

Meeting note

10:30am – 12:00pm, Thursday 14 December 2023
via Microsoft Teams

BR-MeX industry workshop – meeting note

This note provides a summary of the key points discussed by wholesalers, retailers and other stakeholders during the BR-MeX industry workshop meeting which took place on Thursday 14th December 2023 at 10:30am. We have not in this note referenced names or companies against opinions or views expressed.

The topics for discussion included an overview of IFF's initial findings on the pilot fieldwork for the B-MeX survey, including questions of the quality of the sample data and data requirements. In addition to this, the workshop also discussed the potential role of MPF metrics in BR-MeX.

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

Participants

Organisation	Participant
Ofwat	Shan Kent
	Mirena Hadzhigenov
IFF Research	Jessica Huntley-Hewitt
	Marc Cranney
Wholesalers	
AFW	Bernard Bradshaw
ANH	Matthew Garfield
NES	Mark Wilkinson
PRT	Sam Dawson
SES	Julie-Ann Anderson
SEW	Katrina Johnson
	Michelle Marvell

Meeting note

SRN	Fruer, Andrew
SSC	Mary Porter-Chorley
SVT	Nikki Stannard
SWB	Brett Conibere
TMS	Gerard Lyden
UUW	Paul Stelfox
WSX	Sean Larkin
YKY	Kate Russell
Retailers	
UKWRC (Business Stream)	Trevor Nelson
UKWRC (Wave)	Lauren Walsh
UKWRC (Pennon)	Richard Barton
Other stakeholders	
CCW	Adam Boynes
MOSL	Samantha Webb
MOSL	Evan Joannette
Water Scan	Sindiso Bango-Dube

Overview of BR-MeX workshop session

Session 1 - IFF Research: Update on BR-MeX Pilot

Ofwat commenced by outlining the aims and agenda for the session. The BR-MeX research partner IFF provided an update on the initial findings on the B-MeX pilot working, noting that the fieldwork finished on Friday 8th December 2023, slightly over target with 1,408 completed interviews.

IFF outlined data on sample quality and preliminary response rates for the B-MeX survey. IFF explained that they are cleaning and processing the raw data and have begun drafting interim findings report. IFF particularly emphasised that response and completion rates are significantly lower where the customer contact record provided by the wholesaler (or via the bi-lateral hub) is 'poor'.

Meeting note

IFF highlighted that for the 'shadow' running period, it will be very important for wholesalers to provide consistently higher quality data on customer contacts, and that **wholesalers should start to initiate any work or system development now, in order to deliver high quality customer contact data to help deliver robust B-MeX survey results.**

The next step following the fieldwork would be a series of follow-up qualitative in-depth interviews with business customers to test refined B-MeX survey questions and explore any additional issues that have arisen during the pilot. 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 on the BR-MeX Pilot update

Questions regarding the B-MeX direct sample data quality:

- One wholesaler asked IFF what the benchmark is for assessing whether a customer contact record would be needed to be excluded from the sample.
- A few wholesalers urged IFF to share individual feedback on the sample quality, as soon as possible; as well as instructions on how to record the required data in a more effective way.
- Individual feedback from IFF or Ofwat concerning individual wholesaler issues with providing good quality customer contact data was highlighted as being crucial to ensure that wholesalers have enough time to implement system changes before the shadow period start in April 2024. Wholesalers noted that having the final list of data items for the shadow period, as soon as possible, will enable them to act promptly.
- Furthermore, wholesalers asked for further wider market "socialisation" update on the pilot fieldwork survey results in due course.

Reflections and questions on the B-MeX pilot fieldwork:

Meeting note

- One wholesaler asked whether the business customers who were interviewed during the pilot fieldwork struggled to differentiate between retailer versus wholesaler duties. IFF confirmed that they have within the B-MeX survey questionnaire included explanatory summary text and a question designed to confirm customers' understanding of the difference between the roles of the retailer and the wholesaler.
- Another wholesaler asked if IFF had any issues on getting through to speak to the right person for the purpose of the fieldwork surveys. IFF replied that they did not recall any particular issues but noted that they will look into this and will include it into the pilot analysis.
- One wholesaler asked about the response rate presented during the IFF's presentation and the reasons for the success response rate. IFF commented that this is a successful response rate, higher for the indirect contacts as the sample quality was better.
- Another question concerned a comparison with C-MeX in terms on response rate, but also lessons learnt to ensure that BR-MeX and C-MeX are joint-up. IFF and Ofwat confirmed that they are looking at C-MeX reports and agreed on the importance of lesson learnt.

Other questions and considerations:

- One wholesaler asked when the R-MeX fieldwork will be discussed and whether wholesalers will have the opportunity to feed into the development of the approach for R-MeX. The wholesaler also asked for analysis on the R-MeX scores vs comments from retailers, as they do not always feel that these are consistent. IFF noted that the R-MeX fieldwork is now complete and five in-depth follow up qualitative interviews are planned for January 2024. IFF also noted that the pilot changes to R-MeX were minimal. Ofwat confirmed that it will organise a working group session for discussion on R-MeX in February 2024.
- One wholesaler asked Ofwat to confirm a date for when the shadow period will be starting. Ofwat confirmed April 2024.
- One wholesaler asked if recordings from the pilot could be provided. IFF replied that this would be unlikely as for example there is a need to ensure the anonymity of survey respondents is appropriately preserved.

Meeting note

However, IFF noted that they will look into the question, including whether such an approach would be permissible under statute.

Session 2: The role of MPF metrics in BR-MeX

Ofwat presented a recap of previous BR-MeX workshop discussions and its work progress to date concerning the question of whether/how a subset of MPF metrics could or should be financially incentivised via PR24 as part of BR-MeX. Ofwat referred to the MOSL's MPF reform consultation 3 pre-read materials [here](#).

Ofwat presented its key considerations, objectives and criteria for assessing suitability of MPF activities and metrics for possible inclusion within BR-MeX and outlined the current list of possible candidate metrics to be considered. 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](#).

Ofwat invited the industry stakeholders to share their views of the draft principles which Ofwat propose to guide the choice and use of any MPF metrics or KPIs within BR-MeX. The industry discussion focused on two main questions:

- reflections regarding the draft principles for assessing suitability of MPF activities and metrics for possible inclusion within BR-MeX;
- immediate reactions or observations concerning the candidate list of MPF metrics and/or whether one or more would be particularly suitable for inclusion within BR-MeX

Summary of group discussion on the BR-MeX Pilot update

Overall thoughts on draft principals for assessing suitability of MPF metrics:

- Overall, the industry stakeholders agreed that the list of principles for assessing suitability of MPF activities and metrics for possible inclusion within BR-MeX is broadly appropriate. Comments included that the inclusion of any MPF metric within BR-MeX should be proportionate

Meeting note

against the potential financial effect it may have on a wholesaler. One wholesaler stressed the need for simplicity, for example for a limited set of MPF metrics within BR-MeX that clearly articulate impacts on customers and retailers.

- It was said that the proposed principles align well with the MPF set of principles, with the main difference being the principle of 'future proof' metrics within BR-MeX. Some industry representatives noted that wholesalers' improvements should be steady over the AMP period and BR-MeX needs to ensure it measures performance over time.
- Therefore, one retailer suggested that it is important for metrics to be agile and change over time so that they can be stretching enough to ensure improved performance over the AMP period, rather than allowing for metrics to lose their relevance over time.
- Some wholesalers also noted that the fixed AMP period removes some of the flexibility out of the MPF and asked if the targets will be flexible as part of BR-MeX. Ofwat agreed that the PR24 performance commitments – including any as part of BR-MeX – are generally fixed over the AMP period and so may be less flexible in terms of the scope or need for changing MPF metrics included as part of BR-MeX. For this reason, and among other things, it is important that any MPF metrics chosen for inclusion within BR-MeX are likely to remain robust and relevant over the next AMP.
- One wholesaler noted it might be challenging to apply in practice some of the principles. Another wholesaler said that it is important to tailor the principles to align with customers' needs and asked how Ofwat will find a balance between the principles versus what do customers want.
- Another wholesaler raised a fairness point noting that some of the metrics are more relevant for some wholesalers depending on the processes they use or whether they have any specific issues.
- One wholesaler suggested that Ofwat outlines what good looks like and then align the selected metrics to this.

Reflections on the candidate metrics proposed by Ofwat:

- One retailer commented on the activity A7 (Wholesalers should maintain working and readable assets (ie. meters), stating that it assesses wholesalers' reactivity or business as usual rather than incentivising proactivity.

Meeting note

- For some industry members, metrics M15/M18 stood out as more appropriate metrics in comparison with metrics related to premises data and smart metering.
- It was noted that Bilateral hub related metrics could be viewed as retailer service, not necessarily customer service.
- One wholesaler suggested the Ofwat consider for inclusion only those metrics that fully align with the proposed principals.
- Another wholesaler highlighted that MOSL and the industry have not yet finished assessing which MPF metrics might or might not merit inclusion as part of any reformed MPF.

Other considerations:

- One retailer asked for clarification on what Ofwat means when referring to double jeopardy. That is, any particular MPF metric may be subject to different kinds of conditions or penalties, which – while they may not necessarily be financial penalties – could arguably run concurrently with any financial penalty associated with that metric were it to be included within BR-MeX. The question turns on the extent to which such concurrent regimes (BR-MeX and MPF) could still create a form of double jeopardy. Ofwat clarified that when selecting any metrics to be included in BR-MeX it will aim at identifying and so minimising risks of double jeopardy in terms of financial penalty under both BR-MeX and MPF, but will also have regard to the potential for and likely significance of other forms of double jeopardy.
- One retailer asked about the decision-making process for inclusion of metrics within BR-MeX and in particular, who decides this. The retailer pointed out that for some areas of the wholesalers' performance the incentivisation could be greater in BR-MeX. Ofwat clarified that this will ultimately be a regulatory decision within the price review 2024 process with final decision in final determination. Ofwat nevertheless highlighted that Ofwat and MOSL are keen to understand industry's views about pros and cons of inclusion of MPF metrics within BR-MeX and any other views or concerns.
- One wholesaler raised the question of if and how wholesaler performance indicated by B-MeX, R-MeX and – where relevant – MPF metrics might be weighted to give a composite index of a wholesaler's overall performance.

Meeting note

Ofwat noted that this will be a regulatory decision with consultation via Draft determinations, and that we are also open to views on this matter.

Next steps:

- Ofwat noted that the B-MeX and R-MeX follow up qualitative stage is commencing now and anticipated to complete by end of January 2024. This stage will aim at testing refined survey questions and explore any additional issues that may have arisen during the pilot fieldwork.
- Ofwat will incorporate stakeholder feedback into its thinking on how MPF metrics could play a role in BR MeX, working in collaboration with MOSL as they progress the MPF reform programme.
- In February, Ofwat is planning further engagement with the BR-MeX working group to further discuss and understand views regarding the set of candidates MPF metrics that may be appropriate for inclusion within BR-MeX, and the principles for assessing these. In addition, Ofwat will set up a working group session on R-MeX which will be open for any interested industry representative to join.
- In March 2024, Ofwat plans to publish the B-MeX and R-MeX pilot reports, accompanied by guidance documents for the shadow period.