

A stylized illustration of a woman with dark skin, curly hair, and glasses, wearing a blue top. She is holding a document titled "Your water bill". The background is a teal and light blue geometric pattern.

MOSL

Market Performance Framework (MPF) Reform

Consultation 5
In-person event

24 April 2025

Agenda



No	Item	Lead	Time
1	Welcome, aims and introductions	Adam	10:30 – 10:45
2	Consultation 5 process and overview of feedback	Adam	10:45 – 11:00
3	Session 1: Plan – size of data sample used for modelling	Miles	11:00 – 11:30
4	Session 2: Plan – updated implementation plan	John	11:30 – 12:00
5	Session 3: Design – cyclic meter read variants for non-market meters (M19)	Evan	12:00 – 12:30
6	Session 4: Design – actual transfer reads (M09) – KPI or Additional Metric	Evan	12:30 – 1:00
	Lunch		1:00 – 1:45
7	Session 5: Design – cyclic meter read KPIs (M01/M02) – separate or combined	Steve	1:45 – 2:30
8	Session 6: Performance standards	Oli	2:30 – 3:00
9	Session 7: Performance charges	Janet	3:00 – 3:30
10	Open Forum – discussion	Karl	3:30 – 4:15
11	Summary and next steps	Adam	4:15 – 4:30

Aims for today

1. Build on successful session following Consultation 4
2. Share feedback themes from Consultation 5
3. Walk through each key theme
4. Present MOSL's "minded to" position, i.e.:
 - Minded to progress as proposed
 - Minded to make a change to proposal(s)
 - Update being provided today
5. Discuss each theme
6. Open discussion - see form on table
7. Explain what happens next



Additional topics?

Please fill out this form **before end of lunch**, if there are additional areas you want discussed in the open forum session.

Your name	
Organisation	
Additional area for discussion	
Brief description of why this is important	
Impact on customers, retailers, wholesalers	

MOSL

13

Success criteria

Facilitates improved customer outcomes

Enduring and agile

Improves trading party accountability

Transparent and proportionate

Supports competition

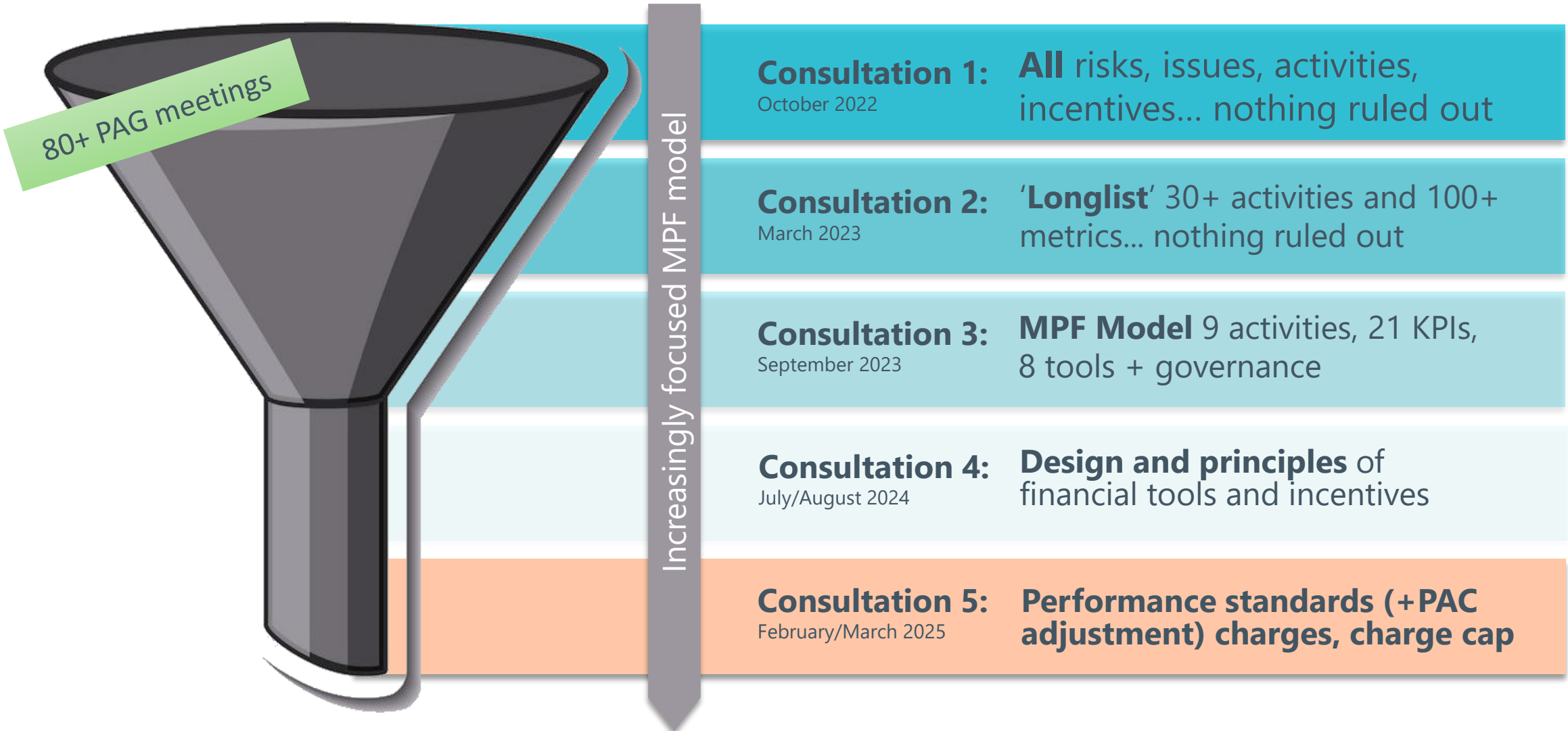
Value for money

Consistent & compatible with Regulatory regime

Simplicity



MPF consultations



Consultation 5

Sought feedback on proposals for:

1. Performance standards for Phase 1 KPIs
2. Performance Assurance Committee (PAC) adjustment of performance standards
3. Performance charges for Phase 1 KPIs
4. Overall performance charge cap

Phase 1: priority KPIs

Cyclic Meter Read KPIs

- M01 Cyclic meter reads of non-smart meters performed within SLA (biannual/monthly)
- M02 Proportion of smart meters read
- M19 Cyclic non-market meter reads performed within SLA (biannual or monthly)

Transfer meter read KPIs

- M04 Proportion of transfer meter reads performed/submitted within SLA
- M06 Lateness of overdue transfer meter reads
- M09 Proportion of transferred SPIDs with estimated reading

Consultation 5

- 21 responses
- Nearly 500 individual comments
- Post-consultation publications:
 - 14 March: quantitative feedback
 - 17 April: verbatim comments, detailed responses to comments
 - 23 April: overview of key themes
- **Thank you to everyone that responded to the consultation**



Wholesalers	Retailers	Other
Affinity Water	Business Stream	CCW
Anglian Water	Castle Water	
Dŵr Cymru (W)	Everflow	
Northumbrian Water	Pennon Water Services	
Portsmouth Water	Water2Business	
South East Water	Waterscan	
South West (inc Bristol)	WaterPlus	
Southern Water	Wave	
Thames Water		
United Utilities		
Wessex Water		
Yorkshire Water		
12	8	1

22 themes identified from feedback

Theme	Group
T1: The performance standard is too high or low, lacks sufficient rationale or disagree with rationale	Standards
T2: The performance charge is too high or low, lacks sufficient rationale or disagree with rationale	Charges
T3: The overall performance charge cap is too high or low	Charges
T4: The proposals put market stability at risk	Charges
T5: Comments relating to distribution of MPF performance charges	Charges
T6: The +/- 5% points tolerance for PAC to change standards is too great/too little	Governance
T7: The 12-month tolerance for PAC to change standards is too infrequent/too frequent	Governance
T8: The metric should not be a KPI	Design
T9: The KPI design is not appropriate, including suggestions for improvement, requests for clarification, etc	Design
T10: The proposals are inconsistent	Design
T11: The proposals do not support competition	Design

22 themes identified from feedback

Theme	Group
T12: The proposals are too complicated/require clarification	Design
T13: The proposals do not sufficiently account for factors that are outside parties' control	Design
T14: Concerns related to smart and cyclic meter read KPIs	Design
T15: The proposals lack parity in the treatment of Wholesalers and Retailers	Design
T16: The proposals create a disincentive for parties to collaborate and may increase the risk of inappropriate behaviours, e.g. raising bilaterals inappropriately.	Design
T17: The underlying data sample on which the proposals are based is insufficient	Plan
T18: Concern related to the current delivery timeline/shadow period/implementation	Plan
T19: Will we/when will we have access to our company's performance data?	Plan
T20: The proposals will not fix the issues in the market	Other
T21: Concern related to market code obligations/definitions	Other
T22: Comments relating to MOSL's MPF/Consultation 5 process or governance	Other

Grouped into six categories

Plan	Design	Performance standards
<ul style="list-style-type: none"> • Underlying data sample is insufficient • Concern related to timeline/shadow or implementation • Query whether and when trading parties will have access to their performance data 	<ul style="list-style-type: none"> • Metric(s) should not be a KPI (Ref: M02, M09) • KPI design is not appropriate or needs clarification (Ref: M01, M02, M09, M19) • Proposals do not support competition • Proposals are too complicated/require clarification • Proposals do not account sufficiently for factors outside TP control • Proposals lack parity in treatment of Wholesalers and Retailers • Proposals create a disincentive for parties to collaborate and may increase the risk of inappropriate behaviours, e.g. raising bilaterals 	<ul style="list-style-type: none"> • Performance standards are too high or too low (Ref: M01, M02, M19) • Standards lack rationale

Grouped into six categories

Charges	Governance of standards	Other
<ul style="list-style-type: none"> • Performance charges are too high or low (Ref: M01, M02, M19) • Charges lack rationale • Performance charge cap is too high or low • Proposals put market stability at risk • Concerns that MPF designed to generate funding for redistribution purposes, e.g. Market Improvement Fund (MIF) 	<ul style="list-style-type: none"> • PAC ability to adjust standards by +/-5% is too great/too little • Requirement that the PAC can only adjust a KPI standard once in a 12-month period is too infrequent/too frequent 	<ul style="list-style-type: none"> • The proposals will not fix the issues in the market • Concerns related to market code obligations/definitions • Comments relating to MOSL's consultation process or governance (see 'what to expect' slide)

Key themes we are not planning to discuss in detail



The following proposals had broad support from stakeholders in response to Consultation 5:

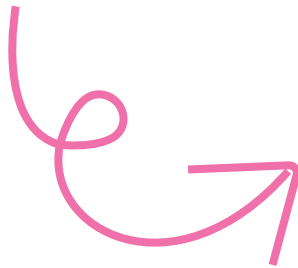
#	Theme	Topic	MOSL “minded to” position
-	Governance	PAC ability to adjust standards by +/-5% too great/too little	Moving forward as proposed
-	Governance	Requirement that the PAC can only adjust a KPI standard once in a 12-month period is too infrequent/too frequent	Moving forward as proposed
-	Performance charges	Retain current overall Performance Charge cap	Moving forward as proposed

Today's focus

#	Group	Theme	Next steps
1	Plan	Whether underlying data sample used for modelling is sufficient	Complete data set with 3-month "lookback" will be shared with Trading Parties and CCC
2	Plan	Concerns relating to timeline, shadow period or implementation plan	MOSL to present updated plan today
3	Design	Whether M19 (non-market meter reads) should be split into 8 variants (monthly/bi-annual, each with internal/external, traditional/smart variants), or simplified	No change: minded to keep the proposed design of M19
4	Design	Whether M09 (proportion of actual transfer reads) should be a KPI (visible publicly) or 'Additional Metric' (PAC only)	Change: minded to change M09 from KPI to Additional Metric
5	Design	Whether M01 (cyclic meter reads of traditional meters) and M02 (cyclic meter reads of smart meters) KPIs should be kept separate or combined	No change: minded to keep M01/M02 as separate KPIs
6	Standards	Whether performance standard for monthly internal M01 (cyclic meter reads of traditional meters) should be reduced to match biannually read meters	Change: minded to reduce the standard for monthly internal M01 KPI only
7	Charges	Whether the performance charge for biannual M19 (non-market meter reads) should be £17.50 as proposed, or lowered to £10 (rationale as per M01)	Change: minded to reduce the charge for biannual M19 only to £10

Additional topics?

Please fill out this form **before end of lunch**, if there are additional areas you want discussed in the open forum session.



Your name	
Organisation	
Additional area for discussion	
Brief description of why this is important	
Impact on customers, retailers, wholesalers	

Discussion of key themes

Complete "lookback" will be done by Parties and CCC

to present updated plan

Change: minded to keep the proposed design of M19

Change: minded to change M09 from PI to Additional Metric

No change: minded to keep M01/M02 as separate KPIs

Change: minded to reduce the standard for monthly internal M01 KPI only

Change: minded to reduce the charge for M10 and M10

Format for discussion

1

Background and explanation of proposal and consultation feedback (MOSL lead)

2

Discussion in the room - questions, observations, challenges

3

Summary of discussion - areas of agreement, suggestions to move forward (led by facilitator)

Session 1

Size of data sample

MOSL lead: Miles Robinson

Session 1

Group	Plan
Theme	Whether the underlying data sample used is sufficient



Next steps **Change to proposals:** A complete data set with a three-month “lookback” will be reviewed and shared with Trading Parties and the Code Change Committee

Data sample size

Feedback themes

- The underlying market data sample is insufficient
- The data is too limited in scope and coverage to assure that the proposals are reasonable
- Parties need to have access to their own performance data to assess the impact of the proposals.

Considerations

- The modelling carried out using sample data was not the only determinant for performance standards
- The modelling was used to sense check achievability and approximate the market charge to check the proposals will not destabilise the market
- It was not predictive of future performance trajectories or peer comparison
- Trading parties will see their performance and prospective charges during shadow
- Parties' meter reading performance could be better than modelled once bilateral exclusions are applied
- Proposals to Code Change Committee will be accompanied by at least three months' full market performance data.

Proposed next steps

- Trading parties will have access to their shadow performance data in June (transfer read KPIs) and July (cyclic read KPIs) with a three-month “lookback”
- A complete data set for KPIs with the three-month “lookback” will be compared to modelled data and shared with the Code Change Committee in August
- If there is a material difference in performance between the sample data used for Consultation 5 and the complete dataset during shadow, adjustments can be made ahead of the CCC meeting
- If performance is higher than the modelling shared in consultation, MOSL is minded to leave the standards as proposed, with PAC responsible for future adjustments.

Next steps

Change to proposals: A complete data set with a three-month “lookback” will be reviewed and shared with Trading Parties and the Code Change Committee

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Session 2
**Timeline, shadow period &
implementation plan**

MOSL lead: John Gilbert

Session 2

Group	Plan
Theme	Concerns relating to timeline, shadow period and/or implementation plan



Next steps	MOSL to present updated plan
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Timeline, shadow and implementation

Feedback themes

- Concerns related to timeline/shadow period or implementation
- Timeline is rushed and focused more on timely delivery than quality – not enough opportunity to evaluate proposals
- It is unclear who will confirm the need for changes before, during and after the shadow period and how changes will be progressed

Shadow Period Considerations

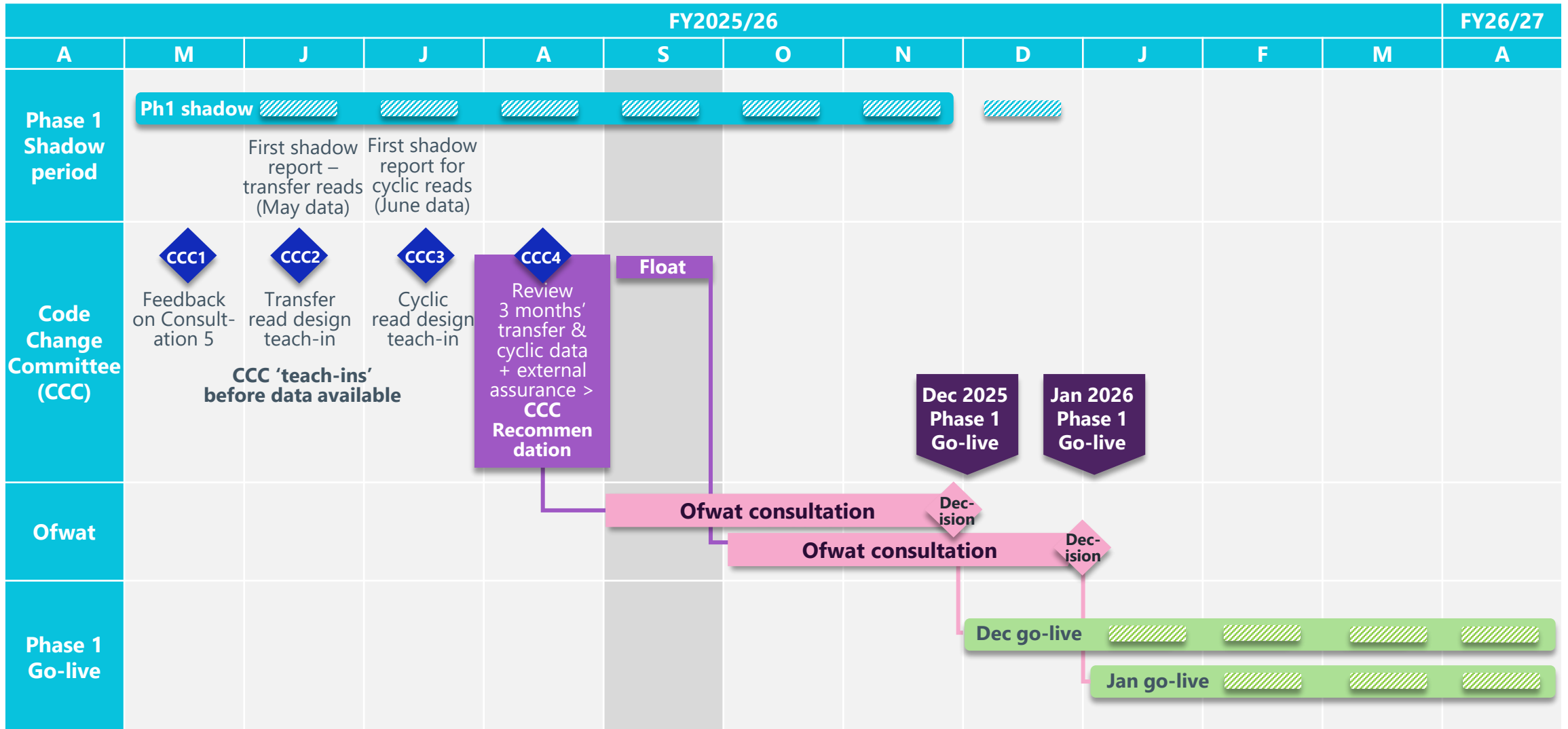
- Programme timeline status “amber” since December 2024 – with no headroom
- Three key stages to our metric development – no 'short cuts'
- Continued feedback from stakeholders on metric design
- First performance reports delayed from May – transfer reads in June (May data) and Cyclic meter reads in July (June data)
- Recommended a decision to delay shadow period from April to May due to:
 - Lack of headroom
 - Time taken to compile detailed requirements
 - Time needed to consider feedback from Consultation 5, e.g. data sample
- **Steering Group agreed to delay the shadow period**

Replan considerations

- Steering Group asked MOSL to re-plan Phase 1 from shadow period to go-live, ensuring we:
 - Continue to prioritise quality over time
 - Provide at least three months' reports for the Code Change Committee (CCC)
 - Ensure trading parties have at least six months 'shadow period'
 - Allow three months between CCC recommendation and Ofwat approval
 - Steering Group did not see merit in delaying Phase 1 go-live until April 2026
- **MOSL confident we can present all the necessary evidence to CCC in August**
- We are able to implement Phase 1 in either December or January, subject to CCC decision-making and Ofwat consultation
- Assume Phase 2 follows Phase 1, with a maximum 5-month shadow period (subject to defining the full scope of Phase 2)

Timeline, shadow and implementation

Revised Phase 1 timeline



Session 2 - discussion

Group	Plan
Theme	Concerns relating to timeline/shadow or implementation



Next steps	MOSL to present updated plan
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Session 3

Cyclic non-market meter reads (M19)

MOSL lead: Evan Joanette


Session 3

Group	Design
Theme	<p>Whether M19 (non-market meter reads) should be split into 8 variants (below), or simplified</p> <ul style="list-style-type: none">• Monthly read: internal/external, traditional/smart• Biannually read: internal/external, traditional/smart



Next steps **No change to proposals:** minded to keep variants of M19

Cyclic non-market meter reads (M19)

KPI	Description	Explanation	Responsibility
M19	Cyclic <u>non-market</u> meter reads performed within the SLA (bi-annual or monthly)	<p>Each month, KPI reports proportion of non-market meters that have been read:</p> <ul style="list-style-type: none">• At least once in the previous 7 calendar months if the meter is required to be read biannually• At least once in the previous 1 calendar month if the meter is required to be read monthly	 <p>Wholesaler</p>

Cyclic non-market meter reads (M19)

Feedback theme

- M19 (cyclic non-market meter reads performed within SLA) does not require eight variants on the basis that:
 - The underlying code obligations to read meters apply equally to all meter types
 - The low number of non-market meters
 - Only two different performance standards are proposed across the variants.

Design: Cyclic non-market meter reads (M19)

Background



- Getting meter reads into CMOS is a key activity
- Trading party visibility of problems reading meters helps identify and resolve inefficiency
- Retailers are dependent on non-market meter reads

Reporting performance

- Variants consistent with cyclic meter read KPIs M01 (non-smart)/M02 (smart)
- Easier identification of areas of concern for PAC and flexibility if proportion of smart meters increases

KPI split			Market Performance	No. of meters	Standard
Non-smart	Biannual	Internal	81%	4,759	90%
Non-smart	Biannual	External	90%	3,988	98%
Non-smart	Monthly	Internal	50%	5	90%
Non-smart	Monthly	External	94%	397	98%
Smart	Biannual	Internal	86%	130	90%
Smart	Biannual	External	100%	51	98%
Smart	Monthly	Internal	n/a	0	90%
Smart	Monthly	External	n/a	0	98%

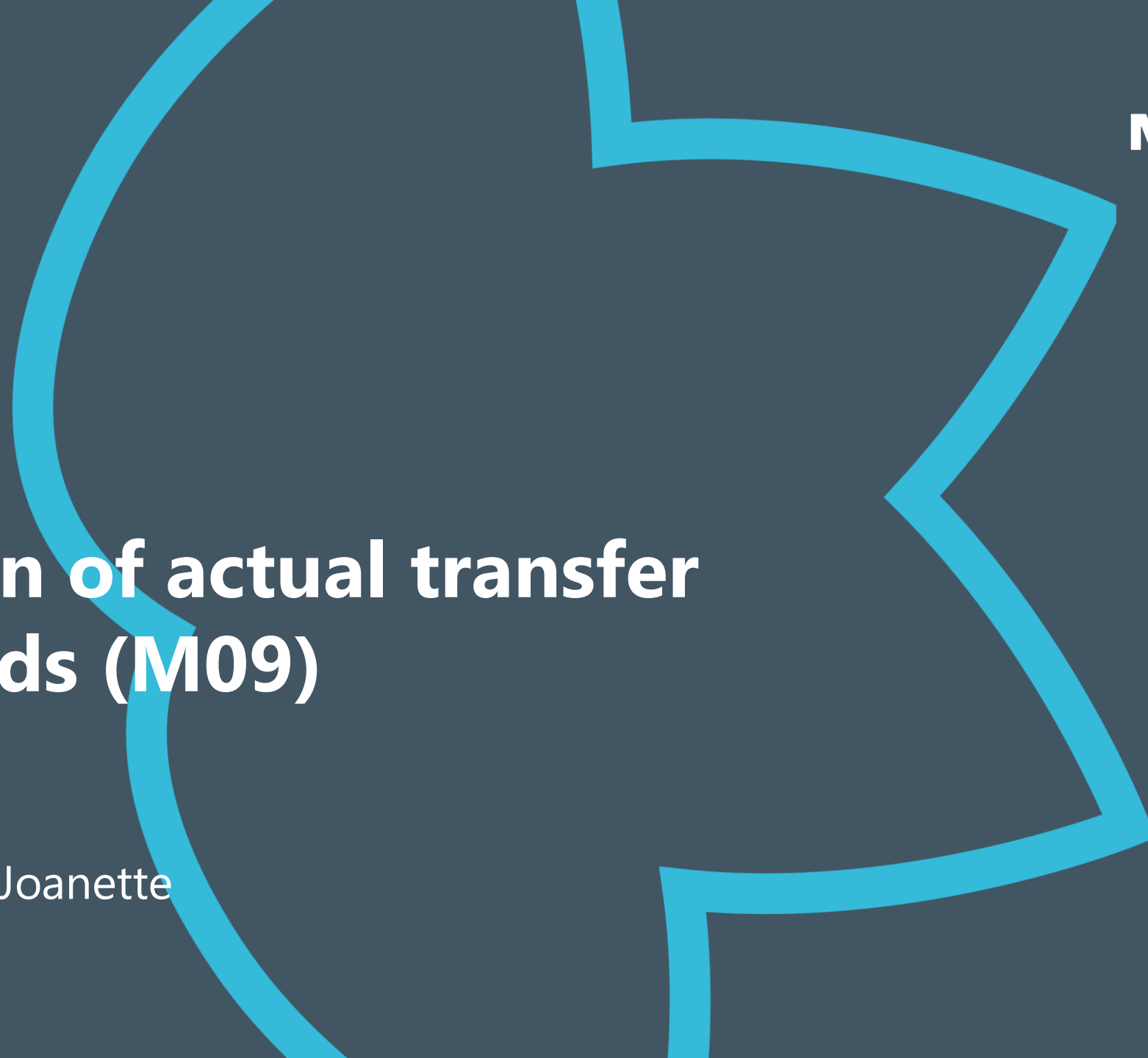
PAC can determine which variants to publish if necessary

Conclusion

- Feedback regarding complexity is noted
- Consistency with Retailers is important
- Market and customers need an enduring MPF incentive, with full transparency of meter types
- PAC can adjust standards as ratio of traditional to smart meters changes
- Simplicity through PAC determining what variants of the KPI are public.

Next steps

No change to proposals: minded to keep variants of M19

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Session 4
**Proportion of actual transfer
meter reads (M09)**

MOSL lead: Evan Joanette


Session 4

Group	Design
Theme	Whether M09 (proportion of actual transfer meter reads) should be a KPI (and visible publicly), or an Additional Metric (seen by PAC only)



Next steps **Change to proposals:** minded to change M09 from a KPI to an Additional Metric

Proportion of actual transfer meter reads (M09)

KPI	Description	Explanation	Responsibility
M09	Proportion of actual transfer meter reads	Proportion of actual (rather than estimated) meter reads the incoming retailer takes when a customer switches from their current retailer.	 Incoming retailer

Proportion of actual transfer meter reads (M09) MOSL

Feedback theme

M09 (proportion of actual transfer meter reads) should not be a KPI as estimated reads are currently permitted under the market codes.

Background

- Customers expect and prefer bills based on actual meter reads
- Actual reads reduce risk of retrospective amendments to customers' bills
- Work by Metering Committee (CPW159) could lead to changes and metric re-evaluation.

Market codes allows estimated transfer reads under certain circumstances

Conclusion

- MPF Reform programme is not proposing to change existing code obligations, but notes Metering Committee is exploring code changes in this area separately
- As Additional Metric:
 - Would address incentivisation critique, due to codes “permitting” estimates at transfer
 - PAC still has visibility of this metric as part of its decision-making on escalations

Next steps

Change to proposals: minded to change M09 from a KPI to an Additional Metric

MOSL

Lunch

45 minutes



Session 5

Cyclic meter reads of non-smart (M01) and smart (M02) meters

MOSL lead: Steve Formoy





Session 5

Group	Design
Theme	Whether M01 (cyclic meter reads of traditional meters) and M02 (cyclic meter reads for smart meters) KPIs should be kept separate or combined



Next steps **No change to proposals:** minded to keep M01/M02 as separate KPIs

Cyclic meter read KPIs (M01/M02)

KPI	Description	Explanation	Responsibility	Supported by
M01	Cyclic meter reads performed within the SLA (non-smart meters or traditional)	Each month, KPI reports proportion of <u>traditional</u> meters that have been read: <ul style="list-style-type: none"> • At least once in the previous 7 calendar months if the meter is required to be read biannually • At least once in the previous 1 calendar month if the meter is required to be read monthly 	 <p>Retailer Meter reads & submissions</p>	 <p>Wholesaler Asset management /meter reading</p>
M02	Cyclic meter reads performed within the SLA (smart meters)	As above, but for <u>smart</u> meters only.	 <p>Retailer Read submissions</p>	 <p>Wholesaler Asset management & smart read acquisition</p>

Cyclic meter reads (M01/M02)

Feedback themes

- Key performance indicators M01 (traditional meters) and M02 (smart meters) should be combined
- M02 should be dropped as standalone KPI
- M01 disproportionately penalises Retailers where Wholesalers' smart meter rollouts are more advanced
- Retailers' performance reading traditional meters (M01) will be impacted over time
- Having separate KPIs is over-complicated
- Combined KPI could be complemented by separate Additional Metrics
- Retailers are not accountable where smart meter reads are not provided by Wholesalers.

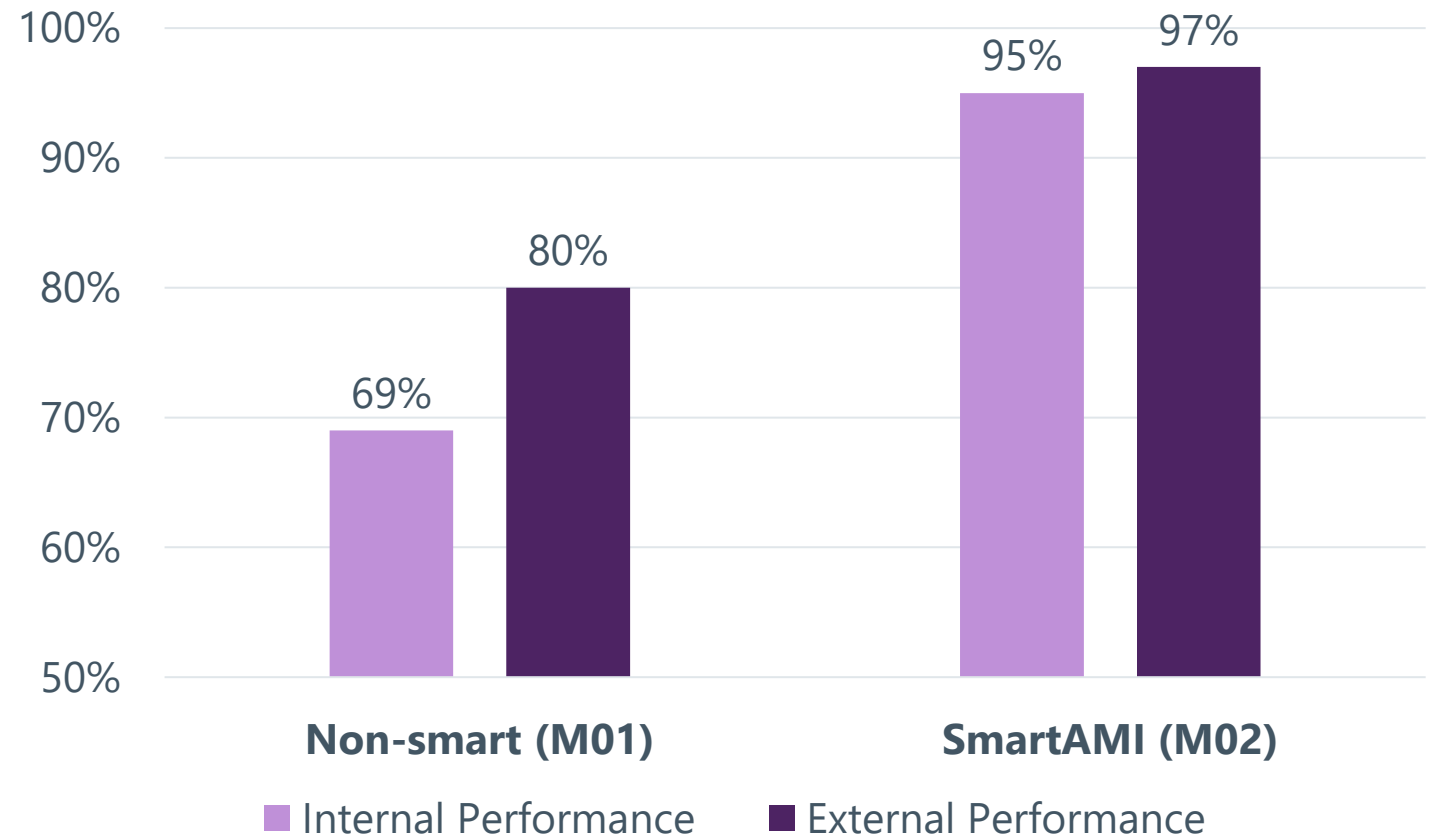
Background

- Meter reading is one of most important activities: early consultations and Panel approval of model
- Visibility important for customers to compare Retailer performances
- Rejection of code change CPW142 (Wholesaler Smart Meter Reads) keeps read responsibility with Retailers
- Only KPIs are subject to performance charges, drive performance escalation by PAC and are publicly reported.

Current trading party performance

- Retailers do not have control over what type of meter their customer has
- Significant performance variability between traditional/AMR and SmartAMI - more so than internal vs external
- Noting that AMR is different - performance very similar to traditional

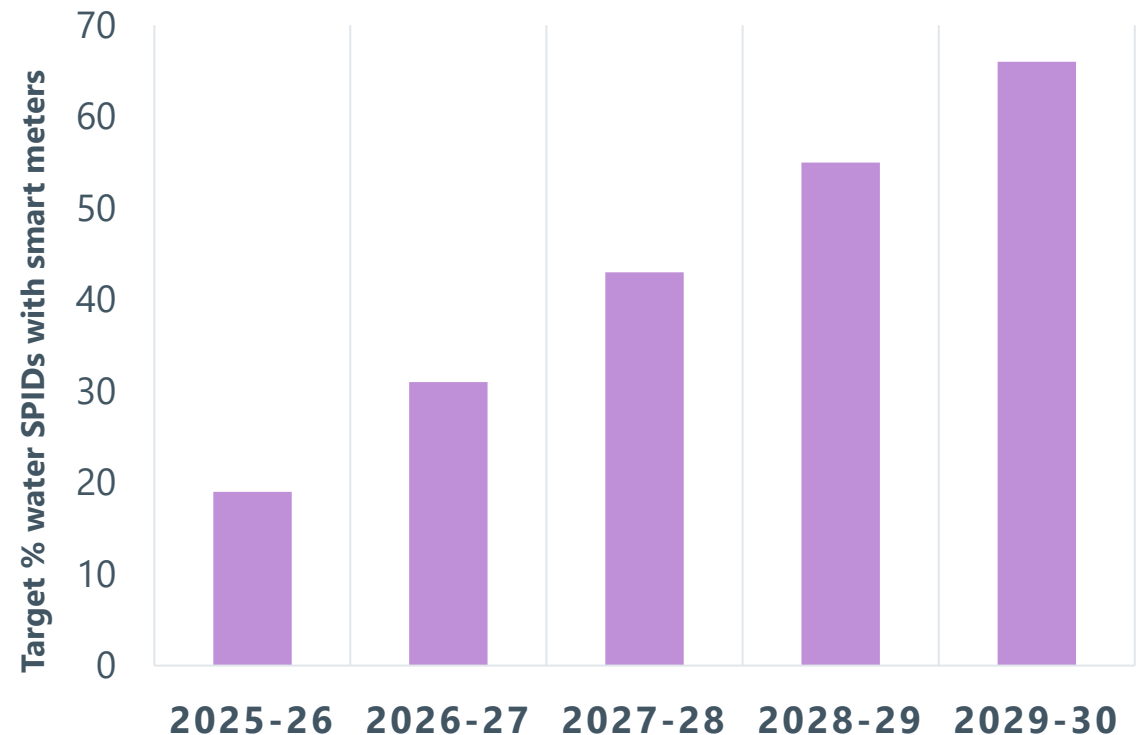
Biannual performance (market meters)



Impact of smart meter rollouts

- Proportion of smart meters is expected to ramp up quickly
- Remaining traditional meters could become more difficult to read
- Combining KPIs would reduce visibility of this potential challenge
- Only KPIs provide visibility of trading parties' performance to customers and strong financial incentives – Additional Metrics cannot.

AMP8 target % water SPIDs with smart meters (market level)



Cyclic meter reads (M01/M02)

Reporting performance



Combined metrics makes it more difficult for the PAC to monitor and incentivise performance, even if a combined measure seems more straightforward

Meter mix (Traditional: Smart)	Traditional Performance	Smart Performance	Blended Performance
90:10	80%	97%	82%
75:25	80%	97%	84%
50:50	80%	97%	89%
25:75	80%	97%	93%
10:90	80%	97%	95%

Based on market average performance for biannual external meters (72% of all meters)

Blended performance limits visibility for incentivisation of each meter type

Cyclic meter reads (M01/M02)

Dependencies on wholesalers



- Retailers require Wholesalers to provide smart reads in a timely and reliable way
- Retailers continue to demand service from Wholesalers, request timely fixes and/or take a traditional read
- Bilateral exemptions apply to M02 as well as M01.

KPI split			Market Performance	Standard	Improvement to meet standard
M02	Biannual	Internal	95%	96%	1%
M02	Biannual	External	97%	98%	1%
M02	Monthly	Internal	85%	86%	1%
M02	Monthly	External	87%	88%	1%

M02 stretch is within 1% of modelled performance, recognising Wholesaler dependence

Conclusion

- Substantial difference in meter reading performance between smart and non-smart meters
- Rapid smart roll out over next 5 years means that type of meter will have a significant impact on Retailers' overall meter reading performance – even more than internal/external
- A combined KPI would reduce visibility of performance for the customer and dilute the incentives
- Dedicated traditional meter reading KPI maintains incentives based on type of meter
- Provides visibility and flexibility for PAC, including over traditional meter performance on the 'tail' of harder-to-read meters.

Next steps

No change to proposals: minded to keep M01/M02 as separate KPIs

Session 6

Performance standards

MOSL lead: Oli Robins

Session 6

Group	Performance standards
Theme	Whether the performance standard for monthly internal M01 (cyclic meter reads of traditional meters) should be reduced to match that of biannually read meters
Next steps	Change to proposals: minded to reduce the performance standard for monthly internal M01 only



Feedback themes

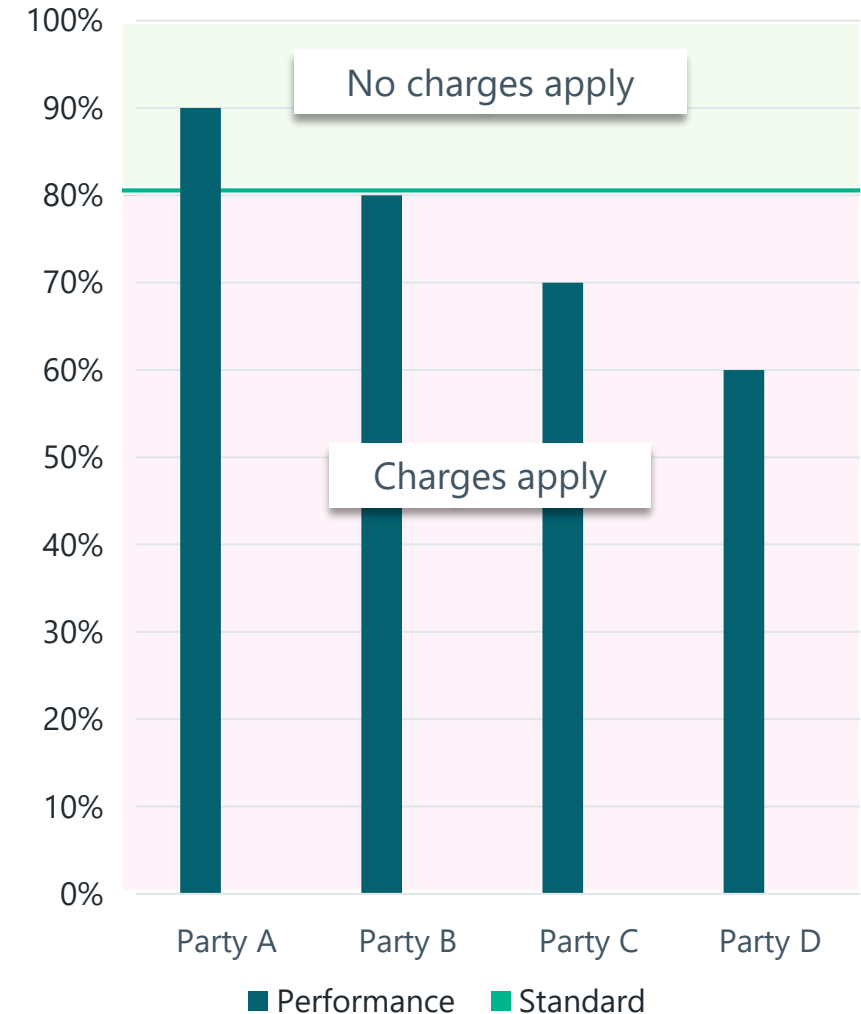
- Several parties have identified specific performance standards that are considered overly stretching, with the strongest feedback on the cyclic read KPIs M01 (non-smart meters) and M19 (non-market meters)
- Several parties have also identified these same standards as not stretching enough
- Most respondents supported or strongly supported the proposed standards for transfer read KPIs M04 (proportion read/submitted within SLA) and M06 (lateness of overdue transfer reads)

Background

- The standards have been proposed to protect customers against unresolved failures

Charges will apply where a party is performing below the standard set on a specific KPI

- Charges do not apply where a party's performance is above the standard – improvement beyond the standard will be driven by natural incentives
- It is proposed that the PAC may adjust a standard once in a 12-month period by up to 5 percentage points up or down.



MOSL has proposed an initial set of standards as a starting point. The PAC will be in the best position to set longer-term performance goals.

The standards have been set considering:

- Customer expectations
- Average market performance and highest performance
- Dependencies
- Proportions of difficult meters (i.e. vacants and legacy long unread meters)
- Basing standards on market rates may create “winners and losers” among parties, but expectations of minimum customer service should be consistent in a national market
- Standards will be assessed with a fuller dataset prior to consideration by CCC.

Current trading party performance

- The cyclic read standards appear realistic
- However, we recognise feedback that internal monthly market meters are especially difficult to access

MOSL is minded to reduce the initial Monthly Internal M01 standard from 80% to 75%.

- Still stretches market performance but recognises feedback and simplifies the proposal (same standards for biannual and monthly meters)
- Pending assessment with fuller dataset.

KPI	Market Performance	Standard	Highest Performer*
M01 Biannual Internal	69%	75%	78%
M01 Biannual External	80%	85%	92%
M01 Monthly Internal	66%	80% 75%	73%
M01 Monthly External	70%	85%	79%
M02 Biannual Internal	95%	96%	100%
M02 Biannual External	97%	98%	99%
M02 Monthly Internal	85%	86%	100%
M02 Monthly External	87%	88%	96%
M19 Biannual Internal	81%	90%	98%
M19 Biannual External	90%	98%	99%

*Amongst Retailers >50K meters and Wholesalers >400 non-market meters
Does not include bilateral exclusions

Conclusion

- MOSL is minded to reduce the initial Monthly Internal M01 standard from 80% to 75%.
- Pending new arguments and evidence, MOSL is not minded to change the initial standards for any other KPI. The programme plan provides time to review whether the standards are realistic (and do not unexpectedly impact charges or the cap) with new data.

If the standards are not realistic once the new data has been applied, the next steps will depend on how far performance has been overestimated and the Code Change Committee will review whether a suitable engagement process has been followed.

- If the performance is higher than originally considered, MOSL is minded to leave the standards as proposed, with PAC responsible for proposing any future adjustments.

Next steps

Change to proposals: minded to reduce the performance standard for monthly internal M01 only

Session 7

Performance charges

MOSL lead: Janet Judge

Group	Performance charges
Theme	Whether the performance charge for biannual M19 (non-market meter reads) should be £17.50 as proposed, or lowered to £10 (rationale as per M01)



Next steps	Change to proposals: minded to reduce the charge for biannual M19 only to £10
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Performance charges

Feedback theme

- Several parties have identified charges that are considered too high, with the strongest feedback focussed on the cyclic read KPIs M01, M02 and M19
- Parties have also suggested that these charges could be higher
- Most respondents supported/strongly supported the proposed charges for transfer read KPIs M04 (proportion of successful transfer reads) and M06 (lateness of missing transfer reads)

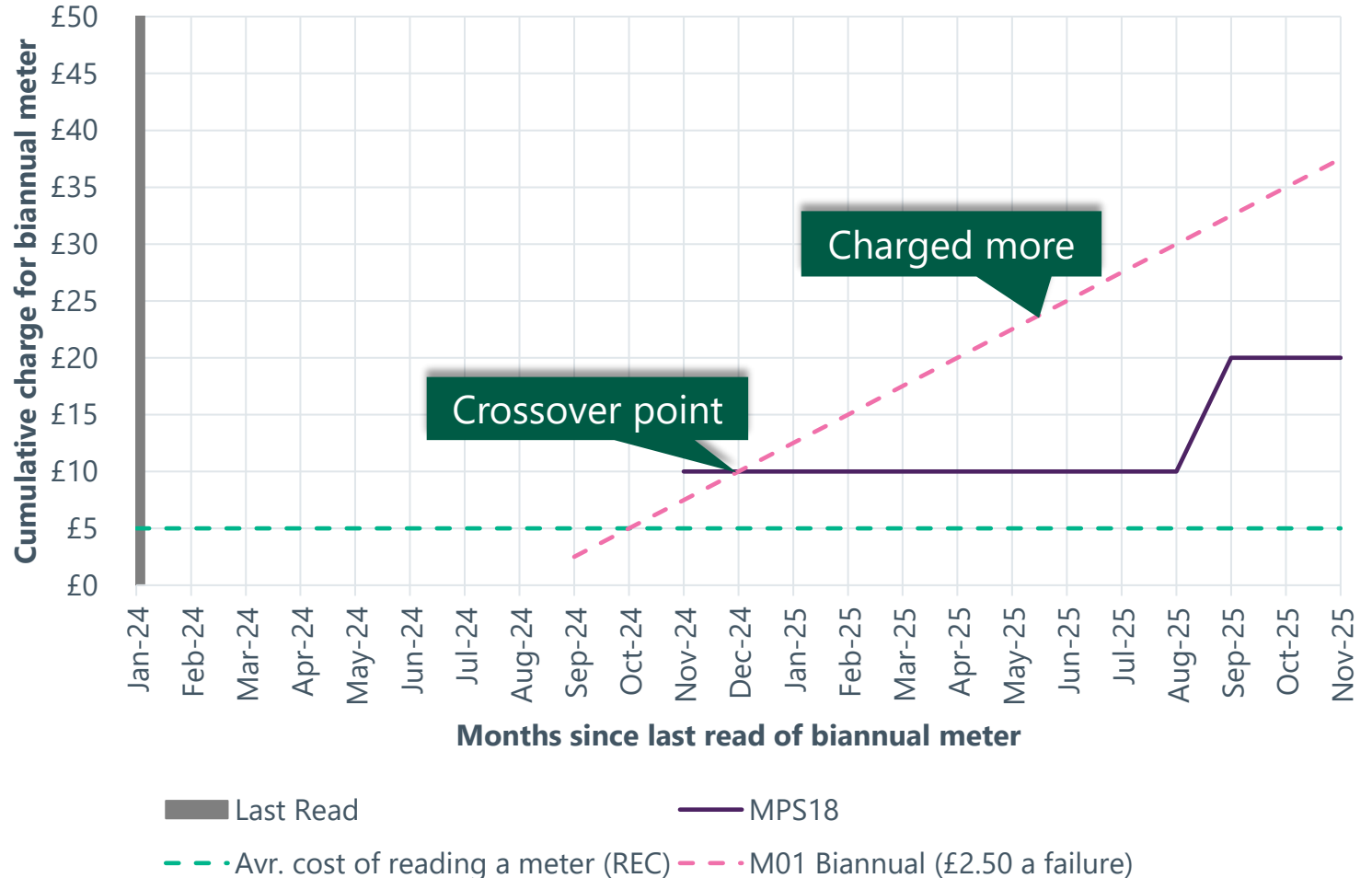
Background

- The new cyclic read KPI designs mean a meter with no read submitted within the SLA will be penalised and charged every month until a read is submitted to CMOS
- Charges accumulate more quickly at meter level than under the current MPF, where a failure 'resets' the SLA (i.e., 200 business days for a biannual meter)
- Note: charges only apply where a party is not performing to standard. Charges apply below the standard to protect customers against unresolved failures.

Charges vs activities and current MPF

- Charges should take account of the average cost of the activity being measured to provide strong additional incentive not to accept/ignore failures, and instead re-attempt missed reads quickly
- Incentive can also be created by providing a period, from the point of failure, where resolving a missed read is rewarded via a lower charge relative to the current MPF.

New v. current MPF charges for cyclic biannual meter reads



Charging for different meters

- Proposed charges should reflect different impacts of missing reads for different meter types
- As per current MPF, a single failure on a monthly meter should have a higher charge vs a single failure on a biannual meter. The same applies for a non-market meter vs a market meter
- Charges should be material for poor performers without exposing customers to higher risk of trading party failures and interim supply events
- MOSL considers proposals followed these principles but recognises **Biannual M19 charge (£17.50)** is not fully consistent with rationale for Biannual M01 and that £122.50 charge for a 7-month period could be considered disproportionate.

KPI	Proposed Unit Charge	Total charge for full SLA period (7 mths for biannual, 1 month for monthly meters) overdue a read	
		New MPF	Current MPF (pro rata to new SLA)
M01 Biannual	£2.50	£17.50	c£7
M01 Monthly	£17.50	£17.50	c£10
M02 Biannual	£2.50	£17.50	c£7
M02 Monthly	£17.50	£17.50	c£10
M19 Biannual	£17.50	£122.50	c£40
M19 Monthly	£17.50	£17.50	c£20

Proposal for Cyclic non-market meter reads (M19)

- Amending Biannual M19 charge to £10 improves consistency with Biannual M01
- £10 is 4 x £2.50 charge for Biannual M01, as per current MPF precedent where £40 charge for non-market meters is 4 x £10 charge for market meters
- £10 charge means Wholesalers have same period (4 months) as Retailers to resolve missed reads before charges exceed those under current MPF against the previous SLA.

KPI	Proposed Unit Charge	Total charge for full SLA period (7 months for biannual, 1 month for monthly meters) overdue a read	
		New MPF	Current MPF (pro rata to new SLA)
M19 Biannual original	£17.50	£122.50	c£40
M19 Biannual amended	£10	£70	

A read that is 7 months overdue at £10/failure/month (£70) still exceeds the current MPF charge for same period without a read (c£40).

- For reasons set out, MOSL is minded to reduce the charge for biannual M19 (cyclic non-market meter reads) from £17.50 to £10
- Pending new arguments and evidence today, MOSL is not minded to change proposed charges for any other cyclic read KPIs
- There have been no specific alternatives received with rationale, except for higher charges on M01 (cyclic non-smart meter reads) and M19 (cyclic non-market meter reads)
- MOSL considers current proposals already represent a stronger incentive for performance compared to current MPF charges.

Next steps

Change to proposals: minded to reduce the charge for biannual M19 only to £10

Open forum discussion



Format for discussion

**2
mins**

Agree on area(s) for discussion

**40
mins**

Discussion in the room

**3
mins**

Summary of discussion – agreement to move forward

MOSL

**Next steps
and close**



MOSL



Thank you!