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Dear Alison

Bioresources and water resources market information consultation

Thank you for inviting us to comment on the bioresources and water resources market information guidelines.

Wessex Water and its unregulated associated companies have long considered that market-based solutions benefit customers because competition drives innovation and economic efficiency. We therefore welcome the move to publish more data on bioresources and water resources activities which should help remove information asymmetries and associated barriers to entry.

Our responses to your questions are given in the appendix to this letter. We hope you find them helpful but, if you have any further questions, please do not hesitate to make contact.

Yours faithfully



Matt Greenfield
Head of Economic Regulation



Questions: Bioresources and water resources market information consultation

Q1. Do you consider that the information we propose requiring companies to publish is helpful and will provide sufficient transparency in the (i) bioresources market and (ii) water resources, demand management and leakage services market to support their operation and development? If not, please give reasons.

As you know, we actively participated in both the Bioresources and Water Resources Working Groups and were thus able to contribute to the development of market information requirements. We welcome this consultation on the requirements because it will allow companies not present at those Working Groups the opportunity to share their views.

With respect to the market information requirements on bioresources:

- (i) We note that some of the data required has not previously been collected which means that the quality of data should improve over time as metering is used in place of estimates.
- (ii) We recommend that Table 3 is amended to include information on small WWTWs that currently tanker to larger WWTWs for resettlement since a supplier of logistics services would be interested in this. Not making this information available in the public domain presupposes that intersite tankering is the optimal arrangement and keeps a service that could potentially be contracted out in the Network+ monopoly.
- (iii) As we have made clear previously, we do not consider that the information required in table 4 (sludge treatment and sludge handling centres) is necessary to start a market since, in our view, all that is required is the demand side of future transactions (Tables 1-3). You might therefore review this data requirement going forward to consider whether this information is required in subsequent years.
- (iv) We note that table 6 includes the words 'market shares' in parenthesis for each section requiring data on sludge treatment, transport, and disposal. This nomenclature may be misleading since what the table actually requires is the volumes/number of contracts self-supplied and contracted out by each regulated company. While you will be able to calculate market shares by aggregating this data, this is not what companies will be providing and for this reason we would recommend that you remove the words 'market share' from these headings.

Q2. Is there any additional information which it would be helpful if companies published for (i) bioresources and (ii) water resources (within the remit of Condition M1)? Please explain why.

The information requested is likely to solve identified problems of information asymmetries and search costs and should therefore stimulate and encourage new entry. As markets develop, it should be possible to identify the information most useful to new entrants and to reduce the data required (and the costs on regulated businesses of

collecting and collating data).

Q3. Do you agree with the proposed scope of the information on market activity to be provided to us for monitoring the development of the bioresources market? If not, please give reasons.

The information that you are requesting on market activity seems to be sufficient to understand how the bioresources market is developing, although we welcome your comments that you will keep the data requirements under review. Making aggregated data publicly available may in itself stimulate market activity as it allows participants a better understanding of opportunities available.

Q4. Do you consider that the publication of any of the information that we propose water companies to publish would (i) be contrary to the interests of national security or (ii) seriously and prejudicially affect the interests of any person. If so, please identify the information concerned and give reasons.

We have no concerns about the data requirements set out in this consultation and do not believe that the information would raise concerns about national security or seriously or prejudicially affect the interests of any person. We welcome your comments that the information requirements may need to change as the markets evolve but that any change would be subject to further consultation.

Q5. Do you have any comments on the proposed timing of the publication and the frequency that the information should be updated for both the bioresources market and water resources market?

We note that the assurance requirements on the MIGs means that it is likely to be collated at the same time as we collate APR data so that assurance and Board review can occur as a single process, which will ensure that the market activity information can be provided to you at the same time as the APR.