

Meeting note

10:00am – 11:30pm, Friday, 9 February 2024
via Microsoft Teams

BR-MeX Working Group – 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 Friday, 9 February. We have not in this note referenced names or companies against opinions or views expressed.

The topics for discussion was the potential role of MPF (Market Performance Framework) 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
	Hannah Johnson
Wholesalers	
AFW	Bernard Bradshaw
ANH	Matthew Garfield
NES	Andrea Burnett
PRT	Sam Dawson
SES	Julie-Ann Anderson
SEW	Katrina Johnson
	Michelle Marvell
SRN	Fruer, Andrew
SSC	Mary Porter-Chorley
SVT	Deborah Martin-Rerrie
SWB	Ryan Simmons

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TMS	Gerard Lyden
UUW	Paul Stelfox
WSX	Sean Larkin
YKY	Kate Russell
Retailers	
UKWRC (Business Stream)	Trevor Nelson
UKWRC (Wave)	Lauren Walsh
Other stakeholders	
CCW	Adam Boynes
MOSL	Samantha Webb
	Evan Joannette
	Janet Judge
	Oliver Robins

Overview of BR-MeX Working Group session

Ofwat commenced by outlining the aims and agenda for the session. Ofwat recapped the objectives and criteria for assessing suitability of the MPF activities and metrics which was discussed during BR-MeX Industry Workshop in December 2023. Based on industry's feedback on the proposed principles for assessing suitability of the MPF metrics for inclusion within BR-MeX, Ofwat outlined suggested revised principles.

Ofwat also presented a list of candidate MPF metrics which are currently under consideration for potential inclusion within BR-MeX. Since December 2023, Ofwat has been working with the Market Operator (MOSL) to help understand the MPF metrics that might be suitable for inclusion. Ofwat highlighted that the majority of the candidate metrics tend to fall short in terms of sufficiently meeting all principles. Nevertheless, Ofwat has identified some metrics which may be more or less suitable and proposed a shortlist on MPF metrics. It sought the BR-MeX Working Group views and feedback. As noted above, the slide pack

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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

Comments on the revised principles:

- Overall agreement with Ofwat revised and amended list of principles for assessing which MPF metrics are appropriate for inclusion within BR-MeX.

Views on the candidate metrics for inclusion within BR-MeX

- Some Wholesalers expressed concerns that the list of candidate metrics seems narrow in terms of overall wholesaler impact and too focused on bilateral performance and/or metering issues.
- Several Wholesalers, along with a Retailer and CCW, raised concerns regarding the representativeness of BR-MeX across the entire business customer base, rather than just specific segments. They observed that the current focus of the proposed MPF metrics for inclusion in BR-MeX appear to heavily emphasize metered customers. There was a collective appeal for the consideration of the inclusion of unmeasured business customers within the scope of BR-MeX. Ofwat noted in this regard that the principles related to end-customer service and the design of the BR-MeX survey are intended to encompass all customer segments and should adequately capture the overall impact on customers.
- Overall, there was consensus that a carefully chosen subset of MPF metrics could align well with BR-MeX, provided the appropriate selection of metrics is made.

Metric M12 (Proportion of premises address data accuracy)

- Retailers and certain Wholesalers advocate for the inclusion of M12 in the shortlist of metrics. They argue that it plays a pivotal role in achieving

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market objectives, particularly in ensuring the completeness and accuracy of wholesale data.

- On the other hand, other Wholesalers highlighted that the industry is currently undergoing data cleansing efforts, the outcome of which remains uncertain. This uncertainty poses a challenge in relation to the futureproofing of BR-MeX measures, especially considering the timelines for completing the data cleansing process and the necessity to validate metrics through Final Determinations.
- MOSL acknowledges that M12 aligns with market objectives and integrates well into MPF (Market Performance Framework).
- One Wholesaler suggests that M12 and M14 could complement each other effectively.

Metrics M16 (Proportion of Deferred ORIDs) and M17 (Average length of deferrals per ORID)

Wholesalers emphasized that deferrals are not exclusively within their control and do not serve as an accurate indicator of performance, thus there is a risk here of failing to align with the principles for assessing MPF metrics.

Metric M10 (Long Unread Meters (LUMs) with outstanding B5 or C1 bilateral request)

- Wholesalers had about M10 which were similar to those expressed above, highlighting in particular that long unread meters may not accurately reflect wholesalers' performance.
- One Wholesaler strongly asserted that M10 fails to meet the principles for assessing MPF metrics, citing concerns uncertainty about the behaviours that might emerge, contingent upon different approaches in each region.
- CCW acknowledged that the problem of long unread meters significantly affects customers and suggested that M10 merits consideration. They emphasized that since not all measures will ever be entirely within wholesalers' control, this should not be a reason for exclusion.

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Metrics M19 (Cyclic non-market meter reads performed within SLA) and M21 (Lateness of overdue cyclic non-market meter reads)

- Some Wholesalers voiced concerns regarding non-market meter reads, suggesting that this metric might not pass the proportionality principle, given its impact on only 7% of meters in the market; and appear to be at the edge of water service provisions.

Metrics under Activity A6 (Wholesalers should maintain asset and premises data)

- One Retailer noted that activity A6 is about maintaining assets and premise data which is important and so metrics associated with this activity should be included in consideration of metrics.

Views on the proposed shortlist of metrics for inclusion in BR-MeX – M15 and M18

- While some Wholesalers acknowledged that the shortlisted metrics are high in volume, they sought clarification on why these particular metrics were chosen. Ofwat responded by highlighting that these metrics tend to better meet the principles for assessing MPF metrics, including that they tend to be relatively simple, measurable, and capture a significant proportion of affected outcomes. Ofwat consider that they are more likely to be relatively stable over time and therefore rate better in terms of "future-proofing".
- Concerns were raised about the lack of an overview of the customer experience and general service provisions in the shortlisted metrics. It was noted that the current focus seems to be primarily on measuring customer experience during bilateral contacts rather than across the entirety of wholesalers' services.
- The call for expanding the scope received support from the Customer Representative as well.
- Some Wholesalers proposed including the current OPS basket of metrics in BR-MeX, citing the ease of measurement and the provision of a more balanced and holistic view of wholesalers' performance. However, MOSL cautioned that integrating the entire OPS basket would necessitate

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creating a new metrics within the MPF potentially adding complexity, while B5 and C1 metrics are more established and reliable.

- Ofwat commented that a broader scope could have advantages in terms of capturing more aspects of customer experiences but may have disadvantages in terms of being less straightforward, less clear, and less stable over time. Ofwat also highlighted the uncertainty surrounding which OPS measures will be incorporated into the MPF framework, emphasizing the ongoing challenge of translating concepts into fixed price reviews in the dynamic MPF landscape.
- A suggestion arose to merge M15 and M18 in a manner that provides insights into the customer experience, especially since these metrics predominantly apply to B5 and C1.

Other considerations:

- CCW sought clarification on the future proof points of the MPF metrics within BR-MeX and the performance levels attached; and whether those will be fixed or subject to change. One Wholesaler noted that there are mechanisms for changes to definitions in AMP period. Ofwat reminded participants that this is potentially one of the downsides of incorporating MPF metrics into BR-MeX. Under PR24 Ofwat will be looking into fixed set of parameters and metrics as this set the incentives for the next AMP period with little or no regulatory appetite for mid-AMP re-openers. However, Ofwat noted that in line with the rules on changes to the market codes, the metrics could change under code modification. Ofwat commented that any changes to MPF should therefore also be considered in cross-reference to the (relatively) fixed PR24 framework. Ofwat further reminded participants that final decision on whether MPF metrics will be included in BR-MeX has not yet been taken as we are in an exploration stage.
- An overarching point was raised regarding the need for clarity on the timing of when the MPF metrics should be pinned down. Wholesalers sought clarity on whether metrics need to be pinned down by Draft Determinations or whether the industry has time until Final Determination to test MPF metrics and clear hurdles. Participants noted

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that for most metrics the solution should be agreed by December, but industry will focus their attention and where significant uncertainty remains for some metrics, then these can be dropped from consideration. MOSL noted that the last stage of the MPF work will focus on performance levels and final incentives, but these considerations will be ready potentially sooner than December. Ofwat noted that Final Determinations (FDs) in December 2024 is the 'drop dead' deadline, but these will in any case need a reasonable signal or direction of travel in Draft Determinations (DDs), due in June. Ofwat noted that there is correspondingly some room for further adjustments between DD and FD.

- There was a question on weighting of the BR-MeX components. Ofwat noted that this is still a variable parameter to be decided by Final Determination in December 2024.
- One Wholesaler noted that BR-MeX and MPF should complement each other which might mean fewer MPF metrics in BR-MeX but more significant financial implications.

Next steps:

- Ofwat will take away the points from the discussion and will consider next steps, in particular on the issue around timing and managing uncertainty around some of the MPF metrics.
- Another workshop will be scheduled once there is more clarity, probably towards the end of March 2024.