

waterwise

Waterwise
344-354 Gray's Inn Road
London
WC1X 8BP
26th January 2022

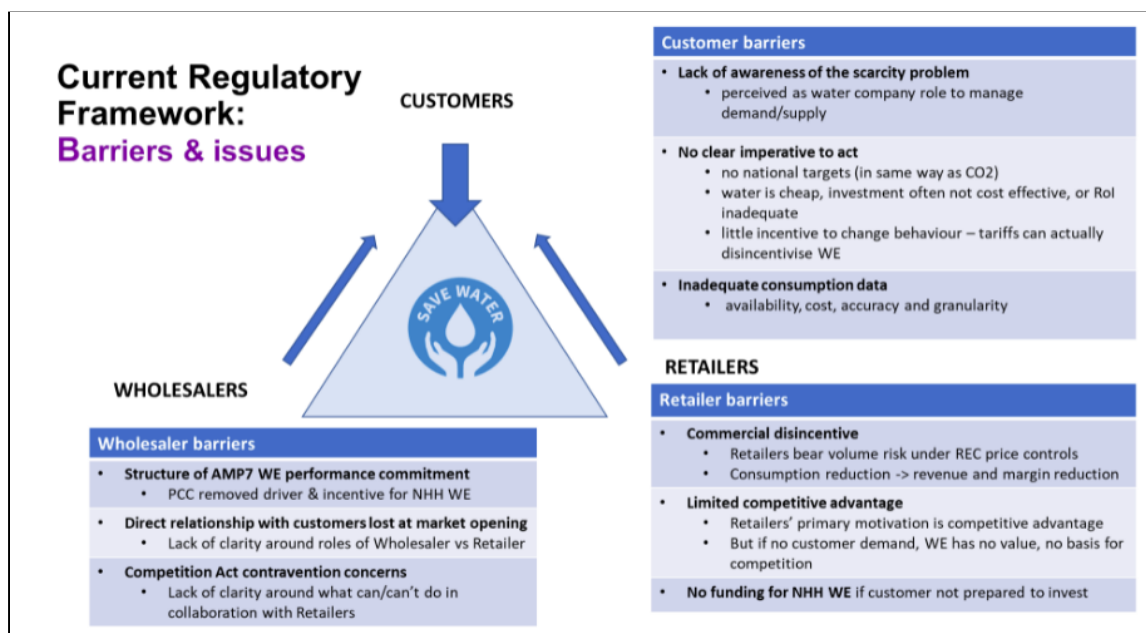
Dear Sir/Madam

Consultation - REC Review December 2021 Consultation

Many thanks for the opportunity to comment on Ofwat's review of Retail Exit Code. We have focussed our response on those aspects most closely related to Waterwise's vision that water is used wisely, every day, everywhere. Namely Section 8 on the Promotion of Water Efficiency and consultation questions 14 and 15.

Our primary concern is that the REC review consultation document appears to have closed off a number of water efficiency options that are still being actively considered by the RWG water efficiency sub group through its regulatory review project. We believe that Ofwat must take the findings of that review into account before finalising this aspect of the REC Review.

Waterwise has been closely involved in the development and implementation of the Retailer Wholesaler Group (RWG) Water Efficiency Action Plan and we are pleased to see Ofwat's continued recognition of the need to deliver greater water efficiency to non-household customers through the retail water market and of the regulatory barriers that need to be addressed (see RWG image below).



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The [letter](#) our Managing Director Nicci Russell wrote to government, regulators and water companies in December 2021 as independent [Chair of the Senior Water Demand Reduction Group for England](#) (SWDRG) highlights that we are off track for current ambition on water efficiency, and details four areas where action could be taken which could help. One of these related specifically to the business retail water market and her letter called for dedicated water efficiency funding for businesses in the retail price review, the retail exit code review and PR24.

The RWG water efficiency sub-group, which includes Ofwat in a watching brief role, has recently been awarded circa 100k of funds through the MOSL Market Improvement Fund to commission economic and regulatory specialists to analyse and assess a range of different regulatory options to help the sector deliver water efficiency to non-household customers. That review will report in Spring 2022. The options being assessed include amendments to the REC, such as the creation of a levy, as well as changes to PR24 and the MRF. We believe that Ofwat needs to take the findings of this review project into account before ruling out any specific option such as REC amendments and before finalising this aspect of the REC Review.

Consultation question 14 – Do you agree that the MPF is a more effective tool than the REC to help reduce some of the barriers to water efficiency in the business retail market? Please explain your answer and provide supporting evidence.

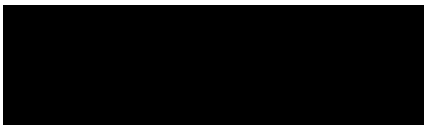
NO - Without taking into account the findings of the RWG regulatory review we cannot agree that the MPF is a more effective tool than the REC to help reduce some of the barriers to water efficiency in the business retail market.

Consultation question 15 – Are there ways in which our review of the REC could be used to strengthen incentives for business customers to use water more efficiently? Please explain your answer and set out how your proposal would benefit customers.

YES - However, the response to this question and the review itself needs to consider the findings of the RWG regulatory review referred above.

If you have any questions on our response please do get in touch.

Regards



Head of Policy and Strategy

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Who is Waterwise

[Waterwise](#) was founded in 2005 and is the leading authority on water efficiency in the UK. We are an independent, not-for-profit organisation, receiving funding from supporters across and beyond the water sector and wider sponsorship and research projects. We like to be at the front, leading and supporting innovative efforts to realise our mission; that water will be used wisely, every day, everywhere.