply under the equivalent MPS metric.</p> <p>We have also modelled a range a high and low performance scenarios to confirm that charges will not massively exceed anything the market has ever been able to accommodate. This is about ensuring customers receive a minimal level of service - if they do, no charges will be incurred. Also, the current cap will be retained under these proposals and be set at the same level that has applied in the market over the last few years, providing a consistent backstop for trading parties.</p>
3.2.10	Castle Water	1	<p>The meaning of statements such as ‘some consideration of exposure needs to be given in the early phases of new MPF’ is unclear and confusing. Has TP charge exposure been considered, or is that something the programme will do during the shadow market? Drilling into the proposed individual charges – such as £2.50 for a failure on a biannual meter, we have no informed based on which to comment as we have not been provided with any useful data on how these charges were derived. They are just numbers and appear arbitrary, but probably not outside of a fairly wide expected range of possible charges. Are they good numbers, set at an appropriate level to deliver against some objective? We do not know, as there is no evidence to support. Our view that these are arbitrary numbers is evidenced by those charges changing within days of first being presented to PAG – in some cases materially.</p>	<p>We have been as transparent as possible with the rationale for charges. The charge is based on several factors set out in the consultation material. This includes the average cost of the market activity being measured, compared against the total charge for failures that are resolved quickly and failures which are not resolved, subsequently compared to the current charges which apply under the equivalent MPS metric.</p>

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			Arbitrary seems an overused descriptor in our consultation response, but nevertheless appropriate. Overall, Castle Water does not agree with the charges or the design of the M01 and M02 KPIs.	
3.2.11	Everflow	4	We are broadly happy with the charges proposed for all of the metrics presented, however please see our response to Q4.5 for some critical concerns regarding these.	Noted
3.2.12	Pennon Water Services	3	While a financial incentive to improve meter reading performance is accepted, it is crucial that the charge structure does not disproportionately impact retailers who face genuine access or operational constraints. We request further assessment of exemptions or adjustments where retailers have demonstrated due diligence but are unable to complete reads due to external factors.	<p>The proposals focus on areas for which trading parties are responsible as parties to the code.</p> <p>Where counterparties under the code might impact the potential to deliver, (e.g. where broken meters impact the ability to take readings, these factors can be excluded from a retailer’s performance until such time as the wholesaler fixes the meter. The wholesaler is measured separately on its ability to fix meters in a timely fashion).</p> <p>Other factors might impact a trading party’s ability to deliver, nevertheless, that party remains responsible for delivery under the code. Consequently, these factors have been taken into account through the application of a sub-100% performance standard. This recognises that mitigating action by a trading party to deliver code provisions may not be successful in all cases and allows for a degree of failure (e.g. where a meter cannot be accessed on a temporary basis).</p>

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				<p>We are keen to deliver an MPF that works for the whole market and avoid over-reliance on exceptions for region-specific and variable factors.</p> <p>Fundamentally, the reformed MPF is being determined against current code obligations. If and when changes to code obligations are progressed, KPIs (and standards) will be updated to reflect any adjustments.</p> <p>We consider that an overreliance on exemptions dilutes the focus and meaning of the KPI and provides a false picture to customers (and prospective customers) on the likelihood of a timely read.</p>
3.2.13	Water Plus	1	<p>As the impact of the level of Performance Charges on a trading party is ultimately linked to the threshold at which these are applied, we believe the currently proposed charges are too high on the basis raised above. Without commitment to the additional exclusions for factors outside of Retailer control considered in our response above, the combined potential charge exposure for trading parties is excessive and we would not be able to support the change.</p>	See 3.2.4.
3.2.14	Water Plus	1	<p>With specific reference to Monthly Meter reads, we do not believe the proposed level of £17.50 per missed meter read is appropriate. It is our view that this level of fine is disproportionately high, and is greatly in excess of any funding to obtain meter reads included within REC allowances. In combination with a high threshold for performance and a lack of reasonably required</p>	See 3.2.4 plus: The proposed charge is deliberately in excess of REC allowances in order to provide a strong incentive for performance.

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			exclusions (e.g. Vacant, reasonable SKIP Codes), the proposed metric and fine structure can be expected to have a highly distortive impact on the market and will penalise trading parties disproportionately for factors outside of their control.	
3.2.15	Water2business	-	-	N/A
3.2.16	Waterscan	4	Overall supportive of the measure and agree that ongoing, stacking penalties for late meter reads is a better incentive than the current framework, however we are unsure of the exact impact it will have on other trading parties' incentives. The actual values seem about right to encourage early rectification.	Noted
3.2.17	Wave	2	Our concern is that Retailers will face more punitive charges than currently yet not be able to drive these down because the solution is out of our control. Our skip code data shows that 62% of meter skips are due to restricted access. Where this is due to a customer action or inaction, the logical conclusion of these proposals is that Retailers will need to pass on financial penalties to customers unless and until a read is provided, either by the customer or a meter reader. Similarly, where Retailers incur financial penalties due to Wholesaler action or inaction, Retailers will need to pass these on to Wholesalers unless and until resolution is achieved.	See 3.2.12 plus: Bilateral exemptions will prevent Retailers from being unfairly penalised due to practical issues with a meter. We note that in a competitive market, participants that better manage difficult interactions and frictions with wholesalers and customers will likely have a greater degree of success. The MPF looks to supplement competition to protect customers from unresolved failures, not remove competition or solve all known issues.

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3.2.18	Wave	2	<p>Given the materiality of the impact of the market performance framework, we are concerned that there is a lack of robust statistical analysis to back up these proposed charges. This creates lots of uncertainty. Modelling only a sample of data and without the impact of open bilateral transactions is insufficient on which to base proposals. To have confidence in the proposals we need to see more robust statistical analysis. Waiting for shadow market operations is insufficient and too late – particularly as MOSL has stated that changes during shadow are not expected. We cannot see that there is sufficient robust statistical analysis on which to make the statement that “the impact on overall market charges is not disproportionate to historic charging. ”</p>	<p>We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.</p> <p>The performance data only covers one performance month, but we have modelled a range of scenarios based on historic fluctuations in MPS to determine a likely range in market performance and charges.</p> <p>We note that M01 uses a subset of meters, but this is still a significant dataset of 250K meters in the market, without bias to characteristic. In the case of biannual KPIs, the data covers a “look back” period of seven months. For all other KPIs, the performance data covers every meter in the market at the point of the data being run.</p> <p>However, it is important to note that the KPIs are still yet to be fully built and assured, and the data refers to time when the market was being measured against different metrics and SLAs.</p> <p>The likelihood of changes to reduce charges or standards is considered low as the modelled performance data is expected to underestimate true performance once the KPIs are up and running (and bilateral exclusions are applied). Furthermore, performance should not solely drive the setting of charges and standards - the performance data is one</p>
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				consideration amongst many in determining a suitable set of initial values.
3.2.19	Wave	2	In considering the extent to which the proposed charges may avoid a material risk of market instability, it is not clear whether MOSL has taken into consideration the performance charge rebates that have been paid to higher performing Retailers. We understand that such rebates in future may be much smaller, if any at all, as performance charges are likely to be used to a greater degree to fund MIF projects. This will have highly significant financial impacts on some. We would like to see the impact of the new framework modelled on a high performing Retailer and a low performing Retailer, including any rebates, to understand the impact of the proposals on each.	We recognise the ask for additional modelling here but we think it would be misleading to presuppose a certain level of MIF funding (if any) prior to redistribution (which is a Panel, not MOSL decision), and before better understanding market performance.
3.2.20	Affinity Water	2	Based on the chart it suggests that if a situation is not resolved within the following month then charges will incur unless a specific form is submitted. Our concern is this will drive influxes of forms for scenarios which we may reject (i.e. flooded pits in which a meter reader should be expected to pump out, customer access issues).	<p>Metrics are designed to measure performance against the current Wholesale Retail Code (WRC) obligations to customer and between trading parties. Trading parties retain the opportunity to communicate with either other trading parties or their customers to deliver good service.</p> <p>Performance standards will allow for a degree of failures.</p> <p>Trading parties have rightfully identified frictions and unwanted behaviours, for example parties inappropriately raising bilateral requests, that the PAC will need to keep an eye on. We consider that the majority of these exist as potential risks today with little</p>



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				<p>or no evidence that they are regularly occurring or likely to increase as an unavoidable consequence of these proposals.</p> <p>MOSL notes the concern raised here. These exclusions have been in operation under the existing MPF for c16 months and there is no evidence that this had led to an increase in invalid or spurious requests. We will monitor relevant bilateral data following go-live and the PAC may move forward audits if we believe this is necessary.</p>
3.2.21	Affinity Water	2	<p>We still believe additional time should be provided before charging commences, we would be happy to support the charging kicking in on the 2nd month but the performance to be noted for the 1st. This applies for both biannual and monthly. Any charging should allow a period for a TP to resolve before charging kicks in, until skip data can be input into CMOS to help provide greater context and allow for audits to be undertaken on these we believe more time should be allotted to resolve without charge.</p>	<p>We welcome suggestions on further improvements but not all are practical prior to implementation of phase 1. This suggestion adds complexity and in effect lengthens the SLA. The longer timeframe may become the SLA parties work towards as BAU and increases the risk of poor service to customers.</p>
3.2.22	Affinity Water	2	<p>Our aim is to be proactive with our faulty meter replacements so resource can be deployed in a controlled manner, we do not believe in it's current design this will deliver a good outcome for all customers.</p>	<p>See 3.2.20 plus: We recognise that Wholesalers will look to be proactive with fixes but Retailers are best placed to identify non-working or inaccessible assets. Bilateral exemptions work well today and are considered an integral part of the KPI design to ensure Retailers are not penalised for issues outside of their control, and that customers receive good service (both in terms of reads and timely fixes to faulty meters).</p>

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3.2.23	Anglian Water	5	We believe the proposed charges are an improvement on the current metrics and provide incentive for a greater proportion of missed meter reads to be submitted ahead of the next cyclic read.	Noted
3.2.24	Northumbrian Water	1	We oppose as do not feel it is fair to charge more for non market meters	<p>The same KPI designs and breakdowns are being proposed across the Retailer and Wholesaler KPIs and the same factors have been applied in the setting of charges and standards where possible.</p> <p>The methodology behind the proposed Biannual M01 charge (which then informs the monthly M01 charge) starts by taking the current MPS18 charge (£10) and apportioning it over four months to provide opportunity for failures to be charged less than today if resolved quickly.</p> <p>Although the rationale for the current MPS13 charge is not as clear as it is for MPS18, following further trading party feedback to this consultation we have considered the merits of maintaining the same relationship as for Biannual M19 (i.e. current MPS13 charge of £40 divided by four = £10). Pending new arguments and evidence at the in-person event, we are minded to reduce the charges for biannual M19 from £17.50 to £10. This follows the precedent of 4 times higher charges for non-market meters compared to market meters in the current MPF.</p>
3.2.25	Portsmouth Water	5	We agree with the charge values and the rationale behind them. We feel it is right and in the best interests of the market to have a lower charge to	Noted

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			incentivise a retailer to enter a reading before the total charge reaches current MPS charge levels.	
3.2.26	South East Water	3	-	N/A

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3.2.27	South West Water	4	Whilst we're in agreement with the proposed charges, we ask that the proposed smart/non-smart split is reconsidered (see response to Question 2.2/Q8).	See previous responses.
3.2.28	Consumer Council for Water	2	In terms of the charge value, although this is an improvement on the current MPS18 charges of £10 every 200 business days, we have concerns with the rationale behind the proposed charge for biannual meters. We believe there is a risk that it will not drive improved performance as it is a weaker financial incentive compared to the other charge options that have been disregarded.	<p>The proposed charge aims to strike a balance. Some KPI performance charges start off lower than the current MPS to encourage trading parties to take action and reduce the charges they incur. However, if a trading party ignores failures, it will be charged substantially more than under current MPS. However, it is recognised that at certain point, higher unit charges will not help to resolve performance issues and blockers and may incentivise unwanted behaviours and negative impacts on market.</p> <p>The unit charge has been set at a level that recognises this, and the impact of repeating penalties, on market stability. Higher charges may leave customers exposed to an increased risk of trading party failures. Furthermore, MPF charges are not the only performance incentive in the market. If charges are not having the desired effect, the PAC may apply an audit, issue public communications, create a new metric, or look to escalate and rectify performance directly.</p>
3.2.29	Southern Water	4	We agree with the proposed charges.	Noted
3.2.30	Consumer Council for Water	2	MOSL highlight a degree of market uncertainty regarding the introduction of higher charges. However, this should not be a driving factor of what	See 3.2.28 plus: We agree that it should not be more cost effective for retailers to pay penalties rather than read meters. With a repeating charge

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			<p>an appropriate charge value should be. It is important that charges are set at a level that will incentivise retailers to perform their meter reading services to a high standard for the benefit of business customers. Concerns regarding billing and charges consistently account for the main root cause of business complaints to CCW and is a key area of dissatisfaction in our biennial Testing the Waters research. Driving up meter reading performance should result in billing accuracy improving, which should reduce associated billing and charges complaints, as well as improve customer satisfaction with retail services.</p> <p>In setting an appropriate charge, it is important this takes into account the average cost of reading meters, both the cost of regular cyclic reads and the cost of additional reads to resolve a failure. It should not be more cost effective for retailers to pay penalties rather than read meters, as this risks hard to read meters becoming deprioritised, which will lead to a deterioration in billing accuracy.</p>	<p>for failures, we consider the proposals the achieve this aim even at £2.50. The shadow period will confirm the impact/value of the proposed charges.</p>
3.2.31	Thames Water	5	Agree with £2.50 and £17.50 values.	Noted
3.2.32	Thames Water	5	Concerned that it will drive more unactionable bilateral requests due to design flaws, not the selected charge level itself.	See 3.2.20
3.2.33	United Utilities	4	We agree that the proposed charges are more appropriate than the current framework's MPS. We support charges in subsequent months following missed meter readings as this provides an incentive for a reading to be taken rather than potentially left	Noted

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			unread for a further 200 day period following a missed reading.	
3.2.34	Welsh Water	5	-	N/A
3.2.35	Welsh Water	2	We still do not support Retailers being penalised so readily with regards to a meter reading failure, especially if there is a legitimate reason for this skip and they can demonstrate this. There does not appear to be enough recognition or enough of a grace period to allow a Retailer to act within this proposal – either through additional read attempts/customer engagement, working with the wholesaler or reviewing performance of meter reading services they receive.	See 3.2.12 plus: The proposed charges means that failures are less costly under the new framework, so long as they are resolved quickly and not ignored.
3.2.36	Wessex Water	4	We are in support of charges that maintain an incentive until a read is obtained. This maintains an incentive and priority beyond initial failure of a KPI.	Noted
3.2.37	Wessex Water	4	In the absence of KPIs for long unread meters and those that fall outside the metric caps for charging, there is a gap until such time in which a number of meters and equally accurate customer bills will be at risk. These KPIs should be accelerated by the programme for implementation to minimise the period of risk.	See 3.2.2
3.2.38	Yorkshire Water	3	-	N/A
3.2.39	Consumer Council for Water	2	In terms of the design of M01, we strongly agree with retailers incurring charges on unread meters until a read is obtained. This provides a greater incentive than only applying a charge at the point the read is	Noted

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			missed, as currently, retailers have limited incentive to re-attempt to read a meter before the next cycle is due.	
3.2.40	Consumer Council for Water	2	With this as the primary consideration, we believe that Option 2 - £3.30 per failure – is more likely to provide a greater incentive on retailers than the current proposed option. This is on the basis that the value is closer to the average cost of reading a meter (according to the value detailed in Option 3), so is more likely to drive the right behaviour. As £3.30 is a higher value than the proposed option, it is also more likely to exceed the cost of taking additional reads quicker than the proposed option, which means the incentive to attempt such reads will take place quicker. We therefore believe that Option 2 strikes the right balance between increasing retailers’ incentivisation, and not being too punitive. We believe that higher charges should provide an increased incentive on retailers to ensure that any problems reading meters are resolved, and encourage them to work with customers to obtain reads and resolve access issues. Therefore, it is not necessarily the case that higher value penalties will result in those charges being incurred, on a significant basis.	See 3.2.28 plus: If code changes are required to increase the charges after shadow, £3.30 per failure on bi-annual meters may be an appropriate starting point as it already has strong rationale. However we note that the majority of consultation feedback either supports the proposed £2.50 charge or considers it too high already.
3.2.41	Consumer Council for Water	2	We support the proposed £17.50 per failure charge for monthly market meters. As these customers are more likely to have greater levels of fluctuating consumption, it is vital that retailers obtain reads at the required frequency to ensure accurate billing.	Noted

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			While the charge is a lot higher than the proposal for biannual meters, we do not believe this presents a market instability risk given the low percentage of monthly meters as evidenced by MOSL.	
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**Q3.3: Cyclic meter reads (market meters): M02 – Cyclic meter reads performed within SLA (smart meters)**

**Explanation:** the proportion of smart meters retailers have read within the agreed timescales.

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 58% of retailers 'oppose/strongly oppose' the proposal</li> <li>• 20% of wholesalers 'oppose/strongly oppose' the proposal</li> <li>• CCW opposes the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 14% of retailers are neutral</li> <li>• 30% of wholesalers are neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 29% of retailers 'support' the proposal</li> <li>• 50% of wholesalers 'support/strongly support' the proposal</li> </ul>

**Q3.4: Comments to Q3.3**

Ref	Respondent	Score	Comment	Response
3.4.1	Business Stream	2	As we have stated above in our response to 2.4, there should be no difference between smart and non-smart meters until roles, responsibilities and data sharing mechanisms are established in the market. Therefore, we consider that the charge for M02 should be set at the same level as M01.	We have received a lot of helpful feedback from parties in response to the cyclic meter reading KPIs, specifically on whether M02 should continue to exist as a separate KPI or be wrapped up into M01. We note there is support for smart meter reading performance to be measured and incentivised separately to traditional meter reading performance. There is



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				<p>also support for meter reading performance to be incentivised in a combined measure across traditional and smart meters. Pending new arguments and evidence at the in-person event, we are minded to propose the current separation of M01 and M02 to the Code Change Committee.</p> <p>In addition: the unit charges for M01 and M02 are proposed to be the same.</p>
3.4.2	Business Stream	2	<p>However, if the performance standard is to remain as proposed (or higher than M01), we believe the charges should be set at a lower level, so retailers are not penalised for elements that are outside their control, consistent with the MPF Design Principles.</p>	<p>For now, Retailers are obliged to read these meters. We note that Retailers are dependent on Wholesalers for these reads, and a proportion of smart meters might not be fully functioning at any point in time, hence the proposed performance standards are not set at 100% and Retailers will not be penalised where a bilateral request has been raised.</p>
3.4.3	Castle Water	1	<p>See answer for 3.2</p>	<p>See previous responses</p>
3.4.4	Everflow	4	<p>-</p>	<p>N/A</p>
3.4.5	Pennon Water Services	2	<p>Due to the variation in smart meter rollouts across different regions, this creates an uneven playing field. Retailers with a larger meter base in areas where rollouts are more advanced may benefit, while others face operational constraints beyond their control. The sharp increase in performance standards, combined with associated charges, risks penalising retailers unfairly where rollout limitations exist.</p>	<p>The proposals focus on areas that impact services to customers and monitor activities where trading parties carry responsibility under the market rules.</p> <p>The proposals apply equally to all trading parties that have those responsibilities under the code. Charges are only intended to prevent performance from falling to an unacceptable level of failure for customers. The KPIs afford greater transparency and clarity relating to the delivery of services to customers. This will enhance the competitive and reputational impact of performance reporting.</p>
3.4.6	Pennon Water Services	2	<p>We again reiterate that these charges may be incurred by retailers due to wholesalers not providing smart meter reads to them, which is</p>	<p>The proposals focus on areas for which trading parties are responsible as parties to the code.</p>

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			<p>outside of a retailer’s control. Furthermore, smart meters are not immune to failure, and retailers often lack visibility over meter health, meaning issues such as depleted batteries can impact compliance without any realistic mitigation.</p>	<p>Where counterparties under the code might impact the potential to deliver, (e.g. where broken meters impact the ability to take readings, these factors can be excluded from a retailer’s performance until such time as the wholesaler fixes the meter. The wholesaler is measured separately on its ability to fix meters in a timely fashion).</p> <p>Other factors might impact a trading party’s ability to deliver, nevertheless, that party remains responsible for delivery under the code. Consequently, these factors have been taken into account through the application of a sub-100% performance standard. This recognises that mitigating action by a trading party to deliver code provisions may not be successful in all cases and allows for a degree of failure (e.g. where a meter cannot be accessed on a temporary basis).</p> <p>We are keen to deliver an MPF that works for the whole market and avoid over-reliance on exceptions for region-specific and variable factors.</p> <p>Fundamentally, the reformed MPF is being determined against current code obligations. If and when changes to code obligations are progressed, KPIs (and standards) will be updated to reflect any adjustments.</p>
3.4.7	Pennon Water Services	2	<p>We recommend MOSL consider an additional level of adjustment or phased approach to ensure equal treatment across all market participants.</p>	<p>The Steering Group has noted industry concerns in relation to the current timeline and will be confirming an updated programme plan as soon as possible. The shadow period is expected to provide sufficient time for the industry to adapt to the new KPIs prior to the implementation and the programme has noted the preference from Consultation 4 for the shadow environment to replicate the final proposed MPF model as closely as possible.</p>

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3.4.8	Water Plus	3	The market is currently in the early stages of Smart Metering, and therefore any assessment of performance thresholds and penalties may prove inaccurate or inappropriate as circumstances develop. At this stage we are loosely supportive of the proposals, but believe it is critical that these measures remain monitored and change is streamlined should responsibilities and accountabilities in Smart Metering be changed in the future.	<p>This feedback isn't specifically related to the level of charges and standards set out in Consultation 5 proposals, but is helpful for MOSL to share with relevant stakeholders, including the Performance Assurance Committee. Noted.</p> <p>We agree that that the framework needs to be adaptable to changing market conditions and forces. The standards and charges will be kept under close review by the Performance Assurance Committee, particularly where further process improvements are expected to be assessed by the Metering Committee.</p>
3.4.9	Water2Business	-	-	N/A
3.4.10	Waterscan	4	In agreement that the charges are at the same level as for the non-smart meters and that the differentiation comes from the performance standards rather than the charges.	Noted
3.4.11	Wave	1	As explained in Q19, this metric is illogical and poorly designed and there should be no financial penalties against Retailers for a smart meter failing to provide a read.	<p>The selected KPIs are those where companies' performance significantly impacts customers and seek to provide a true picture of what customers are experiencing.</p> <p>We note that M02 – Cyclic meter reads for smart meters – was originally scheduled for Phase 2 and did not, therefore, have the same level of discussion as other Phase 1 metrics prior to Consultation 5. M02 has since been discussed with PAG in more detail, and we have received a lot of helpful feedback from parties on whether M02 should continue to exist as a separate KPI or combined with M01. We note there is support for smart meter reading performance to be measured and incentivised separately to traditional meter reading performance. There is also support for meter reading performance to be incentivised in a measure combining</p>

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				<p>traditional and smart meters. Pending new arguments and evidence at the in-person event, we are minded to propose the current separation of M01 and M02 to the Code Change Committee.</p> <p>In addition: Retailers are responsible under the existing code to read all market meters. The B5 process can be used to exempt meters that are not recording properly from performance and charges.</p>
3.4.12	Anglian Water	-	-	N/A
3.4.13	Northumbrian Water	1	We oppose as do not feel it is fair to charge more for non market meters	The proposals follow the precedent of the current MPF where missed non-market meter reads are charged more than missed market meter reads, to reflect that a missed non-market meter read has an impact on both the retailer and business customer.
3.4.14	Portsmouth Water	5	None	Noted
3.4.15	South East Water	3	-	N/A
3.4.16	South West Water	4	Whilst we're in agreement with the proposed charges, we ask that the proposed smart/non-smart split is reconsidered (see response to Question 2.2/Q8)	See 3.4.1
3.4.17	Southern Water	4	We agree with the proposed charges.	Noted
3.4.18	United Utilities	4	We agree with the proposed charges as these are aligned with M01.	Noted
3.4.19	Yorkshire Water	3	-	N/A

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3.4.20	Welsh Water	5	-	N/A
3.4.21	Affinity Water	-	-	N/A
3.4.22	Thames Water	1	As set out in our response to Q2.3 we do not believe a separate KPI and associated charges should be implemented within this framework	See 3.4.1
3.4.23	Wessex Water	3	Please see previous comments for M02.	See previous responses
3.4.24	Consumer Council for Water	2	We agree that the charges for M02 should be the same as M01 given the simplicity of applying a common standard, and so the incentivisation across all meter read types is consistent. This is particularly important in circumstances where visual reads may still be needed when there is a fault with the AMI functionality. In all circumstances, retailers need to be incentivised to ensure that all meter reads are being received and taken in line with the required frequency.	Noted
3.4.25	Consumer Council for Water	2	However, as outlined in our response to Q3.1, we believe the performance charge should be based on £3.30 per failure, rather than the proposed £2.50.	<p>The proposed charge aims to strike a balance. Some KPI performance charges start off lower than the current MPS to encourage trading parties to take action and reduce the charges they incur. However, if a trading party ignores failures, it will be charged substantially more than under current MPS. However, it is recognised that at certain point, higher unit charges will not help to resolve performance issues and blockers and may incentivise unwanted behaviours and negative impacts on market.</p> <p>The unit charge has been set at a level that recognises this, and the impact of repeating penalties, on market stability.</p>

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				<p>Higher charges may leave customers exposed to an increased risk of trading party failures. Furthermore, MPF charges are not the only performance incentive in the market. If charges are not having the desired effect, the PAC may apply an audit, issue public communications, create a new metric, or look to escalate and rectify performance directly.</p> <p>If code changes are required to increase the charges after shadow, £3.30 per failure on biannual meters may be an appropriate starting point as it already has strong rationale. However, we note that the majority of consultation feedback either supports the proposed £2.50 charge or considers it too high already.</p>
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**Q3.5: Cyclic meter reads (market meters): M19 – Cyclic non-market meters read within SLA (bi-annual or monthly)**

**Explanation:** the proportion of non-market meters wholesalers have read within the agreed timescales.

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 58% of wholesalers 'oppose/strongly oppose' the proposal</li> <li>• 34% of retailers 'oppose/strongly oppose' the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 25% of wholesalers are neutral</li> <li>• 17% of retailers are neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 17% of wholesalers 'support' the proposal</li> <li>• 50% of retailers 'support/strongly support' the proposal</li> <li>• CCW strongly supports the proposal</li> </ul>

Q3.6: Comments to Q3.5

Ref	Respondent	Score	Comment	Response
3.6.1	Business Stream	2	As wholesalers have no natural incentives to improve performance, we need to ensure there is appropriate incentivisation through the performance charge, we therefore consider a higher charge would be more appropriate to drive behavioural change.	<p>The proposed charge aims to strike a balance. Some KPI performance charges start off lower than the current MPS to encourage trading parties to take action and reduce the charges they incur. However, if a trading party ignores failures, it will be charged substantially more than under current MPS. However, it is recognised that at certain point, higher unit charges will not help to resolve performance issues and blockers and may incentivise unwanted behaviours and negative impacts on market.</p> <p>The unit charge has been set at a level that recognises this, and the impact of repeating penalties, on market stability. Higher charges may leave customers exposed to an increased risk of trading party failures. Furthermore, MPF charges are not the only performance incentive in the market. If charges are not having the desired effect, the PAC may apply an audit, issue public communications, create a new metric, or look to escalate and rectify performance directly.</p> <p>Whilst we recognise the rationale for a higher charge, we consider the proposed charge creates a sufficient performance incentive. This is reflected in the majority of consultation feedback here that supports the charge or considers it to be too high. However, charges will be kept under review during shadow, and we remain open to higher charges in the future if considered necessary by the PAC, Code Change Committee, and Ofwat.</p> <p>Following other consultation feedback, we are minded to reduce the charge for biannual M19 from £17.50 to £10. This follows the precedent of 4x higher charges for non-market meters compared to market meters in the current MPF. It also provides the same 4-month window as afforded to Retailers for Wholesalers to resolve misses before charges at</p>



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				the meter level exceed MPS charges at the current SLA. Longer periods of failure will continue to be charged more strongly than under current MPS.
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3.6.2	Castle Water	1	See answer for 3.2	See 3.6.1
3.6.3	Everflow	4	-	See 3.6.1
3.6.4	Pennon Water Services	5	The proposed charges reflect the impact that non-market meter reads can have on retailers customers. So believe these have been proposed at the correct level.	See 3.6.1
3.6.5	Water Plus	3	We note that the currently proposed penalties have fallen significantly throughout the MPF development process. Whilst we do not have strong views on this area, we do not believe the reasoning behind these new values (matching Retailer incentives) have been sufficiently justified. Whilst ostensibly still a 'read', a Wholesaler is in a materially different position to obtain such reads than a Retailer who is beholden to the Wholesaler for many aspects of reading meters and therefore the ability to obtain these reads are not the same.	See 3.6.1 plus:  The original proposals for M19 that were shared with the PAG underestimated the total impact of charges once applied across all non-market meters. The values proposed under consultation 5 correctly reflect the original intention for charges that are higher than those for Retailers at an individual meter level (noting that Wholesalers are at an advantage when it comes to reading meters, as stated in this comment, and the impact of a single missing non-market meter read is likely greater) but are not wholly inappropriate given the significantly lower number of these meters.
3.6.6	Water2 Business	-	-	See 3.6.1

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3.6.7	Waterscan	4	Agree that the charges should be aligned with Market Meters. There is no reason for the charges to be any different.	See 3.6.1
3.6.8	Wave	-	No comments	See 3.6.1
3.6.9	Affinity Water	1	The charges being proposed at a much higher rate than market meter cyclic rates do not appear to have any fair or clear rationale for the 600% increase, especially when some of the same challenges exists (internal meters/access issues).	See 3.6.1
3.6.10	Affinity Water	1	Similar to 3.2, we feel more time should be allotted to resolve before charging commences, however expect the failures to be reported to allow comparison. The challenges experienced on both are similar,	See 3.6.1 plus: There is a risk that the longer SLA before charges apply becomes the standard SLA which parties work towards, detrimentally impacting Retailers and Customers.
3.6.11	Anglian Water	1	We do not consider it appropriate to set the charge level at 7 times the level of charges for other cyclic read failures. The importance of meter reads for non-market meters does not differ to that for market meters, so the higher charges appear to penalise wholesalers excessively.	See 3.6.1 plus: We do not consider that a missing nonmarket meter read has the same impact as a missing market meter read. It affects the Wholesaler (through impact on settlement), Retailers and Customers (no read for deductions to create accurate bills).
3.6.12	Northumbria n Water	1	The level is too high given that Wholesalers encounter the same challenges as retailers	See 3.6.1 plus: M19 is not proposing a new concept of charge. MPS Charges apply today on non-market meters to represent the obligation in the market codes for Wholesalers to submit household readings that impact non-household consumption. Furthermore, charges in the household sector acknowledge the impacts on the domestic customer, whilst the charges in the non-household section

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				acknowledge the impacts in the non-household section (including the business customer and retailer).
3.6.13	Portsmouth Water	3	Whilst we understand there are less non-market meters, we feel the penalty amount of £17.50 is disproportionate to the penalty amount of £2.50 under the M01 metric. We understand the rationale, but it feels like Wholesalers, who are responsible for non-market meter reads, are being disproportionality fined for missed reads compared to Retailers.	See 3.6.1
3.6.14	South East Water	5	We believe the proposed charges to be substantive enough to drive the right behaviours.	See 3.6.1
3.6.15	South West Water	5	We welcome the recalculated charge from £92.50 to £17.50	See 3.6.1
3.6.16	Southern Water	2	Whilst we believe that the charges for biannually read NMMs are high in comparison to the charges in the current MPF we recognise that the higher charge will incentives TPs to improve performance. No issues with the monthly charges.	See 3.6.1
3.6.17	Thames Water	1	We disagree with value proposed for NMM, this is not aligned to M01 where Biannual meters are charged at £2.50 and we believe the same value should be used for NMM. In the documentation and within PAG discussions,	See 3.6.1
3.6.18	Thames Water	1	MOSL stated that the higher value has been set to incentivise a couple of low performing wholesalers. The standards for MPF should be based on the market as a whole, within the MPF	See 3.6.1 plus:

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			(PAC) there are separate actions to be taken on trading parties which are not meeting performance levels, that are a performance issue not a market standard.	We recognise that high charges might not be the only solution to specific performance concerns with individual parties and other tools should be applied in these cases.
3.6.19	Thames Water	1	MOSL have also stated that the charge is the same for biannual and monthly meters for simplicity, given there are 20 times more biannual than monthly meters it seems highly inappropriate to match the charge with M01 monthly rather than biannually.	See 3.6.1
3.6.20	United Utilities	2	We believe the proposed charges for biannual non-market meters should be consistent with market meters. There are fewer non-market meters but that does not mean that at an individual meter level they are easier to read than market meters. We strongly disagree that the charge per missed meter read should be 7 times higher than a biannual market meter (£17.50 versus £2.50).	See 3.6.1
3.6.21	Yorkshire Water	3	-	See 3.6.1
3.6.22	Welsh Water	3	We don't agree with the very high performance standard on this KPI	See 3.6.1 plus: We consider that the performance standard is achievable based on the level of performance which has been observed for some Wholesalers (of all sizes).
3.6.23	Wessex Water	2	We do not believe that to date, MOSL has provided a robust rationale to the charges proposed and although iterations of charge levels have been proposed at different PAG meetings, when challenged, we have not been convinced by	See 3.6.1 plus: The original proposals for M19 that were shared with the PAG underestimated the total impact of charges once applied across all non-market meters. The values proposed under consultation 5 correctly reflect the original intention for charges that are higher than those for

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			<p>the rationale provided back in reply and have found that this contradicts previous proposed thinking.</p> <p>The PAG was originally presented with a suggested charge level that was suggested to be 4 times the equivalent Retailer charge to mirror existing arrangements in MPS. Whilst this was incorrect at the time of presentation to PAG, the latest proposal has increased this multiplier to 7 without explanation.</p>	<p>Retailers at an individual meter level (noting that Wholesalers are at an advantage when it comes to reading meters, as stated in this comment, and the impact of a single missing non-market meter read is likely greater) but are not wholly inappropriate given the significantly lower number of these meters.</p>
3.6.24	Wessex Water	2	<p>We would like to remind MOSL that a high proportion of these meters are household meters that are subject to obligations in the household regulatory environment. In what could be considered a scenario of double jeopardy, we do not believe that the proposals meet a correct balance of incentives when considering other incentives that exist outside the MPF.</p>	<p>See 3.6.1 plus: M19 is not proposing a new concept of charge. MPS Charges apply today on non-market meters to represent the obligation in the market codes for Wholesalers to submit household readings that impact non-household consumption. Furthermore, charges in the household sector acknowledge the impacts on the domestic customer, whilst the charges in the non-household section acknowledge the impacts in the non-household section (including the business customer and retailer).</p>
3.6.25	Wessex Water	2	<p>The proposal leans on a significantly high charge in comparison to other cyclical read metrics and we believe that there are other tools within the framework that could be more effective to improve performance. Focusing on charges as the main option for influence is unlikely in this metric to be sufficient on its own.</p>	<p>See 3.6.1 plus: We recognise that high charges might not be the only solution to specific performance concerns with individual parties and other tools should be applied in these cases.</p>
3.6.26	Consumer Council for Water	5	<p>We support the proposed charge of £17.50 per failure for non-market meters, and agree that given the low numbers, it is simpler to apply the</p>	<p>See 3.6.1</p>

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			same charge regardless of the meter read frequency. A sharper incentive is also appropriate as wholesalers are monopoly providers, so the natural incentives to perform meter reading services to a high standard are reduced. In addition, poor performance against these meters has an impact on some household customers too.	
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**Q3.7: Transfer meter read KPIs: M04 – Proportion of successful transfer meter reads**

**Explanation:** the proportion of meter reads the incoming retailer has carried out successfully when a customer is transferring to a new retailer

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 28% of retailers 'oppose/strongly oppose' the proposal</li> <li>• 20% of wholesalers 'oppose/strongly oppose' the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 14% of retailers are neutral</li> <li>• 20% of wholesalers are neutral</li> <li>• CCW is neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 58% of retailers 'support/strongly support' the proposal</li> <li>• 60% of wholesalers 'support/strongly support' the proposal</li> </ul>

**Q3.8: Comments to Q3.7**

Ref	Respondent	Score	Comment	Response
3.8.1	Business Stream	5	We consider that these charges have been set appropriately.	Noted
3.8.2	Castle Water	1	See answer for 3.2. Despite the metric itself being a better design than most of the other KPIs being introduced, there is no justification as to why the charge amounts being proposed will incentivise any change of performance within the supporting documentation. This is why we have scored a 1 for this question.	The charge is based on several factors set out in the consultation material. This includes the average cost of the market activity being measured, compared against the total charge for failures that are resolved quickly and failures which are not resolved, subsequently compared to the current charges which apply under the equivalent MPS metric.

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				The proposed charges for M04 and M06 combined should mean that if a trading party ignores failures, it will be charged the same as under the current MPS17, which we consider is more than the cost of most ad-hoc reads.
3.8.3	Everflow	4	-	N/A
3.8.4	Pennon Water Services	5	We assume that the proposed £5 charge for a missed read is positioned as an incentive for retailers to ensure timely and accurate transfer reads? We believe that this is a suitable level of proposed charge.	Yes - the proposed £5 charge for a missed read is positioned as an incentive for retailers to ensure timely and accurate transfer reads.
3.8.5	Water Plus	4	-	N/A
3.8.6	Water2Business	-	-	N/A
3.8.7	Waterscan	3	Could potentially increase the fine value to add incentive, but the structure of the metric makes sense.	Taken together, the proposed charges for M04 and M06 aim to incentivise Retailers to submit reads on time while not being so severe that they rush to submit an estimated read rather than take an actual read. The performance charges start off lower to encourage trading parties to take action and reduce the charges they incur. However, if a trading party ignores failures, it will be charged the same as under the current MPS17.  However, it is recognised that at certain point, higher unit charges will not help to resolve performance issues and blockers and may incentivise unwanted behaviours and negative impacts on market.  MPF charges are not the only performance incentive in the market. If charges are not having the desired effect, the PAC may apply an audit, issue public



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				communications, create a new metric, or look to escalate and rectify performance directly.
3.8.8	Wave	2	The proposed charges need to provide suitable incentives to encourage timely transfer reads. £5 is in line with Ofwat's meter reading cost allowance set out in the REC but this is an average cost for cyclic reads not adhoc (Transfer) reads which are substantially more expensive and £5 is an average and therefore takes no account of regions which are more expensive. Accordingly, a £5 penalty charge is less than paying for an adhoc read. We would like to see more statistical analysis to demonstrate the robustness of this. Sample data based on one month is insufficient.	See 3.8.2 plus: we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model, we will present that to the Code Change Committee.
3.8.10	Affinity Water	-	-	N/A
3.8.11	Anglian Water	5	-	N/A
3.8.12	Northumbrian Water	1	-	N/A
3.8.13	Portsmouth Water	5	None	Noted
3.8.14	South East Water	3	-	N/A
3.8.15	South West Water	5	-	N/A
3.8.16	Southern Water	4	We agree with the proposed charges.	Noted

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3.8.17	Thames Water	-	-	N/A
3.8.18	United Utilities	5	We agree with the proposed charges as there should be no circumstances where no transfer read is entered into CMOS on time.	Noted
3.8.19	Yorkshire Water	3	-	N/A
3.8.20	Welsh Water	5	-	N/A
3.8.21	Wessex Water	2	We are not convinced on the rationale for a reduced charge vs MPS17 as it exists today. We believe that M09 mitigates the risk of inappropriate behaviour to avoid charges.	See 3.8.7
3.8.22	Consumer Council for Water	3	At a minimum, a £5 charge per failure is appropriate given the likelihood that the ad-hoc nature of transfer reads means their cost will be higher than the average meter reading cost.	Noted
3.8.23	Consumer Council for Water	3	However, given the limited timescale for submission, it is likely that any charge, regardless of the value, is more likely to incentivise retailers to submit an estimate rather than attempt to obtain an actual read. For the reasons we provided in our answer to Q2.7, we do not believe that retailers meeting the proposed standard, and incurring a low number of charges (if any), will be indicative of good customer outcomes. We want to see the code strengthened in parallel with the reform of the MPF.	<p>Metrics are designed to measure what are currently WRC obligations to customers and between trading parties. We note challenges to M09 regarding whether this has been sufficiently reflected in the proposals. Elsewhere we consider that the proposals do match the current code obligations.</p> <p>We agree with the recommendations for further work in this area in parallel with MPF Reform.</p>

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### Q3.9: Transfer meter read KPIs: M06 – Lateness of missing transfer reads

**Explanation:** how late (i.e. how long after the SLA) the incoming retailer takes a meter reading for the customer switching to them.

<b>Oppose</b>	<ul style="list-style-type: none"><li>• 14% of retailers 'strongly oppose' the proposal</li><li>• No wholesalers oppose the proposal</li></ul>
<b>Neutral</b>	<ul style="list-style-type: none"><li>• 29% of retailers are neutral</li><li>• 30% of wholesalers are neutral</li></ul>
<b>Support</b>	<ul style="list-style-type: none"><li>• 58% of retailers 'support/strongly support' the proposal</li><li>• 70% of wholesalers 'support/strongly support' the proposal</li><li>• CCW supports the proposal</li></ul>

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**Q3.10: Comments to Q3.9**

Ref	Respondent	Score	Comment	Response
3.10.1	Business Stream	5	We consider that these charges have been set appropriately.	Noted
3.10.2	Castle Water	1	See answer to 3.2	See previous responses.
3.10.3	Everflow	4	-	N/A
3.10.4	Pennon Water Services	5	We agree with the proposed charges.	Noted
3.10.5	Water Plus	4	-	N/A
3.10.6	Water2Business	-	-	N/A
3.10.7	Waterscan	3	May need some form of incentive once cap is reached to discourage retailers to never input a transfer read, or a larger, scaling charge depending on lateness.	<p>The charge is based on several factors set out in the consultation material. This includes the average cost of the market activity being measured, compared against the total charge for failures that are resolved quickly and failures which are not resolved, subsequently compared to the current charges which apply under the equivalent MPS metric.</p> <p>The proposed charges for M04 and M06 combined should mean that if a trading party ignores failures, it will be charged the same as under the current MPS17, which we consider is more than the cost of most ad-hoc reads.</p> <p>There might be a reduced incentive to supply a transfer read once the lateness period where the charge applies has elapsed. However, this period has been set in recognition that any reads provided beyond this point</p>

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				are too late to be of value to the other Retailer, and so continued charging beyond this point is of limited value for the intended purpose of closing a customer account. Also, the SLAs and charges for regular cyclic reads will apply after this period to ensure the customer still receives a read and good data gets into the market. We also highlight that MPF charges are not the only performance incentive in the market. If charges are not having the desired effect, the PAC may apply an audit, issue public communications, create a new metric, or look to escalate and rectify performance directly.
3.10.8	Wave	3	The proposed charges should provide suitable incentives to encourage timely transfer reads, however, we would like to see more statistical analysis to demonstrate the robustness of this. Sample data based on one month is insufficient.	<p>The performance data only covers one performance month, but we have modelled a range of scenarios based on historic fluctuations in MPS to determine a likely range in market performance and charges. However, it is important to note that the KPIs are still yet to fully built and assured, and the data refers to time when the market was being measured against different metrics and SLAs.</p> <p>Additional performance data will be available after the shadow period has commenced and if this data suggests that charges would be at destabilising levels from go-live, the code change process may be used to change the charges and/or the PAC will be able to change the standards within a tolerance.</p>
3.10.9	Affinity Water	-	-	N/A
3.10.10	Anglian Water	5	-	N/A

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3.10.11	Northumbrian Water	3	-	N/A
3.10.12	Portsmouth Water	5	None	Noted
3.10.13	South East Water	3	-	N/A
3.10.14	South West Water	5	-	N/A
3.10.15	Southern Water	4	We agree with the proposed charges.	Noted
3.10.16	Thames Water	-	-	N/A
3.10.17	United Utilities	5	We agree with the charges as a transfer read should always be submitted to enable a final bill to be sent to the customer in a timely manner.	Noted
3.10.18	Yorkshire Water	3	-	N/A
3.10.19	Welsh Water	5	-	N/A
3.10.20	Wessex Water	4	We believe that the charge is proportionate to the charge proposed for M04 with note to our response in 3.8. The charge is within an expected region that we would support either way.	Noted
3.10.22	Consumer Council for Water	4	We are comfortable with the proposed charges.	Noted
3.10.23	Consumer Council for Water	4	However, as estimated reads can be submitted when it has not been possible to obtain an actual read within the submission window, it is unlikely that retailers need extra incentives to submit reads on time. As outlined in our comments for M04, this would also not necessarily indicate improved customer outcomes in terms of accurate billing.	MPF reform aims to create a new baseline for the PAC to have access to stronger incentives and diagnostic tools and more transparent metrics. The changes cannot resolve all frictions in the market straight away at implementation. Frictions caused by issues with the current market codes are not in scope of the programme and will need to be addressed outside the MPF.

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**Q3.11: Transfer meter read KPIs: M09 – Proportion of actual transfer reads**

**Explanation:** the proportion of actual (rather than estimated) meter reads an incoming retailer takes when a customer is switching to them from another retailer.

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 28% of retailers ‘oppose/strongly oppose’ the proposal</li> <li>• 18% of wholesalers ‘oppose/strongly oppose’ the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 29% of retailers are neutral</li> <li>• 18% of wholesalers are neutral</li> <li>• CCW is neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 43% of retailers ‘support/strongly support’ the proposal</li> <li>• 63% of wholesalers ‘support/strongly support’ the proposal</li> </ul>

**Q3.12: Comments to Q3.11**

Ref	Respondent	Score	Comment	Response
3.12.1	Business Stream	5	We consider that these charges have been set appropriately.	Noted
3.12.2	Castle Water	1	See answer for 2.11 and 3.2	See previous responses.
3.12.3	Everflow	3	Whilst we support the notion that charging is inappropriate for this metric under the current regime, we reiterate our stance as presented in response to Q2.12. Furthermore, we note that the	The selected KPIs are those where companies’ performance significantly impacts customers and seek to provide a true picture of what customers are experiencing.

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			<p>proposed standard appears to have been arbitrarily chosen, based on logic that differs significantly from that of the other metrics presented. We posit further that this approach was required for this metric precisely because there is no link between better customer outcomes or more accurate billing, and whether a transfer read is estimated or actual. Our support for the framework overall holds true, because in all other cases there is a clear and well evidenced link between improved customer outcomes and the proposals put forward. However, in this case it does not exist, and we urge MOSL to remove this KPI in the interest of achieving the success criteria that the rest of the framework is based on.</p>	<p>We have received a lot of helpful feedback from parties on whether M09 should be a KPI. We note support for both options. Pending new arguments and evidence at the in-person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee.</p> <p>Reframing M09 as an Additional Metric means a standard does not need to be set.</p>
3.12.4	Pennon Water Services	2	<p>While we support the intention of improving actual transfer meter reads, we note that there is currently no charge associated with failing to meet the 60% threshold. Without a financial incentive, some market participants may not prioritise obtaining actual reads, potentially leading to inconsistencies in market performance. If the goal is to drive improved accuracy and reduce reliance on estimated reads, MOSL should consider whether an associated charge—or an alternative incentive mechanism—is necessary to encourage consistent and fair compliance across the market.</p>	<p>The proposed charge has been set at £0 as estimated reads are permitted under certain circumstances by the Market Codes. However, MOSL considers that this obligation requires further examination by the Metering Committee, for the reasons outlined in this consultation feedback.</p> <p>Furthermore, MPF charges are not the only performance incentive in the market. If charges are not having the desired effect, the PAC may apply an audit, issue public communications, create a new metric, or look to escalate and rectify performance directly.</p> <p>We have received a lot of helpful feedback from parties on whether M09 should be a KPI. We note support for both options. Pending new arguments and evidence at the in-</p>



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				person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee.
3.12.5	Water Plus	5	In line with our view above, given our low level of confidence in the threshold established and appropriateness of penalising proportion of actual vs estimate transfer reads we agree that it is not appropriate to apply charging at this stage.	Noted
3.12.6	Water2Business	-	Please see our comments under Q2.11. We are strongly opposed to this standard, based on the current code obligations	See previous response and response to 2.11
3.12.7	Waterscan	3	We don't see the purpose of working towards a 60% target if there are no financial incentives to do so.	See 3.12.4
3.12.8	Wave	4	We agree that it is not appropriate to impose a penalty charge in circumstances which are 100% compliant with the code requirements (see above example of a school transfer during the school holidays).	Noted
3.12.9	Wave	4	Retailers should be prepared to provide evidence of their efforts to seek an actual read and failure to do so, could be penalised through financial penalties. At the very least, they should be audited and any code infringements corrected.	Noted
3.12.10	Affinity Water	1	Considering a 600% uplift on non-market meter reading (M19) related charges we are unclear as to why this metric (M09) therefore appears to be deemed unimportant. With no charge and such a	See 3.12.4.

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			low standard suggests this is not important and therefore not to be measured. If M19 is deemed to be such a high impacting KPI then we would expect M09 to be very similar as the frictions/issued caused by estimated transfer readings far exceed those encountered on non-market meters by overall numbers.	
3.12.11	Affinity Water	1	Actual readings obtained on transfer readings would generate other positive outcomes, they could highlight potential issues with assets ahead of any cyclic readings (slowed/stopped) meters, reducing bill shocks and supporting other metrics.	Noted
3.12.12	Affinity Water	1	It is stated that the market operates on the expectation that actual reads are preferable to estimates and the market codes state that estimated transfer reads should only be submitted under limited circumstances where not possible to take an actual read however the current performance and proposed standard suggest otherwise.	See 3.12.4.
3.12.13	Anglian Water	5	We are supportive of the approach not to have a charge for M09 but as mentioned previously, do not feel the proposed standard is appropriate	Noted
3.12.14	Northumbrian Water	5	-	N/A
3.12.15	Portsmouth Water	5	-	N/A
3.12.16	South East Water	3	-	N/A

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3.12.17	South West Water	5	-	N/A
3.12.18	Southern Water	4	We agree with the proposed charges.	Noted
3.12.19	Thames Water	-	-	N/A
3.12.20	United Utilities	2	We believe that there should be a charge for falling below the performance standard set within M09. As stated in our response to the M09 performance standard, where an estimated reading is used for a meter that is long unread or has had changes of occupancy it is often inappropriate for an estimated read to be used as this increases the chances of the customer receiving an inaccurate final bill. The use of a visual, customer or remote read would all likely result in an accurate final bill. It may also be a good opportunity for the incoming retailer to work with the customer and wholesaler to obtain a meter reading on a long unread meter.	We have received a lot of helpful feedback from parties on whether M09 should be a KPI. We note support for both options. Pending new arguments and evidence at the in-person event, we are minded to propose reframing M09 as an Additional Metric to the Code Change Committee, meaning that a charge does not need to be set.
3.12.21	Welsh Water	5	-	N/A
3.12.22	Wessex Water	4	Whilst we support an approach of no charge in this area initially, we do so in our recommendations to better understand the appropriate use of estimation as a priority.	Noted
3.12.23	Yorkshire Water	3	-	N/A
3.12.24	Consumer Council for Water	3	We agree there cannot be a charge associated with this KPI, as it would likely prompt significant challenge from retailers on the basis that they are permitted to submit estimated reads. However,	See 3.12.3

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			the absence of a charge reinforces our previous point that as currently proposed, M09 is not workable as a KPI. We believe this needs to be changed to an additional performance metric,	
3.12.25	Consumer Council for Water	3	and MOSL need to develop a new KPI that measures good vs poor estimation, as well as further examining whether any changes to market codes are needed to drive the submission of more accurate reads.	<p>Recent PAG deliberations on APIs have noted that an additional metric on estimation accuracy could be taken forward and will be subject to consideration by the PAC. If there are changes to the codes arising from work being undertaken by the Metering Committee or other groups/parties that impact the design of any KPIs, this will also be accommodated.</p> <p>We agree with the recommendations for further work in this area in parallel with MPF Reform.</p>

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## Section 4: Other questions

**Q4.1:** To what extent do you support the proposal for the Performance Assurance Committee (PAC) to be able to adjust performance standards for a given KPI up or down by 5 percentage points once in any given 12-month period?

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 28% of retailers 'oppose/strongly oppose' the proposal</li> <li>• 9% of wholesalers 'oppose' the proposal</li> <li>• CCW strongly opposes the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 43% of retailers are neutral</li> <li>• No wholesalers are neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 29% of retailers 'support' the proposal</li> <li>• 91% of wholesalers 'support/strongly support' the proposal</li> </ul>

### Q4.2: Comments to Q4.1

Ref	Respondent	Score	Comment	Proposer Response
4.2.1	Business Stream	3	During the shadow period, MOSL must make sure that the actual performance and charges reflect those modelled, and if there are material differences the targets and charges should be adjusted, to ensure outcomes aligned with the design principles. To this end, we consider there needs to be regular formal reviews during the shadow period to monitor actual performance against the modelling. During these	The Steering Group has noted industry concerns in relation to the current timeline and will be confirming an updated programme plan as soon as possible. The shadow period is expected to provide sufficient time for the industry to adapt to the new KPIs prior to the implementation and the programme has noted the preference from Consultation 4 for the shadow

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			<p>reviews, full information (as per our comments in 2.2) should be provided to TPs to allow them to evaluate their performance and charges. There should also be a check-in with TPs to capture their feedback and to provide an opportunity for them to flag any concerns. We would suggest these reviews are carried out every three months, with a final consultation at the end of the shadow period to ensure TPs are confident that the standards and charges are set correctly. The PAC should have authority to adjust the charges and standards up or down (within the agreed limits), with any adjustments being notified to TPs prior to their implementation. After the completion of the Shadow period, there should be a formal process that allows the PAC to review and adjust performance standards up or down by 5 percentage points once in any given 12-month period after a market consultation.</p>	<p>environment to replicate the final proposed MPF model as closely as possible.</p> <p>In addition: We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model, we will present that to the Code Change Committee.</p>
4.2.2	Castle Water	1	<p>The PAC should be able to lower standards to any extent with no limit.</p>	<p>Feedback from the majority of the industry is that a level of restriction is required, and that the proposed level appears sufficient.</p>
4.2.3	Castle Water	1	<p>Especially with M01 and M02 being separate, the PAC will need to be able to lower the performance threshold for M01 as time goes by.</p>	<p>See 4.2.2</p>
4.2.4	Castle Water	1	<p>There appears to be little benefit on restricting how much the PAC can lower a threshold, particularly as they will also clearly play a role in making sure that the unevidenced standards and fine amounts could potentially threaten the stability of the market.</p>	<p>See 4.2.2.</p>

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4.2.5	Castle Water	1	<p>Whether it is the PAC, Strategic Panel, Code Change Committee, Ofwat or any other body that is responsible for amending the performance standards, they must do so against some defined criteria. Yet, those criteria are missing. How else and on what basis, will any responsible party otherwise determine it appropriate to modify the standards? That is the real question here, not some arbitrary figure of +/- 5% points that we will trust the PAC to amend the threshold. However, we do not trust them to move it by 6% points – that is what this says.</p>	<p>See 4.2.2. plus: MOSL will work with the PAG and CAG to provide further clarity on the process and triggers for change as part of the code change phase of MPF reform. The PAC must have regard to the objectives and principles of the MAC and WRC in its decision making. Other safeguards will include mandatory consultations and notice periods to ensure changes are progressed appropriately.</p>
4.2.6	Castle Water	1	<p>Real damage could be done by moving a performance standard 5% points – for example, from 95% to 100%. So, what are we saying by including another arbitrary percentage? We get the underlying rationale, but question whether the proposal achieves the necessary balance or purpose. It is arbitrary as a limit and lacking in detail as to the basis upon which any informed decision will be made. For example, this should focus on performance being ‘acceptable’ or ‘good’, but there is no detail as to how that is to be defined and therefore the basis on which any performance standard would be objectively assessed for modification. That challenge might have been easier had we had performance been restricted to items within a party's control – i.e., a standard of 100%. However, that isn't what we have – despite being the key aim of this reform programme. Instead, we have a</p>	<p>See 4.2.2 plus: MOSL will work with the PAG and CAG to provide further clarity on the process and triggers for change as part of the code change phase of MPF reform. The PAC must have regard to the objectives and principles of the MAC and WRC in its decision making. Other safeguards will include mandatory consultations and notice periods to ensure changes are progressed appropriately.</p>

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			discriminatory set of performance standards and no meaningful basis to objectively assess and move.	
4.2.7	Castle Water	1	The risk is that it these standards will be moved not based upon performance within the control of a party but based on the need to generate sufficient revenue for the MIF. That is dangerous and inappropriate – whoever is responsible.	The MPF is not focussed on generating funds for the Market Improvement Fund (MIF) or other projects. If the market performs above standard, customers receive the service they expect, trading parties would incur limited performance charges, and there would be little or no funds available for the MIF as a result – which would signal improvements in customer service.
4.2.8	Everflow	3	We support the proposed flexibility in principle; however, we feel there may be a need for more refinement. A +/- 5% change to a performance standard could have an impact on actual charging that is much larger than +/- 5%. If a 5% change results in a significant material change to charging, there needs to be a mechanism that manages this impact, to ensure proportionality. We propose that as opposed to defining the limit to this flexibility as a +/- 5% change to the standard; it should rather be defined as a +/- 5 % change to the performance standard where the impact to charges across the market are < +/- 5%	<p>The proposal for PAC to be able to increase or decrease a standard by up to 5 percentage points offers a way to adjust and fine-tune standards for KPIs without the need for lengthy code changes. The percentage would be the maximum adjustment in a 12-month period, i.e. there must be at least 12 months between the implementation of any adjustment.</p> <p>We suggest that reducing the percentage would have insufficient impact on trading parties and the market, reducing the influence of the PAC and reducing the degree of industry self-governance and flexibility in the framework. This would also create an unnecessary reliance on Ofwat for meaningful change.</p> <p>There are safeguards in the process including mandatory consultations and notice periods to ensure changes are progressed appropriately.</p> <p>We welcome this alternative suggestion but consider it may add complexity and restrict the ability of the PAC to make meaningful changes. Also, the impact on charges will always be based on an estimation/prediction of</p>



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				performance which itself is associated with uncertainty and does not guarantee that the ultimate impact of change on total charges is kept within +/- 5%.
4.2.9	Pennon Water Services	2	Without a clear mechanism for managing these variances, an in-year adjustment could unfairly isolate certain parties and lead to unforeseen costs. Additionally, such sudden adjustments may distort market behaviour, forcing retailers into reactive rather than strategic performance improvements. We strongly recommend that any adjustments undergo a more detailed consultation process to ensure market stability and fairness.	See 4.2.8 plus: MOSL will work with the PAG and CAG to provide further clarity on the process and triggers for change as part of the code change phase of MPF reform. The PAC must have regard to the objectives and principles of the MAC and WRC in its decision making. Other safeguards will include mandatory consultations and notice periods to ensure changes are progressed appropriately.
4.2.10	Water Plus	3	Whilst we strongly support the principle of the PAC, we believe more detail on the governance and timelines of the PAC is required. At this stage, we require further clarity on the following: The documentation proposes that the PAC scope for change will be limited to 5% within a 12 month period, however how this limitation will be applied is not currently clear. Would this apply on a financial year basis, which may enable two subsequent changes in rapid succession before and after any relevant April? Conversely, if applied as a limitation that an amended metric / KPI cannot be revisited for 12 months following a change would this apply from the decision or from the point of implementation? This clarity will be required before a full assessment can be made	Noted. MOSL will work with the PAG and CAG to provide further clarity on the process and triggers for change as part of the code change phase of MPF reform. The PAC must have regard to the objectives and principles of the MAC and WRC in its decision making. Other safeguards will include mandatory consultations and notice periods to ensure changes are progressed appropriately.  The current proposal is for the 12 month limitation to apply from the point of implementation of any change, and changes should be free to take effect from any point in the year.
4.2.11	Water Plus	3	The PAC should act as a form of governance around the MPF and we would welcome opportunities for the	Noted. Static charges are a point of increasing inefficacy in the current framework. We agree that the PAC should

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			PAC to have greater authority on MPF decisions, provided appropriate consultation processes are in place. We are specifically concerned by the intention that Performance Penalties are planned to be uplifted by inflation annually, we note that previously these values have been static and are surprised at this intention to change this aspect.	have greater authority on MPF decisions - whether to uplift penalties by inflation each year is one of those decisions (i.e., it will not apply without a PAC decision).
4.2.12	Water2Business	-	We are comfortable with the proposal for the PAC to be able to adjust performance standards. We would be keen to understand how this will be governed, in particular what will trigger the change, for example, how many trading parties will need to be under or over performing for the measure to be changed? Will the changes be driven based on performance of small/large trading parties? A full assessment should also be undertaken by the PAC on the financial implications of any changes, and clear data should be provided to each trading party for review before any changes are made.	Noted. MOSL will work with the PAG and CAG to provide further clarity on the process and triggers for change as part of the code change phase of MPF reform. The PAC must have regard to the objectives and principles of the MAC and WRC in its decision making. Other safeguards will include mandatory consultations and notice periods to ensure changes are progressed appropriately.  As a decision making committee which needs to exercise judgement, the PAC will not be beholden to specific triggers/ thresholds when contemplating changes, but these are good examples of the considerations that can be expected. We agree that the expected financial implications could be shared as part of the consultation process when proposing changes.
4.2.13	Waterscan	4	Since MPF is new it makes sense to be able to adjust the targets and have some flexibility. We appreciate that it is difficult to set the targets correctly first time.	Noted
4.2.14	Wave	4	There needs to be flexibility to adjust performance standards where it is clear they are wrong, and a threshold and timescale to minimise too frequent and too material adjustments seems to offer a suitable balance, subject to advance notice, well thought	Noted

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			through proposals for change and industry consultation.	
4.2.15	Affinity Water	-	-	N/A
4.2.16	Anglian Water	4	We believe that this proposal is in line with the overall governance of the reformed MPF. The dependency on the data sharing mechanism mentioned previously on setting the appropriate standards for the meter reading metrics demonstrates where we believe it is for PAC to consider amendments to the standards.	Noted
4.2.17	Northumbrian Water	5	-	N/A
4.2.18	Pennon Water Services	2	We are concerned that the ability to increase or decrease performance standards by up to 5 percentage points within a single year introduces significant risk and uncertainty for retailers. Given the regional and structural disparities in the market, such an adjustment could disproportionately impact specific retailers, leading to severe financial consequences for those operating in more challenging areas.	See 4.2.8
4.2.19	Portsmouth Water	5	One of the purposes of the new MPF is to ensure standards are challenging and result in the best outcome for the market and the non-household customer, therefore trading parties must be continuously incentivised to perform to their best ability. Equally, if market performance is less than predicted, being able to lower the threshold will give	Noted

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			trading parties the right opportunity and incentive to improve and reduce performance charges.	
4.2.20	South East Water	4	We agree as it is clear that someone needs authority to adjust the performance standards where appropriate, and we believe that the PAC is best-positioned to do this.	N/A
4.2.21	South West Water	4	Whilst we are supportive, we ask these be once in each financial year (rather than rolling 12 month period) and that all metrics are revised at the same time in that year. We do not recommend individual metrics are adjusted at different times of the year.	See 4.2.10
4.2.22	Southern Water	5	We agree with the proposal. The rules around adjustment are reasonable given the controls in place.	Noted
4.2.23	Thames Water	2	We believe that the data utilised to obtain the proposed standards may not be the most accurate to be used in the new framework. We believe that accurate data obtained during shadow reporting should inform the market of levels of performance once charging is 'live'.	See 4.2.1 plus: We agree that the shadow period will provide a truer understanding of performance and impacts. The suitability of charges and standards will be kept under review throughout this.  We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model, we will present that to the Code Change Committee.
4.2.24	Thames Water	2	The PAC should consult with the market before making any unilateral decisions on making changes. Applying a value such as 5% to an allowed variation	See 4.2.8 plus: We agree that the PAC should be empowered to make evidenced based changes with a requirement to seek input from trading parties.

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			to target standards would seem to big an envelope, especially for performance areas already set at a very high standard, given increased costs to achieve marginal improvement.	
4.2.25	United Utilities	4	We are supportive of the PAC being able to adjust performance standards up or down by 5 percentage points once per 12-month period. We would however like to caveat this support by stating that we would not want to see KPIs changed during the financial year unless necessary. If it is deemed essential for KPIs to be amended during the financial year it is assumed this will often be for a higher percentage point change than 5% and would therefore require a consultation. If it is deemed that KPIs need to be amended by less than 5% during the year we would prefer all changes are made at the same time rather than having an ever moving set of KPIs throughout the year.	See 4.2.10
4.2.26	Yorkshire Water	4	We are pleased with the proposed structure and timescale for PAC to make any proposed changes, especially since this does allow for trading party consultation. MOSL need to be mindful of businesses undertaking business planning for the coming financial year, particularly including 'assumed values' for performance charges. Any changes the PAC would want to implement ought to be planned to align with business planning dates; leaving these too late could be problematic for trading parties to plan ahead.	See 4.2.10
4.2.27	Welsh Water	4	We believe the PAG should have the ability (following consultation) to adjust performance standards after a	Noted. MOSL will work with the PAC, PAG, Strategic Panel, and Steering Group to understand performance in shadow

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			period of time when actual performance data under these new KPI's is available.	and the expected impacts on customers and trading parties at full implementation. This work will determine whether any changes are required (code changes via the Code Change Committee to amend charges, or changes to standards via the PAC) and how these should be progressed.
4.2.28	Wessex Water	4	We support the PAC to have the ability to change the upper limits of performance by 5% with appropriate notice to trading parties. We agree that this should be a fixed percentage limit so that trading parties know the maximum exposure in any given 12 month period should change arise.	Noted. We agree that the PAC should be empowered to make evidenced based changes with a requirement to seek input from trading parties.
4.2.29	Wessex Water	4	We would expect to see a strong, demonstratable rationale to any proposed change based on analysis of available data. This should be transparent to trading parties before implementation and open to challenge if needed.	Noted. We agree that the PAC should be empowered to make evidenced based changes with a requirement to seek input from trading parties.
4.2.30	Wessex Water	4	Any change to upper limits should always push towards a stretch rather than a reduction. Underlying causes should always be targeted for improvement before a simple move of the goal posts.	Noted. We agree that the PAC should be empowered to make evidenced based changes with a requirement to seek input from trading parties.
4.2.31	Wessex Water	4	We have always been supporters of the work of MPC and now PAC, however the work is sometimes seen as a "black box" approach. We would like to see a more prominent presence of PAC in the future including a raised profile of its work, activity and a reduced closed session agenda.	This feedback isn't specifically related to the level of charges and standards set out in Consultation 5 proposals, but is helpful for MOSL to share with relevant stakeholders, including the Performance Assurance Committee. Noted.  We agree that the PAC should be empowered to make

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				evidenced based changes with a requirement to seek input from trading parties.
4.2.32	Consumer Council for Water	3	<p>We do not agree that the PAC should be constrained in terms of when, and by how much, it can adjust performance standards. We believe this compromises the principle of flexibility, and means the PAC is less able to quickly respond where it has concluded performance standards are not driving the desired customer outcomes. We agree that if performance standards are constantly changing, this is likely to be ineffective at improving performance. However, we believe that a committee of market experts with a clear remit to only recommend 'appropriate and effective' performance rectification measures, is unlikely to collectively make poor decisions in this regard.</p> <p>The setting of the proposed performance standards has been largely informed by indicative modelling at this stage. It is therefore too risky to constrain the PAC's abilities to review and adjust the standards, particularly if it can be concluded from new data that some significant changes may be needed. We do not believe there should be constraints on how much the performance level can be changed by, nor limits on how many times it can be changed in a given period. It is particularly important within the first two years of the implementation of the revised MPF that the PAC has this agility to make changes where necessary. A core principle of the revised MPF is flexibility, and the ability to react quickly when poor performance</p>	See 4.2.2.

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			<p>needs to be addressed. Where PAC identifies a potential issue, it is therefore important for the process leading to a change being implemented to be as streamlined as possible. We are concerned that the proposed process outlined in the consultation may not achieve this. For example, it may not be appropriate to consult with the industry on every proposed change, as long as PAC has clearly evidenced the rationale for the change, and provided sufficient notice to trading parties. We believe the PAC needs to be empowered to make reasoned decisions without the need for a prescriptive process.</p>	
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**Q4.3:** To what extent do you agree that the cap on total performance charges does not need to be updated prior to implementing the Phase 1 KPIs?

<b>Oppose</b>		<ul style="list-style-type: none"> <li>• 43% of retailers 'oppose/strongly oppose' the proposal</li> <li>• 18% of wholesalers 'oppose' the proposal</li> <li>• CCW strongly opposes the proposal</li> </ul>
<b>Neutral</b>		<ul style="list-style-type: none"> <li>• 14% of retailers are neutral</li> <li>• 9% of wholesalers are neutral</li> </ul>
<b>Support</b>		<ul style="list-style-type: none"> <li>• 43% of retailers 'strongly support' the proposal</li> <li>• 73% of wholesalers 'support/strongly support' the proposal</li> </ul>

**Q4.4: Comments to Q4.3**

Ref	Respondent	Score	Comment	Proposer Response
4.4.1	Business Stream	5	We agree that the cap should remain as is during the shadow period. Any review of the cap should take place after the end of the shadow period when there is more information available on the level of charges and their impact on TPs behaviours. MOSL also needs to ensure that the reformed MPF continues to satisfy the success criteria, most noticeably supporting competition, being proportionate, and value for money.	Noted. We do not consider that there is an urgent need to review the cap prior to shadow, but the shadow period will provide additional data to confirm whether this remains an appropriate stance.
4.4.2	Castle Water	1	Whilst we support the need for a cap, with it being essential to protect Trading Parties from a poorly designed and implemented performance	Noted

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			framework. However, too little thought and justification has been put into the setting of the cap.	
4.4.3	Castle Water	1	The cap is another part of this consultation that is not ready for the programme or trading parties to comment on or guesstimate what it should be set at. The need for a cap is another symptom of the poor design of an MPF which is clearly focused on raising a certain level of income for the MIF.	The MPF is not focussed on generating funds for the Market Improvement Fund (MIF) or other projects. If the market performs above standard, customers receive the service they expect, trading parties would incur limited performance charges, and there would be little or no funds available for the MIF as a result – which would signal improvements in customer service.
4.4.4	Castle Water	1	The proposal provides little clarity on why this decision has been made and show an inconsistent approach to the creation of these proposals. Why have the standards and fine values been based on a limited, non-predictive and estimated performance data set, yet think that justifying the CAP at the same level it is today based on the lack of material impact it has against today's framework?	<p>MOSL is accountable to the Steering Group for MPF reform and ultimately the Strategic Panel. Trading party feedback has been welcomed throughout five consultations and over 70 PAG meetings, which has also indicated that an industry consensus is not possible.</p> <p>Ultimately the final proposals to be presented to the Code Change Committee and Ofwat will be those which best balance the key programme success criteria (including customer outcomes), and we note that these can pull in different directions at times.</p> <p>We do not consider that there is an urgent need to review the cap prior to shadow, but the shadow period will provide additional data to confirm whether this remains an appropriate stance.</p>
4.4.5	Castle Water	1	As designed, leaving the cap unchanged from today's level will mean that the worst performing parties that are operating at the cap today, will not be impacted by the move to a new performance framework. For them, nothing changes. For those who argue that the performance framework is	Noted. We agree that there is less incentive to improve performance once charges are capped, but we do not expect the cap to be hit at greater rate under the proposals. The proposal from consultation four to remove the cap

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			necessary to incentivise performance, why might they expect the worst performing parties today to improve when the incentive is unchanged? We suggest that they shouldn't expect any change based solely on the new performance framework.	entirely has been dropped following trading party concerns and further discussion with the industry.
4.4.6	Castle Water	1	This new regime, its associated performance standards, and proposed cap are likely only to adversely impact on today's better performing parties. That seems perverse to any informed observer. We've done nothing to address the poorest performing parties and instead have simply generated more revenue. Is that really what we set our stall out to achieve when we started this reform process all those years ago? There is also little consideration for any alternative options. For example, we could apply the CAP at different levels for different trading parties to account for geographical and meter portfolio variation. Further, if the cap is having little material impact in today's MPF, is there not as much of an argument to lower the cap as there is to raise it? The cap could be used as an indicator itself of trading party performance, i.e. once a trading party hits the cap then that may be a trigger for the PAC to potentially investigate that trading party. After all, it states in the supporting documentation that the new framework is not meant to be punitive, but one which is focussed on improving performance. With the way the framework is currently designed, the opposite seems to be true.	See 4.4.3 plus: We welcome alternative suggestions on where the cap may be set, but it is not clear how reducing the level of the cap will promote better customer outcomes.

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4.4.7	Castle Water	1	As a suggestion, why not consider setting the cap based upon a trading party's performance during the seven-month shadow period of parallel running?	The Steering Group has noted industry concerns in relation to the current timeline and will be confirming an updated programme plan as soon as possible. The shadow period is expected to provide sufficient time for the industry to adapt to the new KPIs prior to the implementation and the programme has noted the preference from Consultation 4 for the shadow environment to replicate the final proposed MPF model as closely as possible.
4.4.8	Castle Water	1	For each party, measure their charges as a percentage of that against today's cap. And then make the cap – for example - [50]% points higher than that figure. So, if a party's performance charges are at 50% of today's cap, that party's cap would be set at 50%+50% = 100% - i.e., at today's cap. A better performing party at 20% would have a cap set at 20%+50% = 70% and one at the cap would face a 100%+50% = 150% cap. That would provide incentives during the period of parallel running and ensure that the new regime bites for those that remain close or near the cap. It would also generate more revenue, as some want! Above all though, MOSL has not applied the same lack of explained logic to the cap as they have to all the KPIs and have also not explained why. Without this logic, it is not possible to form an opinion on the appropriate level where the CAP should be set. Hence, we understand the resulting default position is to leave the cap unchanged.	Noted. We welcome alternative suggestions, and this is an interesting proposal, but it does appear complicated (particularly in terms of finding rationale for the setting of non-arbitrary % points uplifts on the current cap). We do not consider that there is an urgent need to review the cap prior to shadow, but the shadow period will provide additional data to confirm whether this remains an appropriate stance.
4.4.9	Everflow	5	-	N/A

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4.4.10	Pennon Water Services	5	We agree that based on the supplementary data and MOSL analysis that the cap does not need to be reviewed / updated.	Noted
4.4.11	Water2Business	-	-	N/A
4.4.12	WaterPlus	5	The Market Cap currently provides protection to Trading Parties to ensure that significant shifts in the market, affecting performance or assessment of performance, do not lead to significant financial shocks that threaten the sustainability of the market. As the MPF Reform programme is intended to drive significant changes in expectation and assessment of performance, we believe the need for this cap is stronger in the first years of implementation and do not believe its removal or increases to the level of this cap would be appropriate at this stage	Noted
4.4.13	Waterscan	2	The cap should be reviewed before the new KPI's are implemented.	See 4.4.7 plus: We do not consider that there is an urgent need to review the cap prior to shadow, but the shadow period will provide additional data to confirm whether this remains an appropriate stance.
4.4.14	Wave	1	Trading parties asked for a new market performance framework which offered a carrot and stick, however, the proposals appear to represent only a very large stick. We strongly maintain our support for a cap. With respect to the level of the cap, our modelling indicates significantly greater increases in performance charges than we had anticipated as a high performing Retailer. Coupled with the proposed standards and charges which are	See 4.4.7 plus: We do not consider that there is an urgent need to review the cap prior to shadow, but the shadow period will provide additional data to confirm whether this remains an appropriate stance. Previous consultations offered carrots in the form of compensation payments and outperformance payments. The industry rejected the concept of the first and opted to park the second for first iteration of new MPF.

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			absent robust supporting statistical analysis, our confidence that the standards and charges are reasonable is low and uncertainty is high. The cap is an important element of the performance framework and therefore it should be reviewed as part of the shadow period in the light of actual data.	
4.4.15	Wave	1	We were initially concerned that the MPF framework is being designed to generate enough revenue to pay for a central data system for smart meter data (which is yet to be agreed by trading parties). There shouldn't be this dependency, which could mean that performance charges are determined by the need to generate enough revenue to fund a central data system rather than to reflect true incentives designed to influence behaviour which delivers the best outcomes for customers. However, we have discussed this with MOSL and we have been assured that no enduring smart meter data solution will be funded by performance charges. At most, the initial delivery of a smart meter data solution could be funded by performance charges because the timing is such that it cannot be recovered from MOSL fees, at least initially. We understand that the business case for an enduring central data system is yet to be considered, and if it were to gain the support of the industry, it will be funded from MOSL fees not performance charges.	Noted
4.4.16	Affinity Water	-	-	N/A

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4.4.17	Anglian Water	5	-	N/A
4.4.18	Northumbrian Water	5	-	N/A
4.4.19	Portsmouth Water	2	We understand why the cap is remaining, but we do feel the cap disincentives some trading parties and the cap is used as a budget instead of it's intended purpose.	Noted. We agree that there is less incentive to improve performance once charges are capped, but we do not expect the cap to be hit at greater rate under the proposals. The proposal from consultation four to remove the cap entirely has been dropped following trading party concerns and further discussion with the industry.
4.4.20	South East Water	5	We agree that the cap is high enough to incentivise good behaviours	Noted
4.4.21	South West Water	5	-	N/A
4.4.22	Southern Water	5	Agree that the performance cap remain unchanged.	Noted
4.4.23	Thames Water	5	We believe this provides a safety net for the market to avoid unintended financial consequences and should not be changed without compelling evidence.	Noted
4.4.24	United Utilities	5	We do not see a need to amend the performance cap at this stage. As per the previous consultation we strongly support of the presence of the cap as this provides certainty to trading parties of the maximum risk exposure.	Noted
4.4.25	Yorkshire Water	3	-	N/A

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4.4.26	Welsh Water	2	We agreed with the proposal to not have a cap in Consultation 4 as there is little incentivisation for a trading party to improve performance on failures above the cap.	<p>The current cap was last increased in May 2021 and works today as an upper limit to trading parties' overall financial exposure to ensure they are not vulnerable to unduly large charges. As we see no evidence or rationale for adjusting the current exposure that trading parties face and our modelling indicates that parties will not hit their caps – remaining incentivised by performance – we have not sought to amend this.</p> <p>We agree that there is less incentive to improve performance once charges are capped, but we do not expect the cap to be hit at greater rate under the proposals. The proposal from consultation four to remove the cap entirely has been dropped following trading party concerns and further discussion with the industry.</p>
4.4.27	Wessex Water	4	We support no change to the cap at implementation with the commitment of PAC to review post implementation. As per our comments in 4.5, we would expect this to be a point of review committed to as an activity in a future PIR.	Noted. We agree that the cap is key part of MPF to keep under review.
4.4.28	Consumer Council for Water		We therefore believe the penalty cap should be removed in line with the views we have expressed in previous MPF consultations, and the proposal MOSL made in consultation 4. We do not believe anything has materially changed between then and now to warrant keeping it in place. Under the new MPF, if trading parties are incurring a significant amount of charges, this will be because of poor performance that they need to be incentivised to	See 4.4.26



			address. This could be undermined by a penalty cap.	
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#### Q4.5: Any other comments or observations

Ref	Respondent	Comment	Proposer Response
4.5.1	Business Stream	<p>We firmly support the need for the MPF and its ongoing review but have some reservations regarding the information provided to support the proposed standards and charges.</p> <ul style="list-style-type: none"> <li>• This has made it difficult to confidently assess if they have been set at an appropriate level.</li> <li>• The performance and charge levels have fluctuated to a large degree for some metrics through the recent PAG discussions, with the rationale for the changes not always fully explained or justified. This emphasises the need for decisions based on the data, which is something we and other PAG members have advocated for, in order to answer the questions in this consultation with a greater degree of confidence.</li> </ul>	<p>MOSL is accountable to the Steering Group for MPF reform and ultimately the Strategic Panel. Trading party feedback has been welcomed throughout five consultations and over 70 PAG meetings, which has also indicated that an industry consensus is not possible.</p> <p>Ultimately the final proposals to be presented to the Code Change Committee and Ofwat will be those which best balance the key programme success criteria (including customer outcomes), and we note that these can pull in different directions at times.</p> <p>Additional performance data will be available after the shadow period has commenced and if this data suggests that charges would be at destabilising levels from go-live, the code change process may be used to change the charges and/or the PAC will be able to change the standards within a tolerance. We do not consider that expected performance should solely drive the setting of charges and standards - the performance data is one consideration amongst many in determining a suitable set of initial values.</p>
4.5.2	Business Stream	<ul style="list-style-type: none"> <li>• Given the importance of setting the standards and charges at the correct level (achievable but stretching), we would recommend that MOSL reviews</li> </ul>	<p>The Steering Group has noted industry concerns in relation to the current timeline and will be confirming an updated programme plan as soon as possible. The shadow period is expected to</p>

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		<p>performance during the shadow period to make sure performance levels are broadly consistent with those modelled, and if not that consideration is given to adjusting the targets accordingly (please see our comments in 4.1).</p> <ul style="list-style-type: none"> <li>• TPs must also be consulted on the final standards and charges at the end of the shadow period to ensure they have confidence that they have been set at an appropriate level. By continuing to monitor actual performance and charges against those modelled during the shadow period, MOSL will be able to ensure that the standards and charges reflect the current market status, while maintaining flexibility to adjust them to reflect any upcoming changes which could impact the standards. These include:</li> <li>• Estimated transfer reads (CPW159) • Cyclic read skip date (PIP224)</li> <li>• Preferred data sharing mechanism</li> </ul>	<p>provide sufficient time for the industry to adapt to the new KPIs prior to the implementation and the programme has noted the preference from Consultation 4 for the shadow environment to replicate the final proposed MPF model as closely as possible.</p> <p>MOSL will work with the PAC, PAG, Strategic Panel, and Steering Group to understand performance in shadow and the expected impacts on customers and trading parties at full implementation. This work will determine whether any changes are required (code changes via the Code Change Committee to amend charges, or changes to standards via the PAC) and how these should be progressed.</p>
4.5.3	Castle Water	-	N/A
4.5.4	Everflow	<p>While we do not dispute MOSL’s assertion that the proposed charges do not pose a risk to market stability, we are concerned that the data has been presented in a way that appears to steer respondents toward a predetermined conclusion. The projected market-level charges are set at levels comparable to those from 2021–22—a period significantly affected by COVID-19, during which performance was notably worse. Given the substantial improvements in performance over the past four years, it is unclear why charges are being set based on exceptional</p>	<p>We expect the shadow period will support the model being proposed. However, we recognise trading parties concerns and additional backdated performance data will be run after the shadow period has commenced. If the additional data suggests there is anything that undermines the model we will present that to the Code Change Committee.</p> <p>The performance data only covers one performance month, but we have modelled a range of scenarios based on historic fluctuations in MPS to determine a likely range in market performance and charges.</p>

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		<p>circumstances rather than current market conditions. What is the rationale for this approach? Does MOSL have evidence to suggest that current performance has not genuinely improved since 2021-22?</p>	<p>We note that M01 uses a subset of meters, but this is still a significant dataset of 250K meters in the market, without bias to characteristic. In the case of biannual KPIs, the data covers a “look back” period of seven months. For all other KPIs, the performance data covers every meter in the market at the point of the data being run.</p> <p>However, it is important to note that the KPIs are still yet to be fully built and assured, and the data refers to time when the market was being measured against different metrics and SLAs.</p> <p>The likelihood of changes to reduce charges or standards is considered low as the modelled performance data is expected to underestimate true performance once the KPIs are up and running (and bilateral exclusions are applied). Furthermore, performance should not solely drive the setting of charges and standards - the performance data is one consideration amongst many in determining a suitable set of initial values.</p> <p>In the case of meter reading performance, the proportion of the market settling on actual meter reads in settlement is significantly lower than MPS18 and MPS19 performance. So whilst performance in those metrics may have improved in recent years, this is not actually reflective of more meters and customers receiving more reads on time.</p>
4.5.5	Everflow	<p>Additionally, the performance models presented do not account for bilateral exclusions or the SLAs under the new framework. It would have been helpful to understand what proportion of the quoted uplift could be attributed to these factors had they been included. Our own internal analysis of the charges under the new regime indicates only a marginal</p>	<p>See 4.5.4 plus: We have deliberately modelled performance without suggesting a likely volume of bilateral exclusions in order to demonstrate maximum exposure. I.e., even if no bilateral requests are raised, performance and charges, whilst painful for lower performers, should not be the cause of trading parties failure. Had bilateral exclusions be accounted for in the performance data, we expect that it would only have a marginal</p>

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		difference in charge volumes. How likely is it that this pattern holds across the wider market?	impact on market performance (less than 1% on M01 based on current submission data).
4.5.6	Everflow	Ultimately, until trading parties have full visibility through the shadow period of how their charges will be impacted in practice, it will be difficult to determine whether the proposed charges are proportionate at a market level. Given this uncertainty, we believe it is important that there remains an opportunity for realignment within the shadow period.	See 4.5.2 plus: We agree that it is difficult to understand the likely impact of these proposals until the KPIs are implemented into shadow and performance is better understood. MOSL will work with the PAC, PAG, Strategic Panel, and Steering Group to understand performance in shadow and the expected impacts on customers and trading parties at full implementation. This work will determine whether any changes are required (code changes via the Code Change Committee to amend charges, or changes to standards via the PAC) and how these should be progressed.
4.5.7	Pennon Water Services	<p>We appreciate MOSL's efforts in consulting with the market on MPF reform. However, we continue to advocate for an approach that balances robust performance expectations with the practical realities retailers face. Without an understanding the current data and where we sit within this, it is difficult to get a full feel of the effects of this reform for us. When looking at the anonymised data it would appear that only 1 large retailer sits above any of the performance standard?</p> <p>We would like to model this on our own data to assess where we would sit within said proposed standards. It is interesting to note and would like to understand why the proposed standards are all above the current market modelled performance.</p>	<p>Trading parties will have access to their own shadow performance data in June for the transfer read KPIs and July for the cyclic read KPIs.</p> <p>There is a risk that sharing individual performance data at this stage will be misleading.</p> <p>It is important to note that the KPIs are not yet fully built and assured, and the data refers to a period where the market was being measured against different metrics and SLAs.</p> <p>We do not consider that setting standards below current market performance is likely to improve customer outcomes.</p>
4.5.8	Water Plus	-	N/A
4.5.9	Water2Business	-	N/A

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4.5.10	Waterscan	-	N/A
4.5.11	Wave	<p>We are concerned that meter reading costs will increase substantially due to a combination of</p> <p>i) smart metering rollouts leaving a smaller number of increasingly difficult to read dumb meters from which meter read providers will still need to recover their costs so the cost of each read will increase,</p> <p>ii) increased activity needed to resolve skips e.g. additional more expensive ad hoc reads, more expensive out of hours reads, additional time to find meters, additional activity to follow up issues e.g. flooded meter chambers. None of these additional costs are funded within the current REC (which uses the average cost of cyclic reads) and a review isn't anticipated until next year so until then, additional costs will be funded by Retailers. Ultimately customers will pay higher costs.</p>	<p>This feedback isn't specifically related to the level of charges and standards set out in Consultation 5 proposals, but is helpful for MOSL to share with relevant stakeholders, including the Performance Assurance Committee. Noted.</p> <p>The national metering strategy and REC reading costs have been recognised in these proposals but concerns with either are not for the MPF or MPF reform to resolve.</p>
4.5.12	Wave	<p>As part of the REC review, it will be incredibly difficult to forecast what the REC allowance should be for meter reads during the next REC period because there are so many moving parts and costs will be different for each Retailer depending upon a number of factors including the speed of Wholesaler smart meter rollout programmes, the additional requirements for more expensive adhoc reads, meter reading cost increases as volumes for dumb reads reduce etc. It is concerning that this is likely to make cost recovery much more difficult for Retailers.</p>	<p>See 4.5.11 plus: REC reading costs have been recognised in these proposals but concerns with these are not for the MPF or MPF reform to resolve.</p>

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4.5.13	Affinity Water	-	N/A
4.5.14	Anglian Water	-	N/A
4.5.15	Northumbrian Water	None	N/A
4.5.16	Portsmouth Water	None	N/A
4.5.17	South West Water	-	N/A
4.5.18	Thames Water	<p>This consultation has only selected a narrow band of questions, focussing on MPF Consultation 5 – survey questions; The specific standards and charges that MOSL has proposed for each measure.</p> <p>As MOSL is aware there has been feedback within forums regarding the suitability and applicability of some of the measures to fulfil the MPF Principles. This seems to be a lack of understanding of the concerns that the Trading Parties have to this point articulated and should have been addressed within this consultation. Although these questions have not been asked, we have provided our view within the questions relating to KPIs where we have concerns.</p>	See 4.5.1 plus: We are at a point in the programme where the questions need to be targeted to the specific charges and standards instead of reopening previous design deliberations. We continue to welcome feedback and note that if any code changes are proposed and progressed in the future, the MPF will need to update the design of tools and metrics accordingly.
4.5.19	United Utilities	None	N/A
4.5.20	United Utilities	None	N/A
4.5.21	Southern Water	None	N/A
4.5.22	Yorkshire Water	-	N/A

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4.5.23	Welsh Water	-	N/A
4.5.24	Wessex Water	Before any implementation we would like to see a date set by MOSL for the PAC to undertake a post implementation review of these metrics. We would recommend that this takes place after 12 months but no later than 24 months from implementation of the shadow start date. We strongly believe for any code change (with the exception of housekeeping), that a PIR date is set before implementation.	See 4.5.11 plus: Our expectation is that a PIR may be requested by the code change committee as part of the typical post code change process. Meanwhile the Panel will conduct regular reviews of the framework as part of the period review process build into the governance arrangements in the framework (see CSD 0002).
4.5.25	Wessex Water	As part of this consultation, we are appreciative of the share of analytics and modelled scenarios. Whilst we recognise that a single month model is a look back of up to 7 months dependant on the metric, we believe the analysis would be substantially more comprehensive if modelled across 3 months covering different look back periods.	See 4.5.4.
4.5.26	Wessex Water	Whilst useful to set limits of "good" / upper bands of charging based on current performance, consideration should be given on trading parties working to the current regime and what the natural adjustment maybe from the implementation of shorter duration KPIs. As an example, it should be expected that modelling a 7 month window vs a framework that works on 200 BDs (circa 10 months) today for bi annuals will highlight fails and that should be expected. Setting initial bands solely on modelled performance should consider a natural stretch in addition if the suggested tools and incentives are predicted to bring the correct outcome. We are not	Based on our modelling, the initial performance standard has been set at a level that should be stretching but achievable for all parties to mitigate the risk of party failure - and subsequent impacts on customers during an interim supply event - as the market transitions to the new performance framework.  The standards are set at a level which (as noted) is stretching but balances achievability with customer outcomes. Setting standards in this way creates headroom where trading parties meeting the standard are not charged, while being able to show that they are performing above these standards – and therefore adding value to customers – via peer comparison.

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		entirely convinced that the suggested stretch applied is sufficient enough.	<p>The improved transparency and agility of the new MPF enables the market’s performance against this standard to be monitored more closely and the standard adjusted over time as necessary.</p> <p>The Performance Assurance Committee (PAC) will be responsible for monitoring performance and driving improvements and better customer outcomes. The PAC will consider the natural, reputational and financial incentives for each KPI and may (subject to approval) adjust a KPI’s performance standard by up to 5 percentage points (proposed) provided there is at least 12 months between implementation of any amendment to a standard (absent any code change).</p>
4.5.27	Wessex Water	In the absence of long unread KPIs being introduced at the same time, there is a risk that a sizeable band of meters will be less incentivised to improve because they are above the limit for charging. We would advocate an accelerated approach to the future KPIs that will target this band. We would strongly support additional work targeted at a better understanding of skip reads in the market and	<p>See 4.5.2 plus: Skips arising due to issues with the meter may be rectified through bilateral service requests. Where this is the case, they will be excluded from the performance calculation. Other skips will not be excluded and remain for the retailer to address. Separately, MOSL has raised a change proposal to enable skip data to be collected centrally to increase visibility of skip issues and allow the PAC to consider skips when reviewing performance. An RWG subgroup is being convened to review the routes to resolution for skips with a view to providing guidance in resolving skips. This may lead to further code changes as required. Metrics and tools within the MPF will be amended to reflect any changes coming out of that work.</p> <p>We also note that that the PAC currently monitors LUMs as an Additional Indicator and it is anticipated that this will continue.</p>
4.5.28	Wessex Water	would also advocate a view of the relationship between meter read KPIs and leaks on customer supplies. The latter point is often absent from any review of meter read KPI changes and it is one that	See 4.5.11



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		can have a significant detrimental impact on both customers and business demand reductions.	
4.5.29	Wessex Water	SMART metering is predicted to significantly reduce the duration of leaks, however it should be considered as a medium term strategy with full realisation likely to take 10 years. The market needs to manage the interim period effectively and efficiently.	See 4.5.11
4.5.30	Wessex Water	Noted at PAG and part of our response, we would like to see a significant increase in context and analysis to be made available to trading parties when viewing market performance. There are many underlying data items and additional views that do not immediately need to be part of a KPI. However they provide value to understanding of actual performance and identify key areas for improvement.	See 4.5.11. Noted and agreed.
4.5.31	Consumer Council for Water	While we have not agreed with every MOSL recommendation in the consultation, we would like to thank the MPF programme team for the quality of the information in the consultation documents, particularly the supplementary information in document 4. The level of detail, and clear rationale for proposals, has made it easier to understand everything in the technical detail needed. The industry's desire for this level of detail was clear, so it is positive that MOSL responded accordingly.	Thank you for the positive feedback.

END