

# TELECOMplusPLC

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OFWAT (The Water Services Regulation Authority)  
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Dear Sirs,

### **Introducing Competition to Residential Customers in England**

We refer to the summary of emerging findings, dated July 2016, regarding the costs and benefits of introducing competition into the water market for residential customers in England.

Telecom Plus plc (trading as Utility Warehouse) is a multi-utility retailer of energy (gas and electricity) and communications services (mobile phone, fixed line telephony and broadband) in the UK. We have a growing customer base, and currently around 600,000 customers taking over 2 million services from us. We are constantly looking to add other essential household utilities to our portfolio of services and therefore will shortly be launching insurance to our existing members

We consider that deregulating the residential water market in England would create real benefits for consumers, and we would like to take this opportunity to express our view on some of the points made in the summary of emerging findings.

As a fully integrated provider of energy and communications services, we consider that we deliver unparalleled levels of operating efficiency to our customers. By spreading a single set of billing and customer service overheads across our multiple service offerings, our customers benefit from both significant savings and invoicing simplicity (we can provide one convenient monthly bill for all their utilities). Our track record proves that this model works efficiently (thereby generating savings), and we consider that our customers agree.

We do not consider that the projected cost of acquiring customers (ranging from £8 to £15) applies to Telecom Plus, and that we could acquire new customers for far less. Therefore, we anticipate being able to pass on to consumers greater savings than 2% off the average water bill. Our unique route to market means that we have a network of customers making personal recommendations to potential customers. Therefore, we do not need to rely on expensive advertising, direct marketing or price comparison websites to win new customers and grow our business.

In our view, introducing competition would encourage innovation in the residential water market. Technological innovation is positively changing consumers' experience in many sectors, and the utilities sector is no exception. We are confident that we could deliver innovation to residential water customers, which would enhance customer experience. By way of example, we have launched a mobile app for our customers, enabling them to submit meter readings, top-up their mobile phones and track their mobile usage. We can foresee similar applications of technology within the water sector. Providing customers timely and relevant information on their water usage, together with other technological innovations such as real time water monitors (perhaps linked also to insurance) would enable them to better manage their water consumption, thereby reducing their impact on the environment and the size of their water bills.

Fundamentally, we believe that competitive utilities markets are wholly positive for consumers. Further regulation of the residential water market would not provide consumer choice or drive innovation in the same way that competition would. Most importantly, it is difficult to see how opting for a solution that does not introduce competition will drive the efficiencies that could lower prices for customers. We are confident that we could offer attractive pricing to consumers that would encourage them to switch to us.

We hope that the above points will be fully considered when you provide your evidence and analysis to the Government on extending retail competition to household water customers in England.

Yours Faithfully

Stephen Veal  
Energy Director