



## Gate 3: Draft Recommendation Report

# CPW072: Setting MPS15 Charges to Zero

What stage is this document in the process?

01	Change Proposal
02	Consultation
03	<b>Draft Report</b>
04	Final Report

### Summary

This proposal seeks to remove financial disincentives in the Market Performance Framework to submit late meter reads.

### Recommendation

The Panel is invited to:



- **AGREE** to recommend the implementation of CPW072 to the Authority for approval;
- **AGREE** to recommend an implementation date of:
  - 1 October 2019, if Authority approval is received by 20 September 2019; or
  - 1 November 2019, if Authority approval is received by 23 October 2019.

### Proposer

Jessie Wright  
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### Any Questions?

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### Impacts



Impacts on:

- Code Subsidiary Document (CSD) 0002 Market Performance Framework
- Trading Parties



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## About this document

This document is the Draft Recommendation Report for CPW072. This document provides detailed information on the issue CPW072 seeks to resolve, the solutions, an assessment of the solutions’ impacts and costs, an implementation timetable, the proposer’s views on the change and discussions held at the MPC.

This document has 2 attachments:

- Attachment 1 contains the change proposal for CPW072;
- Attachment 2 contains the draft legal text for CSD 002

The Panel will consider this change at its meeting on 27 August 2019, where it will determine whether CPW072 should be recommended for approval or rejection.

For further information, please see the Panel change proposal Log on the MOSL website or contact the Panel Secretariat at: [panel.secretariat@mosl.co.uk](mailto:panel.secretariat@mosl.co.uk).

## 1 Executive Summary

### 1.1 What is the issue?

MPS 15 measures the time between a retailer cyclic meter read date and the date the meter read (T105.R) was submitted. Performance on the standard is measured at the point of actual submission, and not at the point of expected submission.

Whilst there are financial incentives to submit a read up to 10 Business Days following the meter read date, after this point the standard currently provides financial incentives not to submit a meter read.

This breaks down into two main issues;

1. Reads submitted late will incur a financial penalty, but unsubmitted reads will not, despite a late read being in the greater interests of the market
2. Many retailers are still conducting significant amounts of data-cleanse, of which much of this activity is focused on long unread meters. However, they are charged for doing so.

The timely submission of retailer cyclic meter reads is also measured under MPS 18 and MPS 19. Should a read fail to be submitted by the expiry of the relevant time parameter for these standards (160 Business Days/40 Business Days), the retailer will incur a financial penalty of £20.

### 1.2 What is the Proposed Solution?

The proposed solution is to set the MPS15 charge for the late submission of a meter read to £0.

### 1.3 Impacts

The impacts of implementing the proposed solution are:

<b>Trading Party Impacts</b>
N/A
<b>MOSL Impacts</b>
There will be no CMOS impacts but there will be a one-off change to the MPS calculation script. There are no additional operational impacts on MOSL.
<b>Consumer Impacts</b>
N/A
<b>Impacts on CMA – Scotland</b>
N/A
<b>Impacts on Market Codes</b>
CSD 0002 Market Performance Framework.

### 1.4 Costs

Cost Type	MOSL	Trading Parties
<b>Implementation</b>	Minimal	None
<b>Ongoing Operational</b>	None	None
<b>Other</b>	Assessment Costs	None



## 1.5 Implementation Date

MOSL recommends an implementation date of:

- 1 October 2019, if Authority approval is received by 20 September 2019 or;
- 1 November 2019, if Authority approval is received by 23 October 2019.

## 2 Why Change?

### 2.1 Background

MPS 15 measures the time between a retailer cyclic meter read date and the date the meter read (T105.R) was submitted. The standard has an service level standard of 5 Business Days (BD) and subsequent time parameters as follows;

- 5-10BD: £0
- 10-60BD: £5 (level 1)
- 60+BD: £5 (level 2-1)

The standard is measured at the point of submission, meaning a meter read submitted late will only fail and be charged at the point the meter read is submitted. Non-submission of a meter read will therefore result in no MPS penalties. This creates a disincentive to submit late meter reads which, particularly given the focus on increasing the accuracy of settlement, is disincentivising behaviour in the market interest.

MPS 15 is relatively high-performing, with the overall market performance in FY 18/19 the joint second highest performing standard across the Retailer MPS despite significant 'data-cleanse' activity from some of the largest retailers.

Retailer	Overall MPS Performance	MPS 15 Performance	Months with 90%+ (MPS 15)
ADSM-R	91%	88%	10
AFFINITY-R	88%	94%	9
ANGLIAN-R	73%	84%	7
BLACKPOOL-R	84%	93%	3
BUSSTREAM-R	67%	79%	5
CASTLE-R	59%	70%	3
CLEARBUS-R	76%	93%	9
DWRCYMRU-R	98%	99%	12
EVERFLOW-R	76%	76%	4
FIRSTBW-R	85%	95%	7
GREENEKING-R	90%	94%	9
MARSTONS-R	93%	94%	9
NORTHUM-R	66%	69%	0
SEVERN-R	65%	76%	0
SMARTA-R	86%	72%	1
SOUTHWEST-R	77%	87%	9
SUTTON-R	55%	50%	1
TORWATER-R	93%	92%	6
TWRC-R	89%	89%	5
UNITED-R	82%	81%	1

Retailer	Overall MPS Performance	MPS 15 Performance	Months with 90%+ (MPS 15)
WATER2BUS-R	88%	93%	9
WAVE-R	86%	91%	5
WHITBREAD-R	89%	94%	10
YORKSHIRE-R	91%	95%	11
<b>Total</b>	<b>75%</b>	<b>83%</b>	

When looking at failures, there is a reasonably heavy distribution in the later failures compared to other standards

Retailer	5-10BD	10-60BD	60BD+
ADSM-R	40%	41%	19%
AFFINITY-R	47%	37%	15%
ANGLIAN-R	13%	42%	45%
BLACKPOOL-R	15%	85%	0%
BUSSTREAM-R	8%	46%	46%
CASTLE-R	21%	54%	25%
CLEARBUS-R	29%	57%	14%
DWRCYMRU-R	37%	63%	0%
EVERFLOW-R	39%	57%	4%
FIRSTBW-R	58%	39%	3%
GREENEKING-R	23%	60%	17%
MARSTONS-R	30%	60%	9%
NORTHUM-R	67%	24%	9%
SEVERN-R	38%	47%	15%
SMARTA-R	0%	100%	0%
SOUTHWEST-R	19%	30%	51%
SUTTON-R	34%	50%	16%
TORWATER-R	81%	19%	0%
TWRC-R	44%	50%	6%
UNITED-R	43%	46%	11%
WATER2BUS-R	65%	25%	10%
WAVE-R	66%	24%	10%
WHITBREAD-R	33%	61%	6%
YORKSHIRE-R	41%	49%	10%
<b>Total</b>	<b>32%</b>	<b>45%</b>	<b>23%</b>

Two main conclusions can be drawn from this data:

- The standard is relatively high-performing, with a significant proportion of failures from certain retailers seemingly coming from data cleanse activity versus business as usual or process issues
- There is no evidence of an incentive to not hit the next time parameter.

### 3 Solution

It is proposed that the MPS15 charge is set to zero with the following amendment made to table 1: Market Performance Standard Charges of CSD002:

No	Context	Success criteria	Time Parameter 1 (Time Parameter in Code)		Time Parameter 2		Time Parameter 3	
MPS15	Late Meter Read submission	The T105.R (Submit Meter Read) is received by the Market Operator within five (5) BD of the Meter Read Date contained within the transaction in respect of a Regular Cyclic Read. This standard applies for all Meter Treatment types except Cross-Border Meters.	5 BD	Level 0 £0	Level 1 10 BD	£0	60 BD	Level 2 minus Level 1 £0

#### 3.1 Draft Legal Text

The proposed legal text changes to the market codes to deliver CPW002 can be found in:

- Attachment 2 – Draft Legal Text for CSD 0002

### 4 Impacts

The following section sets out the impacts associated with the implementation of CPW072.

#### 5.1 CMOS Impacts

There are no additional MOSL impacts envisaged with this change proposal.

#### 5.2 Trading Party Impacts

This solution would remove the disincentive to submit late meter reads which would have incurred MPS15 charges

#### 5.3 MOSL Impacts

This change would require a minor change to the charge calculation run by MOSL

## 5 Costs

The estimated implementation cost to deliver CPW072 is minimal.

Cost Type	MOSL	Trading Parties
Implementation	Minimal	None
Ongoing Operational	None	None
Other	Assessment Costs	None

*Table 1 – costs of delivering the proposed solution of CPW072*

### 6.1 MOSL Costs

Implementation of this change will bear no additional costs on MOSL.

### 6.2 CMOS Costs

No CMOS costs will be incurred to implement this change.

### 6.3 Trading Party Costs

No trading party costs are envisaged to implement this change.

## 6 Implementation

### 7.1 Recommended implementation date

MOSL recommends an implementation date of:

- 1 October 2019, if Authority approval is received by 20 September 2019; or
- 1 November 2019, if Authority approval is received by 23 October 2019.

## 7 Case for Change

This section contains the views of the proposer regarding how the change facilitates the Objectives and Principles of the WRC.

### 7.1 Proposer's views

The proposer believes that CPW072 furthers the principles of efficiency and as outlined in the change proposal form.

Objective & Principles	Facilitates
Efficiency	This change will remove financial disincentives to submit late meter reads and therefore not penalise data submissions aiding accurate settlement
Proportionality	Late meter read submissions are also charged for under MPS 18 and 19. This change will remove duplication of charges.

*Table 2 – proposer's views on the Objectives and Principles of the WRC*

## 8 MPC Discussions

The MPC discussed this change, and timeframe to implement, on 31 July 2019. The MPC initially explored arguments for the removal of MPS 15 but were minded to keep the standard for





monitoring and visibility whilst removing the financial disincentives to submit late meter reads. It was viewed that increasing the submission of consumption data, particularly at this stage in the market, better served increasing the accuracy of settlement. The MPC unanimously agreed on this change.

## 9 Panel Decision

### 10.1 Recommend to Approve/Reject

As this is the draft Recommendation Report for CPW072, this section will be completed following the Panel decision on 27 August 2019.

### 10.2 Objectives and Principles

As this is the draft Recommendation Report for CPW072, this section will be completed following the Panel decision on 27 August 2019.

## 10 Recommendation

The Panel is invited to:

- **AGREE** to recommend the implementation of CPW072 to the Authority for approval;
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  - 1 October 2019, if Authority approval is received by 20 September 2019 or;
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