

Open for business: Reviewing the first year of the business retail water market Summary note

Businesses can shop around for their water supplier



What is the business retail water market?

Since 1 April 2017, 1.2 million businesses, charities and public sector organisations across England have been able to choose who supplies their retail water services. Before this, almost all business customers could not choose their provider and had to deal with their regional water company. This is still the case for household customers.

How does the market work?

The business retail water market works in a similar way to other utility markets, such as gas, electricity and telecoms. Regional water companies (wholesalers) continue to manage the physical supply of water to the business premises, but retailers provide customer services like billing, meter reading and other services like water efficiency measures. Business customers operating across multiple sites in different parts of England can now deal with a single retailer rather than dealing with numerous regional companies.

With around 20 nationwide retailers to choose from at present, business water customers can 'shop around' for the service package which best suits their business needs, so they can save money, water and time. If they are not satisfied, they can either renegotiate with their current supplier or else switch to a new supplier altogether.

How have customers fared?

About 10% of eligible customers have actively made a choice in the market – either by switching supplier, renegotiating with their existing supplier or simply exploring their options.

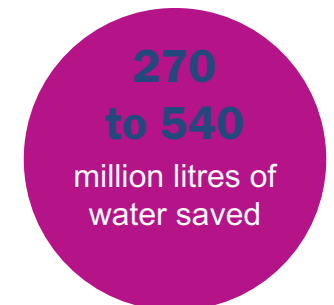
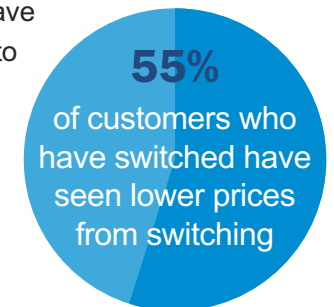
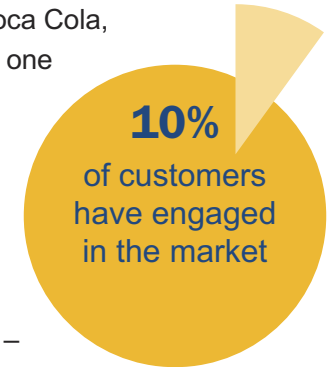
Of the customers who have already switched or renegotiated, many are starting to see the benefits.

We have seen about £8 million in bill savings collectively in the first year of the new market, as well as other benefits such as simplified billing and reduced water consumption.

We have also seen enthusiastic uptake among larger companies of the new option to self-supply their own water services. Self-suppliers buy their water supply and wastewater services directly from regional water companies (wholesalers) and provide their own customer services, avoiding the need to go through a retailer.

Over the past 12 months, self-supply licences have been awarded to large multi-site businesses including Greene King, Coca Cola, Whitbread, Marston's and one local authority, Blackpool Council.

While many customers have benefited from market opening, it is also true that some customers – particularly smaller customers, have found it difficult or have not seen it as worthwhile to engage in the market. Customers who have remained with their original retailer are protected against undue price increases.



What customers have said about the business retail water market

“

Most sectors are falling over themselves trying to get in the door, other utilities are pestering you, and for things like our IT contracts, companies are on you straight away. But you don't have the same communication with water. For water, it's not something that's got so motivated and competitive yet”

“

The switch was seamless, it was just one form to fill out, that part of it was easy and we've saved a lot, though we intended to save even more”

“

I'd love to have a go and see if we can get a better deal. I want a better price”

“

The water market I've got very little information about I feel. I haven't really looked for it because up until recently, I didn't even know there was going to be a change, and then when there was a change, I did ring up a few times and enquire because I was still getting old bills from the other one”

“

I think service is the ultimate really. If they don't fix things when they break, there's going to be major problems! I'd switch, definitely, if I had bad service”

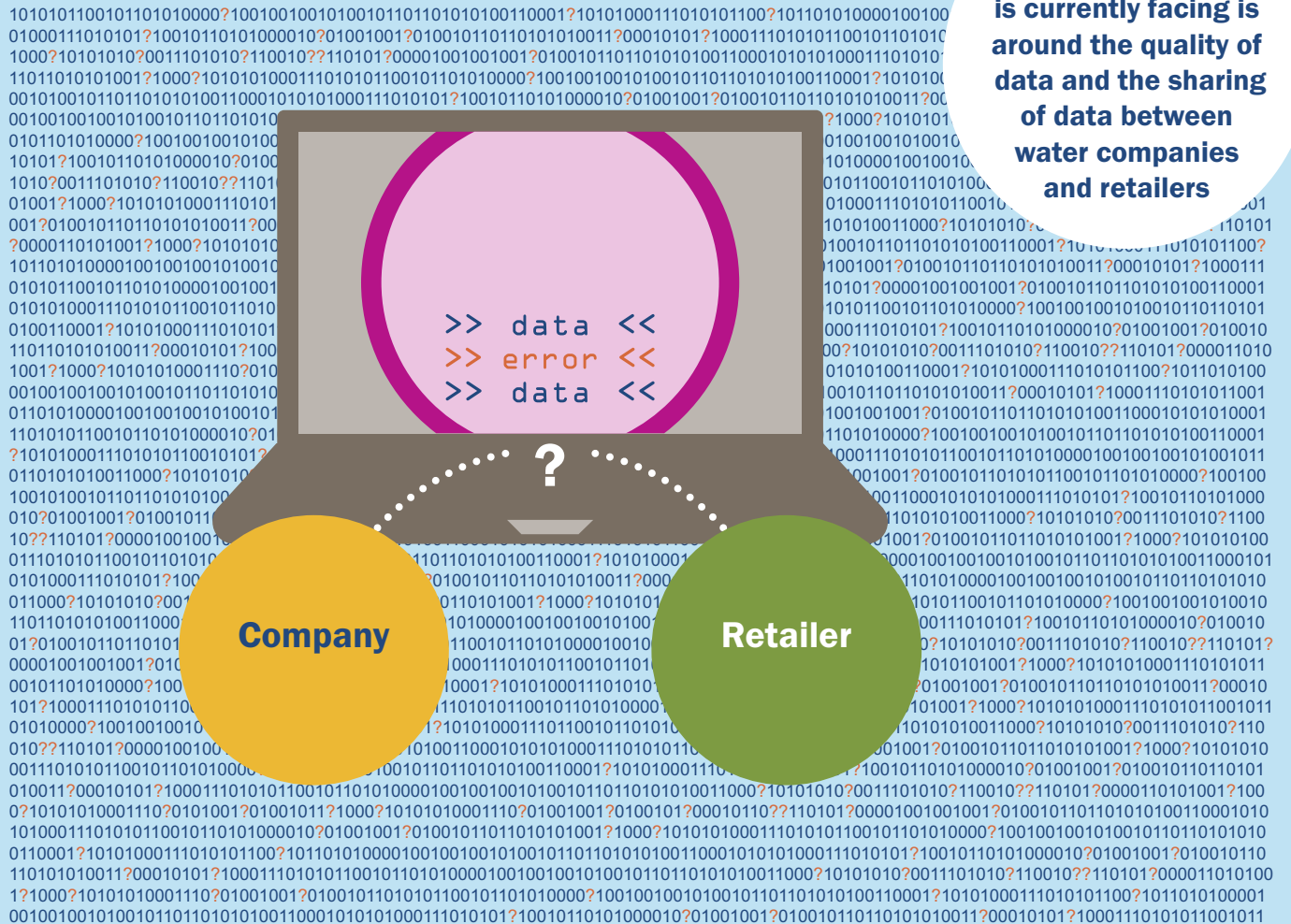
Getting the business retail market in full flow

While it is now firmly off the ground, there are still a number of areas where attention is needed to ensure we have an efficient and effective business retail water market in which customers feel able and motivated to participate.

A clear relationship between retailers and wholesalers is key to a well-functioning business retail water market. We have however, seen numerous examples of poor communication between wholesalers and retailers, which in turn can lead to confusion and frustration for customers. In particular, wholesalers have clear room for improvement in facilitating retailers to provide customers with high quality services.

The quality of data produced and used by wholesalers and retailers has a direct impact on retailers' ability to identify customers and on the quality of services customers receive, such as timely and accurate billing. Wholesalers, retailers and the market operator MOSL have a crucial role to play in ensuring high quality data, which can be shared in an effective and timely manner.

Small businesses are starting to engage with the market, but many have yet to do so for a variety of reasons, including lack of awareness of what is on offer. Enabling the market to work better will encourage retailers to reach out to these customers to help them understand the market and the opportunities it can provide.



Download our full report, 'Open for business'.
To find out more about the business retail water market, visit www.open-water.org.uk.

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