

Information notice

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Opening a new retail market for non-household customers – roles, responsibilities and governance for the Open Water programme after May 2015

This information notice provides an update on the roles, responsibilities and governance for different organisations after May 2015 in delivering the Open Water programme. This programme involves opening a new market for water and wastewater retail services for non-household customers in England by April 2017.

Background

Currently only non-household customers using more than five million litres of water a year in England – or fifty million litres a year in Wales – are able to choose their supplier of water services. The [Water Act 2014](#) enables the creation of a new market that will allow all non-household customers in England to choose their supplier by April 2017.

In 2012, the UK Government established a group of key stakeholders, (the ‘High Level

Group’), including us, to help prepare for a new retail market and other market reforms. The High Level Group (HLG) established the ‘[Open Water](#)’ programme to deliver this work. In December 2013 the HLG established Open Water Market Limited (OWML) – a company limited by guarantee and with an appointed board of directors – as the entity to take forward and govern that programme of work.

We announced in February 2015, that OWML would be wound down after May and that its work would be allocated between Market Operator Services Limited (MOSL) – a private company – and Ofwat. We also highlighted that the allocation of roles and responsibilities after May was subject to further discussion and engagement and that we would inform stakeholders of the new arrangements as soon as possible.

To provide clarity to all stakeholders, we have published:

- ‘[Roles, responsibilities and governance of the Open Water programme and transition post May 2015](#)’; and
- ‘[Open Water programme – roles of different organisations for individual pieces of work](#)’

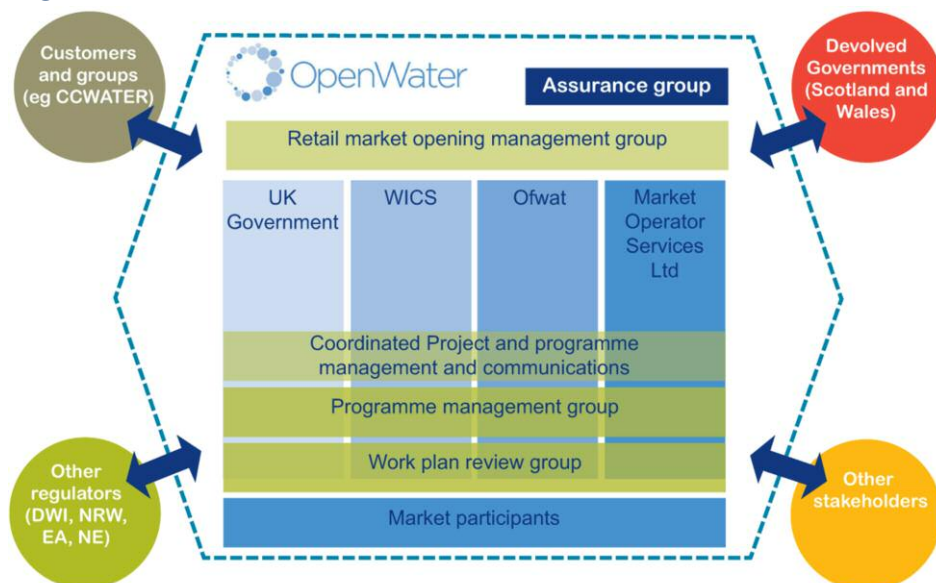
We prepared these notes in consultation with Defra, OWML and MOSL.

- Below we summarise the roles, responsibilities and governance for the Open Water programme after May 2015;
- the transfer of responsibilities from OWML to MOSL and Ofwat; and
- collective activities to be carried out by Open Water programme participants.

The [latest integrated market](#)

This is a formal document that alerts our stakeholders to a change in the way that we regulate the water sector in England and Wales.

Figure 1



opening plan sets out the timing of different activities in opening the new market.

Roles, responsibilities and governance after May 2015

The four groups that will deliver the core Open Water programme after May 2015 are as follows.

Government (including the UK Government, represented principally by **Defra**, and the **Scottish Government**).

Economic regulators (including **Ofwat** as the economic regulator for water and wastewater services in England and Wales and the Water Industry Commission for Scotland, **WICS**, as the Scottish regulator).

Market participants collectively, including new entrants, holders of existing retail licences and both

incumbent wholesale and retail businesses. These participants will seek to ensure that the new arrangements are open, transparent, and do not create unnecessary barriers to entry. Market participants are currently represented by **Open Water Market Ltd** and we expect that, following the transition of work, market participants will continue to be represented through **Market Operator Services Ltd**, with a balanced board and governance arrangements that give equal voices to incumbents and new entrants.

Market participants individually (as well as operating collectively to ensure delivery of the central market operator role and systems) will have market readiness work to carry out within their own organisations, and important decisions to take regarding their proposed approach and

strategy towards the new market.

These parties have agreed to work together collectively as part of a single integrated programme to ensure the delivery of choice for all non-household customers in England by April 2017.

There are many other critical stakeholders and interested parties who we expect to play a key role in the development of the new market arrangements. This includes:

- customers and their representative groups such as the Consumer Council for Water (CCWater); and
- other regulators, including:
 - the Drinking Water Inspectorate (DWI);
 - the Environment Agency (EA);
 - Natural Resources Wales (NRW); and
 - Natural England (NE).

This wider group of interested parties will be engaged, along with market participants, Government and regulators through an 'Assurance Group', which will provide input to the UK Government – and support the decision the Secretary of State will need to take for the market to 'go live'.

Figure 1 summarises the governance of the Open Water

programme after May 2015.

Governance of the 'core' Open Water programme Transfer of responsibilities to MOSL and Ofwat

OWML is currently carrying out a range of activities for the opening of the retail market. We expect many of these to be substantively complete by early 2015. After May 2015 we expect OWML to be wound-up and the ongoing work transferred to MOSL and Ofwat. Figure 2 summarises the planned transfer of responsibilities.

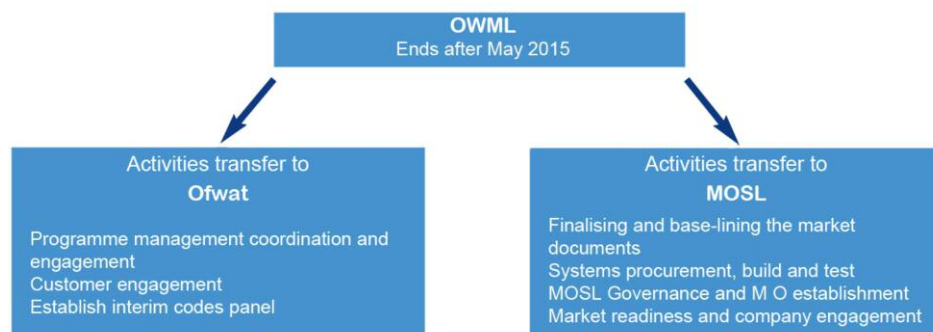
Collective programme activities

There are also a range of activities on which there will need to be a co-ordinated approach across the programme, including the following.

Project and Programme Management (PPM) and communications – we expect to be accountable for this activity even though responsibility will be shared across the programme participants.

Assurance framework – an overall assurance framework for the programme will be owned by the Retail Market Opening Management Group.

Figure 2



Once this is in place, it will likely result in various assurance aspects being allocated to different parties.

Next steps

All the programme parties are committed to implementing the changes to roles, responsibilities and governance in a sensible and managed way as quickly as possible. Critically we must ensure that the momentum of this work can continue to enable the market to open in April 2017. An important aspect of this is agreeing the overall budget for this work. We are currently working through the cost implications of this work and will provide further information as the transition dates are finalised.

Enquiries

If you have any questions about this information notice or any of our requirements, please send them to retailmarketopening@ofwat.gsi.gov.uk.

More information

Water Act 2014, www.legislation.gov.uk

[Retail market opening webpage](#)

[Roles, responsibilities and governance of the Open Water programme and transition post May 2015, May 2015](#)

[Open Water programme – roles of different organisations for individual pieces of work, May 2015](#)

[Latest integrated market opening plan](#)

[Letter from Ofwat Chief Executive Cathryn Ross to water companies to update them on the opening of the non-household retail market, February 2015](#)

[Open Water website](#)

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