

By email
16 April 2024

Request for Information – Condition A8 of Water Supply and Sewerage Licence Standard Conditions

Dear Licensee,

Ofwat's 2023–24 market monitoring – Request for Information

In accordance with our general duty under section 27 of the Water Industry Act 1991 (the 'Act') to keep matters under review, we are closely monitoring the development of the retail water and sewerage market for non-household customers to ensure that it delivers outcomes in the interests of customers. To enable this, it is important for us to understand, at an aggregated level, how the market is functioning.

This letter is a formal Request for Information (RFI) under Standard Condition A8 of the Water Supply and Sewerage Licence (WSSL). This licence condition requires Retailers to provide Ofwat with such information as it reasonably requires for the purposes of carrying out its statutory functions under the Act and the Water Act 2014, in this case under section 27 of the Act.

To inform our understanding of the market, we draw on information from a variety of sources, however, there are important insights we can only draw from data held by Retailers. Our request for information seeks to:

- enhance our understanding of the market;
- ensure our questions are relevant to informing key policy considerations;
- improve the accuracy and comparability of the data so that our analysis and conclusions can be more robust; and
- ensure our request is proportionate in terms of achieving our aims above and minimising any burden on Retailers in responding to our request.

Accompanying this letter, we have included an excel template that seeks quantitative information from Retailers to aid our understanding of the landscape of customers in the market, Retailers' use of third party intermediaries (TPIs), and the price offers and savings that may be available to business customers. We are also seeking qualitative information to

supplement this quantitative information. The accompanying RFI guidance document provides information and definitions for completing the excel template.

To respond to this request for information, please complete and submit the RFI spreadsheet, and provide written responses to the qualitative questions noted. Responses to the qualitative component of the RFI should be provided in separate document. The requested information should be returned by email to marketmonitoring@ofwat.gov.uk no later than **5pm on Tuesday 28 May 2024**.

We would remind Retailers that they should provide an outline of what assurance processes have been undertaken to verify that the data and information submitted are accurate, and that any estimates are made within reasonable tolerances. Ofwat is requesting this information in accordance with condition A8 of the standard water supply and sewerage licence conditions, and Retailers are reminded that licence conditions are enforceable by Ofwat in accordance with section 18 of the Act and Retailers could be subject to a financial penalty under section 22A of the Act for failing to comply with them.

Changes to the final version of the RFI

To inform the scope our 2023-24 market monitoring information request and to ensure our request remains proportionate, we sought feedback from Retailers regarding a draft version of the RFI and associated documentation. We appreciate those Retailers that provided responses to the draft version and have provided an outline here of where we've subsequently amended our information request:

- Provided clarification as to the categorisation of data as per the requested segmentation.
- Provided clarification for the reporting of:
 - multisite customers;
 - surface water drainage customers;
 - customers that change tariff classification during a reporting period;
 - vacant premises;
 - GAP sites;
 - acquisition and retention transactions made through a TPI; and
 - acquisition and renegotiated contracts Retailers have entered into with customers during the reporting period.
- Added additional fields to the RFI excel template to capture the value of customer discounts received when transacting through a TPI and the value of commission paid to TPIs.
- Addition of a qualitative question to request information on the typical length of customer contracts made through TPIs.
- Provided clarification of the intended use of the information collected in this RFI.

Use of data and information

The data and information received in response to this RFI will be used in the analysis and key findings of our upcoming 'Business Retail Market Update' report, as well as ongoing policy work and our market monitoring work more generally. We intend to publish our 2023-24 'Business Retail Market Update' in autumn 2024. Where we decide to publish analysis and data derived from Retailer submissions, it is our intention to publish such analysis and/or data in aggregate rather than on an individual basis.

We will comply with our legal requirements to protect the data which you provide us with, including the general prohibition on disclosure of business information collected using our statutory powers set out in section 206(1) of the Water Industry Act 1991.

In addition to our ability to disclose information pursuant to the Act, information provided in response to this RFI, may be published or disclosed in accordance with legislation on access to information – primarily the Freedom of Information Act 2000 (FoIA), the Environmental Information Regulations 2004 (EIR) and applicable data protection laws. Please be aware that under the FoIA and the EIR, there are Statutory Codes of Practice which deal, among other things, with obligations of confidence. If we receive a request for disclosure of information which you have asked us not to disclose, we will take full account of your explanation, but we cannot give an assurance that we can maintain confidentiality in all circumstances.

Future requests

We have committed to review the scope and format of our information requests on an annual basis. The information and data we receive from this request will be an important factor in that review.

Queries

We invite Retailers to submit queries where clarification is required on any aspect of this information request and supporting guidance document. Any queries regarding this information request should be sent to marketmonitoring@ofwat.gov.uk. Where any such queries or responses are likely to affect how we would see all Retailers responding to our RFI, we would look to publish such queries and our responses.

Yours sincerely

Shaun Kent
Director