

Monitoring the Business Retail Market from April 2017: A consultation

The Utilities Intermediaries Association (UIA) Response to the Ofwat consultation: February 2017

The UIA considers that with a customer base of 1.2 million, the monitoring by Ofwat outlined in this consultation, plus the pursuing to compliance of those under licence who consistently miss the target should be manageable and will ensure that the market does not stray from the principles acceptable in such a market opening.

However, the following points are proposed to help further and therefore are set out for your consideration. Legend: Q1 = Question 1. A1 = Answer to Q1.

Q1 Are there any other objectives that market monitoring could or should fulfil in addition to those mentioned in section 2.3?

A1

- To monitor monthly the complaints statistics prepared by CCWater and to act quickly against those who lead the list.

Q2 Do you agree with the issues we propose to monitor? What issues do you think should be monitored particularly closely?

A2

In the energy market, the electronic methods for adding customers through web pages and PCW's have proved very successful for the web site and PCW owners, yet it is unclear if customers fully understand what they have agreed to and whether there was a more reasonable offer available.

- The monitoring of such sites and the comparisons of product, price and value would be a useful additional monitor so to reduce complaints and miss selling, which are likely to take place if experience is a benchmark and should such monitoring not be carried out.

Q3 Do you agree with the type and format of the information we are planning to obtain from the market operator? We welcome views on:

- the choice of metrics, their usefulness for our assessment of the market and ways of ensuring they are as useful as possible; and
- the availability of that information, the opportunities and limitations of obtaining information from the market operator, including sources that could supplement it.

A3

The UIA is pleased that 'market churn' is not a key focus for Ofwat. Experience in the energy market suggests there was too much laid on this statistic. If the market opening is about the customer and not the Wholesalers, Retailers or other market players, then it must be the customer who decides to take or not, the step of seeking an alternative supplier / price. The markets responsibility ends at making the customer aware.

Q4 What information will retailers hold that will help us achieve our monitoring objectives? We welcome views on:

- the choice of metrics, their usefulness for our assessment of the market and ways of ensuring they are as useful as possible;
- the availability of that information, including where else we could obtain the information that we would like retailers to provide;
- the best way for retailers to share that information with us (eg most appropriate format);
- whether retailers will be able to segment information in the way we require; and
- the best way to make sure the regulatory burden is proportionate, especially for smaller retailers.

A4.

- Be mindful of Data Protection rules when collating data concerning TPI's. Any sole traders are protected under DP so any information which would identify a specific TPI would require their prior consent.

Q5 We would welcome views on our proposal for informal monitoring, any other tools we could use, and how we might make the best use of the information available.

A5.

- You state that a portal would facilitate an informal exchange of views and would not be used as a prompt for direct regulatory action e.g. enforcement, but by suggesting that customers, their representatives and market participants could use a portal to log their concerns, you would create an expectation from the author of a response, and an outcome/resolution. This measure therefore, could prove counterproductive and at a level which may not give any confidence to the market players or meaningful data to Ofwat.

Q6 We would welcome views on how best we could involve third party intermediaries in our monitoring framework, which information would be best to collect and how we could obtain it.

A6

Unlike retailers, who are licenced, Ofwat will have no formal way of identifying how many TPI's are operating in this space, so it would be difficult to monitor an unknown quantity and plan resources accordingly. Ofwat should engage with the only organisation which represent the TPI sector, the UIA. As is the case for retailers, Ofwat should be specific about what their data requirements from TPI's are, in advance of any agreement being formed.

- For Ofwat to clarify the difference between Agents and Tpi's in all their publications. (Agents work on behalf of Retailers / Suppliers and Tpi's work on behalf of Customers.)
- For Ofwat to encourage Tpi's to join the UIA, a Trade Association with 10 years' experience of administering the Premier Code of Practice, that includes an independent redress scheme.
- Alternatively, to encourage Tpi's to sign to the UIA's Code of Practice and Redress scheme via the Tpi register at a lower fee but without the Trade Association membership

Q7 We would welcome views on how best to collect useful information on market segments. In particular, we would welcome views on challenges to deriving the market segment information we envisage and ways of overcoming them.

A7

With >50 mega litres at the pinnacle of the triangle and SME's forming the large base, it would be appropriate for the segmentation to be volume driven.

Water and Sewerage services to be further segmented within the volume identifier as those services may not always be provided by the same Retailer / Wholesaler.

Targeting of the larger / multisite customers will be the aim of Retailers in order to become an economic entity quickly.

Identifying the quick win segments will support the principle of reflecting trends within the first few years.

Q8 How can we best make sure that relevant information is shared in a transparent and useful manner, whilst also being mindful of commercial and personal confidentiality and without prejudice to competition law?

A8

The publication of statistics via Ofwats web site, making access easy, will assist the customers and those interested parties in obtaining the trends and highlights. The stats would of course not reflect detail of organisations but should be enough to inform and suggest further investigation as to who to choose as service provider.