



Reconciling customers having confidence in performance reporting and allowing companies to improve measurement

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Jon Ashley

Director for Outcomes and customer engagement

We want to explore today reconciling:

- customers having confidence in performance reporting; and
- allowing companies to improve measurement.

1. Company performance commitments should be clear, unambiguous, complete and concise.
2. Companies should commit to keeping the definitions of their performance commitments unchanged during 2020-25 and to follow our procedures for any changes.
3. Companies should commit that their ODI payments will only relate to real performance changes and not definitional, methodological or data changes in the performance commitment.
4. We might also want to consider a fourth draft principle: Companies should improve their measurement of performance so that it more accurately reflects the issue covered by the performance commitment.
5. The background note could have included a fifth draft principle: Companies should move towards the consistent reporting guidance and definitions as quickly as possible.

5 Options to prompt discussion

Option	Approach to performance commitment levels	Approach to performance reporting
1	Maintain price review performance commitment definitions and levels for five years.	Report performance using the same definition, methodology and data as used at the price review i.e. ignoring any improvements made to reporting performance.
2	Maintain price review performance commitment definitions and levels for five years.	Allow improvements to performance reporting, provided they are not material. Material improvements to performance reporting have to wait until the following price review to be implemented.
3	Maintain price review performance commitment definitions and levels for five years.	Allow all improvements to performance reporting. Any material effects on performance are not allowed to affect ODI payments to or from customers.
4	Dual report against: (i) the price review performance commitment definition and levels; and (ii) the performance commitment and corresponding levels consistent with the improved performance reporting.	Dual report performance according to: (i) the price review definition; and (ii) the improved performance reporting.
5	Update the performance commitments and levels each year (where applicable) as part of the in-period ODI determination process so that they are based on the latest improved performance reporting.	Report performance against the improved definition, which should be the same as the performance commitment definition agreed for the year at the preceding year's in-period ODI determination.