

Meeting note

10:30am – 12:00pm, Friday 18 August 2023
via Microsoft Teams

BR-MeX industry workshop – meeting note

This note provides a summary of the key points raised by wholesalers, retailers and other stakeholders (with names excised) during the BR-MeX industry workshop meeting which took place on 18 August 2023 (Tuesday) at 10:30am.

The topic for discussion was how BR-MeX could incorporate elements of the reformed Market Performance Framework (MPF). In addition, Ofwat provided an update on the current progress of the development of the BR- MeX incentive.

The accompanying slides on our website [here](#) provide further details regarding the topics which was presented during the workshop.

Participants

Organisation	Participant
Ofwat	Shan Kent
	Sean Mills
	Mirena Hadzhigenov
IFF Research	Jessica Huntley-Hewitt
	Marc Cranney
	Eric Reynolds
Wholesalers	
AFW	Bernard Bradshaw
ANH	Matt Garfield
NES	Angela Brown
PRT	Sam Dawson
SES	Julie-Ann Anderson
SEW	Katrina Johnson

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	Emma Elmes
	Michelle Marvell
SRN	Brian Traynor
SSC	Mary Porter-Chorley
	Sarah Maddaford
SVT	Stephanie Hurrell
SWB	Brett Conibere
TMS	David Seymore
UUW	Paul Stelfox
WSX	Rosie Milsom
YKY	Kate Russell
Retailers	
UKWRC (Business Stream)	Trevor Nelson
UKWRC (Wave)	Wendy Monk
Other stakeholders	
CCW	Adam Boynes
MOSL	Samantha Webb
MOSL	Evan Joannette
Water Scan	James Pringle

Overview of BR-MeX working group discussion

Ofwat commenced by introducing the BR-MeX research partners (IFF Research) to the industry group. IFF provided an update on the progress of the B-MeX and R-MeX pilot work and an overview of next steps. Ofwat reminded the industry group of the high-level BR-MeX development timeline and subsequently introduced the main discussion topic of considering the role of MPF metrics in BR MeX.

Ofwat presented its current thinking of how MPF metrics could be included within the price control framework. Referring to MOSL's recent MPF reform consultation 3 [pre read materials](#) which set out a proposed shortlist of activities

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and metrics that will form the initial focus of the new MPF, Ofwat outlined a subset list of activities and metrics that could be considered further for inclusion in BR-MeX.

Ofwat invited the industry stakeholders to share their views on the emerging key performance indicators that may be most appropriate for inclusion within the final BR-MeX incentive design. The industry discussion focused on three main questions:

- Do you agree there is merit in including a subset of metrics in the BR MeX incentive?
- Do you agree that the activities and KPIs set out on slide 14 represent the 'right type' of metrics for inclusion within BR MeX?
- Are there other metrics within the reformed MPF that Ofwat should consider as part of BR MeX?

As noted above, the slide pack used during the session is available alongside the link to this meeting note on Ofwat's BR-MeX webpage [here](#).

Summary of group discussion

Progress update on the B-MeX and R-MeX pilot:

- CCW asked if IFF would be considering the size of customers when conducting the B-MeX survey. IFF confirmed that this wouldn't be the case for the cognitive interviews but will be a key consideration for the mainstage pilot work that will look to replicate the survey as close as possible.
- MOSL asked for clarification of whether Ofwat intended the underperformance penalties for BR-MeX to be sent directly to customers. Ofwat confirmed that the incentive would operate in the same way as other performance commitments with the resulting ODI payments resulting in a reduction in allowed revenue which will filter through to lower bills for customers.
- One retailer noted that the current MPF metrics are mainly aimed at wholesaler's reaction to service requests. The retailer asked if the current

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suite of metrics should include something to measure wholesaler 'proactivity' in preventing issues in the first place.

Overall thoughts on the MPF metrics inclusion in BR-MeX:

- Broadly, the industry participants agreed that MPF metrics should form a part of BR-MeX as this will provide a more holistic view of the wholesaler performance.
 - One wholesaler noted that the set of metrics discussed during the session involve the day-to-day operational work of the wholesaler and they believe this gives a more objective view of wholesaler performance, given the B-MeX survey is picking up issues that are not necessarily strictly market issues (e.g., supply interruptions).
 - Another wholesaler agreed but explicitly highlighted that the customer experience is key within BR-MeX.
 - MOSL expressed support for the inclusion of MPF metrics within the BR-MeX design noting that the current issue with the MPF is that penalties are low and therefore incentives are also low. If we want to move the dial it feels like we need the higher incentives in PR24.
- A few wholesalers who expressed support for the inclusion of MPF metrics within the BR-MeX design, noted the importance of including "the right metrics" and "the right level of challenge". They urged Ofwat to consider the wider context and reasoning behind the metrics.
 - Two wholesalers particularly noted the suggestion to include metric on average length of deferrals. They argued that this would make deferrals look like a bad thing. Although, one retailer noted that metrics of deferrals could be helpful to understand which wholesalers tend to defer more than others.
 - One wholesaler also stated that including a metric for long unread meters needs to be treated with caution as there are situations where wholesalers might opt to not adopt read for a good reason. The wholesaler urged Ofwat to consider the wider context for each metric and its impact on customers.
 - Another wholesaler reminded the group that SIM used to include a series of quantitative metrics that were dropped when it was

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- redesigned. They urged Ofwat to ensure that the reasoning behind that still holds true.
- One Retailer reminded that the metrics are not yet set as MOSL will be consulting on those.
- Two wholesalers suggested that Ofwat consider the "whole basket" of metrics, while another wholesaler suggested more high-level and holistic metrics are included in B-MeX as too detailed metrics might not be right to measure overall performance. One retailer reminded that the subset of MPF metrics will be just one part of the BR-MeX incentive, alongside the business customers (B-MeX survey) and retailer's views (R-MeX). They stated that although MPF is focused on more operational services the three elements together will provide a holistic overview of wholesalers' performance.

Data quality metrics:

- Some wholesalers were in favour of including data quality metrics in BR-MeX as this related to key customer outcome. One Wholesaler stated that data quality is a key determinant of customer end service. One Retailer noted that inaccurate bills are a core aspect of customer bad service and the driver behind this is poor asset data. Therefore, it's hard to see why the approach to data quality would be different to other wholesaler metrics such as the bilateral hub.
- While others were undecided. In particular, one wholesaler noted that data quality is a fast-moving area and will be likely to change significantly in the next couple of years which might pose challenges with a more rigid 5-year price control reviews structure.
- Another wholesaler noted that the current data cleanse being done by MOSL should provide a high bar for the current data in the market. There's then a question of whether it is worth incentivising further and would it just be better to measure companies' reactive response when retailers point out data issues in the day-to-day meter reading.

Additional metrics that Ofwat should consider:

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- MOSL raised the point that they would like to see a metric regarding unplanned events which is missing from the current suite of metrics. One wholesaler queried this, and questioned whether this would clash with other ODIs on unplanned outages elsewhere in the price control framework.
- One participant suggested a metric which could measure how many bilateral requests have to be raised as % of SPIDs., which could give a sense of how quickly wholesalers have dealt with the request.

Other considerations:

- One wholesaler and one retailer asked Ofwat to consider the interplay with MPF as the metrics included in BR-MeX might drive the wholesalers focus as they are attached to financial incentives.
- Another wholesaler asked Ofwat and MOSL to consider implications to the Market Improvement Fund (MIF) if some metrics are included within the price control.
- Some wholesalers urged Ofwat to ensure a joint-up approach between MPF, BR-MeX and the holistic reporting to avoid "triple" jeopardy, double fines or discrepancy (i.e., a wholesaler being fined under one of the measures, but being scored highly on another). One retailer stated that these are three different tools to further incentivise behaviour and reminded that currently there is MPS, and holistic reporting and the jeopardy risk seems to be managed.
- One wholesaler also noted the importance of learning from D-MeX by looking at how D-MeX metrics are driving delivery of better services.

Next steps:

- Ofwat noted that cognitive interviews are due to commence in August 2023 and Ofwat is planning further engagement with the BR-MeX working group to finalise the methodology for the main stage pilot fieldwork.
- MOSL are aiming to publish the third consultation on the MPF in September 2023 which will aim to agree the reformed MPF model and consider the shortlist of activities and metrics.
- Ofwat will incorporate stakeholder feedback into its thinking on how MPF.

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metrics could play a role in BR MeX, working with MOSL as they progress the MPF reform programme.