

Bioresources and Water resources market information - an Ofwat consultation

Introduction

The Consumer Council for Water (CCWater) is the statutory consumer organisation representing water and sewerage customers in England and Wales. CCWater has four regional committees in England and one committee in Wales.

We welcome the opportunity to comment on Ofwat's consultation on 'Bio-resources and Water Markets Information'.

Key points

- We support Ofwat's proposal to collect and publish information about the water resources and bio-resources markets. This evidence can contribute to inform more accurately the process of setting price controls and a better understanding of what drives company costs.
- We agree the information collected from and published by companies could help to identify risks to customers and will help to provide transparency and confidence to market participants as the markets develop.
- We support Ofwat's commitment to the transparency of information in both markets and to ensure a level playing field. We expect companies to audit or assure data to ensure it is accurate. Competition rules should make sure this happens.
- We would expect a 'fitness test' to ensure any information that is collected remains fit for purpose as the market develops.
- The publication of information on water resources and bio-resources markets can help to identify opportunities for companies to work together on joint initiatives that could potentially benefit customers, the economy and the environment.
- It would also be useful if the information about water resources is used in a future evaluation of how this market (as well as retail competition) contributes to the overall resilience of the sector.

Consultation response

General comments

The markets for water resources and bio-resources may improve service performance, efficiency, resilience and innovation but there must be demonstrable benefits to customers. We agree the information collected from and published by companies could help to identify risks to customers and will help to provide transparency and confidence to market participants as the markets develop. We support the guidance provided for companies (for collecting and publishing information) to ensure that the information is consistent.

We support Ofwat's commitment to the transparency of information in both markets and to ensure a level playing field. We expect companies to audit or assure data to help ensure it is accurate. Competition rules should also help to make sure this happens.

The information collected and published by companies can contribute to inform more accurately the process of setting price controls and a better understanding of what is driving company costs. We think that the provision and publication of information should not lead to any additional risks including matters of national security. However, companies and Governments should be able to identify any additional risks if they materialise and provide mitigating measures where appropriate.

The case studies published as part of the consultation provide good examples of how and when the suggested information could be used. Innovative, successful approaches to delivering solutions should be encouraged by sharing good practice. In the future, it would be useful, if similar information were to be published - provided it is not commercially sensitive and/or could affect the operation of both markets.

Timings and frequency to publish information

The suggested timings and frequency for the publication of information seem sensible. We agree with the separate timetables for both markets, and with Ofwat's intention to align these with the timetables used to collect other regulatory information. The 'phased' publication of information for the bio-resources market (voluntary for 2016-17) seems practical and should encourage discussions between companies and other parties about potential trading opportunities.

We anticipate the information required from companies will evolve and change as the markets develop. As such, we would expect a 'fitness test' (at some point in the future) of the information being collected to ensure it remains fit for purpose.

Issues for further clarification

We would like to know if and how this information could be used by Ofwat to assign 'cross over information' between different price controls (i.e. network plus water control and network plus waste water control). For example, we would like Ofwat to explain how different elements of demand management, leakage, and development of new resources would interact in the context of price controls.

Bio-resources Market Information

We agree that by providing the information required by Ofwat, incumbents and potential new entrants will be able to identify opportunities to participate in the market. If comparisons are possible (as suggested in page 8 of the main consultation document) this could help to understand where the opportunities lie and where interested parties can benefit the most from the market.

The suggested frequency of publication of the information seems adequate. Although we understand that Ofwat may want to collect (and not publish) some information from companies, for:

- market monitoring purposes and,
- to determine corrective action(s) where required,

we encourage Ofwat to publish the 'industry wide statistics' referenced in the specific document for bio-resources. We also agree that this information can be used by companies to identify concerns. We would expect, however, concerns to be identified and raised by/with Ofwat sooner rather than later.

Water Resources Market Information

We agree the information that will be made publicly available by incumbents will increase transparency and, as result, may lead to benefits for customers, investors and the environment. It is encouraging to see that this information will not place an additional burden on well managed companies, as it is already contained in companies' WRMPs data tables and/or collected as part of

the water resources planning process. As mentioned in the consultation, this process provides a framework to reveal information useful for this market.

The publication of information on water resources can help to identify opportunities for companies to work together on joint initiatives that could potentially benefit customers, the economy and the environment.

As suggested in the consultation document, the resulting information will also help to complement information already published by Ofwat such as the bulk supply register which records water trades. We support the (expected) periodic updates to this information that may result from changes to forecasts and/or company operations.

It would also be useful if the information about water resources is used in a future evaluation of how this market (as well as retail competition) contributes to the overall resilience of the sector.

Enquiries

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