

MOSL Response to Ofwat's statutory consultation on proposed changes to Eligibility guidance and Supplementary Eligibility Guidance

As the market operator for the non-household (NHH) water market in England, MOSL welcomes the opportunity to respond to this consultation. Our response is based on our experience of operating the market since it opened in April 2017. Our answers to the specific consultation questions are outlined below.

If you have any questions on our response to this consultation, please email [REDACTED]

Q1. Do you have any concerns about our proposed changes?

We have some concerns around A1.19 Temporary Building Supplies (TBS).

We feel that TBS should be removed as eligible due to the following reasons:

- ◆ We know that some wholesalers continue to manage TBS outside of the market
- ◆ We know that some TBS connections utilise temporary standpipes which are not classed as eligible in the market
- ◆ Inherent challenges existed with TBS prior to the opening of the market that, we believe, have been exacerbated due to the handover of responsibility to retailers. This primarily concerns developers notifying wholesalers in a timely manner in regard to the start of new developments.

Our own work in this area has also shown:

- ◆ All wholesalers have different approaches to managing TBS and there is no consensus on the best way to manage it. This presents difficulties to retailers in managing these effectively and adds costs and risks of bad debt.
- ◆ As a result of the inefficiencies in managing the current TBS process, it is difficult for MOSL to meaningfully monitor. Changes to the market codes are required to address this.
- ◆ Household premises equate to approximately 50% of TBS. There are delays in deregistering these premises which means that they are left in the market, although they are not eligible customers.
- ◆ Conversely NHH development is leading to commercial gap sites and there are delays in bringing these premises to charge.

We are aware that wholesalers have noted several challenges and inefficiencies with the current market processes around TBS. They confirmed in response to our New Connections [Request For Information](#) (RFI) published in December 2020 (section 2.4 on page 22), a preference for removing TBS from the retail market.

In response to this RFI, retailers confirmed similar views to wholesalers, and that managing TBS, particularly for household developments is not cost effective. Retailers also confirmed a preference for wholesalers to have responsibility for managing TBS.

2. Is there anything in respect of eligibility for the business retail market that the proposed updated guidance does not cover that you consider would be useful? If so, please provide details of why this would be useful.

From a customer perspective it would be beneficial to allow business customers who also have a smaller percentage of properties that do not meet this guidance e.g. Student accommodation, MOD, Universities/Colleges, to be able to have their full portfolios as part of the market. This would allow for a single bill from a retailer, rather than separate bills from a wholesaler for the household element and a retailer for the NHH element. We believe it would be reasonable to allow those who have more than 90% of their portfolio in the market to have the rest included so they can benefit from combined billing and a single point of contact with a retailer.

3. Are the scenarios provided in the updated guidance comprehensive enough? Are there any missing that would be helpful, or are there some scenarios that are no longer required? If so, please provide details of why you believe this to be the case.

MOSL fully supports the use of flow charts and scenarios in this document and find they are a useful addition.