



Owat
Centre City Tower
7 Hill Street
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10 February 2017

Dear Sirs

Monitoring the business retail market from April 2017: a consultation

We welcome the opportunity to provide feedback on Ofwat's proposals for monitoring the retail market in 2017 and are broadly supportive of the proposals set out in the consultation document.

We feel it is important to maintain a level of flexibility in the reporting regime in the early stages of the new market to allow all parties to better understand the value of the proposed metrics. As the market matures, we accept that reporting requirements may change. Increasing customer awareness levels may naturally draw out further requirements from business customers which could aid their understanding of the market and those operating within it.

Information from the Market Operator

Appendix 1 sets out the market data Ofwat propose to collect from the Market Operator. Whilst we are in agreement with the majority of data items proposed, we are not clear on the rationale behind collecting 'Occupancy Status' data. The reasons set out do not appear to be critical to the functioning of the business retail market. Resilience or demand issues should already be considered as part of existing regulatory reporting requirements through Wholesale businesses (i.e. Water Resources Management Plan etc.).

Information from Retailers

We must strike a balance between the potential burden of reporting against Ofwat's responsibilities to monitor the market effectively. We support proposals to initially only request data on an annual basis and assess the suitability of this frequency as the market matures.

At Ofwat's workshop held in October 2016, Retailers were clear that they would face particular challenges in relation to reporting on micro-businesses. At market opening, Retailers will not hold complete details of all micro-businesses that they serve and it will take some time to collect this data and ensure that all relevant customers are 'flagged' appropriately. We plan to build our database using the following processes to identify micro-businesses;

- New customer acquisition
- Customer registration on our online portal
- First contact
- Change of Terms & Conditions

It will therefore take time for Retailers to be able to identify all micro-businesses and this may impact on our ability to fully segment customer data for early stage reporting.

Appendix 2 of the consultation sets out proposed data items to be provided by Retailers. With the exception of the following two items, we agree with this list.

- Water Efficiency Measures
 - We would like Ofwat to provide further details on this metric. Do you wish to provide information regarding the water efficiency services offered by individual Retailers, or something more tangible?
- Tariff Data
 - Again, we would like Ofwat to provide further details on this metric. Tariffs are subject to a 2.5% margin (regulated) and Wholesale Tariff Data (which forms the majority of a customer bill) is already published on an annual basis. What specific data would Ofwat expect to see? Is the intention to provide an element of price comparison information to business customers?

Publication of Information

We agree with proposals to publish data for end customers in the interests of trust and transparency on the understanding that this should not provide information which could lead to the identification of an individual customer, or contain commercially sensitive data putting a Retailer at a commercial advantage or disadvantage. The current data items outlined within the appendices do not pose a problem with respect to this.

We understand that significant effort has been made to refresh the Open Water website in the run up to market opening. As an established 'brand' with existing online presence, we believe that this would be a suitable site to continue to use to display the data collected. The recently launched 'Discover Water' website provides a clear and easy to understand overview of individual company performance. This format could be applied to the publication of Retailer data.

Consultation Outcomes

Finally, it is important that the data requirements are finalised and communicated to Retailers in advance of market opening on 01 April 2017. This will help to ensure that all Retailers are capturing the relevant data to agreed standards from day 1.

We look forward to receiving the final framework and reporting requirements. If you would like to discuss any aspect of our response in more detail, please do not hesitate to contact me.

Yours sincerely



Christopher Offer
Director of Regulation & Corporate Affairs