

Market Monitoring Consultation
Ofwat
Centre City Tower
7 Hill Street
Birmingham
B54UA

13 February 2017

Re Monitoring the Business Retail Market

To Whom It May Concern

Thank you for the opportunity to respond to the consultation referenced. Dwr Cymru Welsh Water (DCWW)'s response to the consultation is set out below.

Question 1: Are there any other objectives that market monitoring could or should fulfil in addition to those mentioned in section 2.3?

No, we believe the key objectives for market monitoring are as set out in Section 2.3.

Question 2: Do you agree with the issues we propose to monitor? What issues do you think should be monitored particularly closely?

We agree with the issues proposed for monitoring. We believe the focus should be on outcomes for customers, particularly customer satisfaction and trust. There will be some challenges, however, in separating out the retail and wholesale contributions to customer satisfaction levels. This will require careful thought.

Question 3: Do you agree with the type and format of the information we are planning to obtain from the market operator?

Yes we think the list of metrics is appropriate. Our only concern would be over how Ofwat are planning to address data protection issues in the use of this data, particularly if a third party might be involved in data collation.

Question 4: What information will retailers hold that will help us achieve our monitoring objectives?

As noted in the consultation document, a number of companies including ourselves have concerns about how to identify certain customer segments, notably micro-businesses. This is of particular concern in relation to the application of the Customer Code of Practice.

We welcome acknowledgement of the need to take into account the particular circumstances of small retailers and companies based wholly or mainly in Wales to ensure that the requirements of providing information are proportionate.

As a related point, we noted that Ofwat expects companies to self-report as soon as they become aware of issues in relation to the functioning of the market or failures to meet standards. In due course it would be helpful for Ofwat to provide clear guidance on how companies should report these issues to Ofwat, and to clarify if there are any de minimis thresholds below which Ofwat would not expect minor issues to be reported.

Question 5: 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.

We agree that informal market monitoring can play a helpful role, with the proviso that information not gathered systematically from the market should be shared with the wider public appropriately and properly contextualised to avoid misperceptions about how the market is functioning.

Question 6: 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.

We agree that the role of third party intermediaries is likely to be important in the water retail market and welcome the proposal to gather information on them.

Question 7: We would welcome views on how best to collect useful information on market segments.

As noted above, all of our eligible customers will be large water users due to the eligibility criteria for customers in our area. It will therefore be straightforward for us to segment by water use or value, but we have concerns in having to segment according to the number of employees (as per the definition of micro-businesses) as this information will not be readily available to us. Other than this we see no issues here for us in providing the information at the segmentations requested.

Question 8: 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?

We are pleased to see that attention is being taken to consider issues around confidentiality and market sensitive data in the way that information is shared. However, in order to ensure that information can be shared without prejudicing the market, Ofwat needs to set out clear guidance on how information should be provided and how this will need to be managed by Ofwat in a way that promotes competition while still allowing comparative regulation.

Yours sincerely,



Regulatory Strategy Manager

Dwr Cymru Welsh Water