

Collaborative customer research steering group(s) meeting

13 June 2022

ofwat

CCW

The voice for water consumers
Llais defnyddwyr dŵr

Agenda

Welcome, intros and update

Actions from last meeting

ODI rates research – update

ODI rates research – Second pilot – results and proposals

Affordability and acceptability testing – proposal

Any other business

Next steps



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Actions from last meeting

Actions from 9 May 2022 and prior meetings

Action	Update
Ofwat will consider whether the approach to generating ODI rates should be i) included in the draft methodology and/or ii) developed in the context of the collaborative customer research steering group.	Ongoing consideration by Ofwat. The steering group will be kept informed as thinking develops.
Ofwat/CCW to develop a brief to enable customer service staff to i) understand that the fieldwork is underway and ii) encourage customers to participate.	Briefing will be developed/shared prior to fieldwork starting - expected by end June.
Ofwat/CCW to share draft fieldwork materials as soon as possible e.g., covering letter for PAF sampling approach.	Ofwat/CCW will respond to this action ahead of the main fieldwork starting - expected by end June.
All companies were invited to approach Ofwat/CCW if more specific discussion is needed on key points.	
Ofwat to consider when modelling results from the ODI rates fieldwork will be made available to companies.	Anonymised raw data will be shared as soon as available – currently planned for end August. We'll provide updates on timing of modelling results on an ongoing basis.
Ofwat to continue to develop the proposal for the Mapping task and finish group and may consult with a subset of companies to explore issues raised in this discussion.	Update today
Acceptability and affordability testing will be on the agenda for the next steering group meeting.	Update today



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ODI rates research – update

Contractual documents

- Contractual documents will be sent to companies, Accent and CCW for signing
- Changes of note since the last steering group meeting:
 - Provision for a postal option for NHH surveys using MOSL-retailer data
 - Including the option for reverting to the commercial lists approach to surveying NHH customers for some or all of the NHH survey if we encounter significant unforeseen problems with the MOSL-retailer data
 - Including the option of using company lists as a possible sampling method for NHH customers in Wales
 - Changes to the payment schedule.
- We were asked why Ofwat needed discretion to determine the allocation of the last balance of payments:
 - Too many variables at play to be prescriptive in advance
 - Strong onus on Ofwat to do this fairly and transparently.



Contractual documents – execution

First stage:

- Signing of adherence agreement and collaboration agreement documents by companies
- Signing of documents by CCW, Ofwat and Accent
- Signatures can be electronic
- Dates should not be added
- Signed pages, in pdf version to be sent to Ofwat in PDF form
- **By close tomorrow**

Final execution:

- Once we have a complete set of signature pages we will write to ask all parties to date the signatures
- This can be done by anyone in the organisation
- For the contract to be executed all the dating must be done on the same day by all 20 signatories
- Dated PDF versions of the signed pages to be sent to Ofwat
- If this is not completed on the same day by all parties, then we will need a second attempt.
- **We hope dating can be completed on Wednesday.**



Survey materials

- Minor changes have been made in response to company comments
- Tracked changes version will be sent to companies this week
- Final sign off of fieldwork materials at the end of this week.

Fieldwork methods

- No changes since the last meeting to HH method
 - Reminder - postcodes required from companies as per request, in order to be able to draw a sample
- NHH MOSL-retailer approach
 - MOSL data extract can be sent to Accent when the contract has been signed
 - Retailer data to be requested
- NHH Wales
 - Pursuing obtaining NHH sample from Welsh companies for customers in Wales
 - More consistent with England and better quality than commercial lists.

Choice methodology

- This will be covered in the next agenda item.

Mapping

- It is important that the mapping approach fits with the final methodology for the research. As such, we've adjusted our workplan to accommodate the second pilot.
- Some progress made since the last meeting:
 - Further definition of needs
 - Engagement with Ofwat engineers and WRW regional leads (particularly regarding supply-demand balances).
- More intensive work on this will start when fieldwork is underway and PR24 draft methodology has been published.
- Company involvement will be discussed at the next steering group meeting.





**ODI rates research –
Second pilot – results and
proposals**

Second pilot - results

Presentation from Accent/PJM Economics



Decision on methodology

Following discussion with CCW, PJM Economics, Accent and peer reviewers we have decided to adopt the two stage method with:

- The new pivot services tested in the second pilot
- Revised wording in the questionnaire for the compensation exercise.

Key drivers:

- Better internal consistency between the impact and compensation exercises in the second pilot
- Evidence from modelling of the combined exercise that respondents were insensitive to compensation amounts (suggestive of the choice questions being too complex for respondents)
- More empirical evidence from the second pilot for calibrating pivot values.





**Affordability and
acceptability testing –
proposal**

CCW/Ofwat are initiating the process of developing an approach to affordability and acceptability testing for PR24 business plans and draft determinations.

The key aims are to ensure that the research:

- produces meaningful results.
- approach is engaging and understandable for customers.
- provides a level of consistency and comparability across companies.
- takes into account wider affordability pressures that people are facing.

We have previously discussed some of the challenges with companies, at the April steering group meeting.

Current approach

CCW/Ofwat intend to engage specialists to help us develop fresh thinking on methods of testing affordability and acceptability of company business plans and Ofwat's draft determinations. We are considering how best to involve companies and wider stakeholders.

Further work may be required to develop methodology and materials for the research.

Our aim is to publish an approach for affordability and acceptability testing by the end of September.



Initial thoughts on scope for expert advice

The key considerations of the project will include:

- Developing a fresh and robust approach to the research – building on and improving what was done at PR19
- Consideration to any differences that need to be applied across England and Wales
- How the inclusion of the single social tariff can be applied
- How to best ensure consistency of application across companies and comparability of results
- How to ensure that the research is meaningful for customers.



Is there anything that companies specifically think we should be considering as part of the development of the research methodology?

Request for information

To assist in this work, we are requesting that companies and stakeholders contact us with the following information by the end of June:

- Examples of prior affordability and/or acceptability testing considered to be particularly effective;
- Ideas to improve on prior approaches to testing customers' views of the affordability and/or acceptability, given the current cost of living challenges and the importance of research being meaningful for customers and in decision making ; and
- An explanation of research that you have underway, or are planning, at company level (or involving multiple companies) that is seeking customers' views of acceptability and affordability concerns. We are particularly interested to understand the methodology being used, or proposed, and the related timelines for the research project.



Do steering group members have any immediate reflections on the areas covered in the request for information?



Any other business

Any other business

- Relationship between the COG and this steering group
- Publishing steering group and collaborative research materials
- PR24 draft methodology - update





Overall next steps / any
other business

ODI Rates Research

- Contract documents executed (top priority)
- Sign off materials
- Briefing pack for companies
- Prepare sample
- Commence fieldwork
- Further progress on mapping
- Procure the analysis and modelling phase of the research

Affordability and acceptability testing

- Responses to request for information

Draft methodology publication