
Centre City Tower, 7 Hill Street, Birmingham B5 4UA
21 Bloomsbury Street, London WC1B 3HF

Open letter to all Trading Parties in the Business Retail Water Market

19 December 2018

Dear Trading Parties

Role and importance of the industry Codes Panel

The Business Retail Water Market ('the Market') has now been open for some 20 months and much has changed during this time. We have seen entry into the Market from a range of new entrants with innovative business models, we published '[Open for Business](#)' our first State of the Market Report and the Market Operator, MOSL, has begun a programme of work looking to improve the quality of bilateral engagement between Trading Parties.

We have also made or are proposing to make changes to the regulatory framework that underpins the Market. We are currently consulting on proposals to amend the Retail Exit Code, and we have also updated our application process for prospective entrants into the market.

Since the Market opened, we have also seen a steady flow of Code modifications discussed at the Panel. We have made over 40 decisions on Code modifications, which have been raised by a range of stakeholders including Trading Parties, MOSL or ourselves. We are encouraged by this level of engagement in the change process by the industry as a collective, and are pleased to see the progress made by the Panel in its role over the last 20 months.

However, progress in sorting out some of the key frictions remains slow. We are aware of frustration amongst some trading parties on progress in key areas such as data quality, and in some cases we are aware that some within the industry have been frustrated at a lack of swift progress on code modifications. The majority of customers are still a considerable way from enjoying the full benefits in terms of price, service, and water savings expected from the market.

As we run up to the second anniversary of the Market being open, the spotlight will be on the Market and how it is performing, and everyone will need to step up their performance in order to meet customers' expectations. Therefore, we feel that the time is now right, with the Panel seeking nominations for new Members to be elected on to the Panel for the 2019-2021 term, to write to all Trading Parties to remind

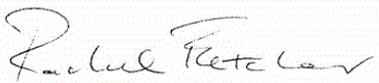
everyone of the hugely important role that we see the Panel playing in making the market work better for everyone, and ultimately, end customers.

As set out in 'Open for Business', we see addressing the market frictions as a key priority, as do MOSL, and we acknowledge the hard work that has been going on in several areas so far. But we also recognise that, collectively, we have a long way still to go and there is much more to be done before the full benefits of a competitive market are to be realised.

To this end, we see a well-functioning, independent Panel, made up of people with strong industry expertise acting impartially and in the best interests of the market as a whole as having a key role in driving the improvements we are all looking to achieve. We expect the newly elected Panel to bring a strong commitment to carrying out their role by considering the wider industry perspective from an independent viewpoint.

The nominations process presents a great opportunity for Trading Parties to get involved in helping to shape and drive market improvements directly. Therefore, we encourage you all to think about whether you can provide representatives who can bring their expertise and, importantly, an independent mind-set, and embrace this challenge for the good of the market.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rachel Fletcher', is positioned above a dotted rectangular box.

Rachel Fletcher

Chief Executive