



## Self-Supply Users Forum

16 June 2022

In a sector not known for innovation, many innovative people are here in the room today that the industry can learn from.

Self-Supply licensees along with Ofwat, MOSL, Strategic Panel, and the Environment Agency convened for their Summer forum.

### Key Takeaways:

1. Market governance is being transformed on several levels to expedite change.
2. Self-Supply licence holders are leading performance in the market with 100% data quality.
3. The wholesaler-retailer bilateral hub is now working well to improve customer billing accuracy.
4. Higher quality data is critical to reducing water consumption and carbon emissions.

### Summary



Governance, transformation and innovation were the three recurring themes resonating from the Self-Supply community's first post-pandemic in-person Forum.

It is a transitional time for market governance as the new Strategic Panel publishes its priorities which promise to focus on pace of change, prioritise activities with greatest impacts and solve market frictions. Similarly, MOSL is looking to transform both its market performance framework and membership voting structure, while Ofwat is taking on learnings from its State of the Market report.



Attendees:



WHITBREAD



JOHN LEWIS & PARTNERS

Sainsbury's



100%

data accuracy



## Self-Supply

Meter reading and auditing activity is back to pre-pandemic level across Self-Supply, delivering continued market-leading performance. 3500-4000 meter reads and 150-200 audits are undertaken each month, resulting in 100% data accuracy and just 1.27% long-unread meters.

The wholesaler-bilateral hub is holding wholesalers to account and accelerating issue resolution. One Waterscan target was to resolve all bilateral queries within 30 days, and this has been achieved. Billing inaccuracies are now consistently <1% as a result.

- **April's inflationary price increases have varying impacts on customers. Account managers can advise.**
- **Wholesalers are now actively consulting on credit arrangements to reflect diverse customer priorities.**
- **Inconsistent approaches to analysing the carbon impact of water supply/treatment is inhibiting action.**



## Smart Metering

Self-Supply licensees are frustrated with their lack of influence over the prioritisation and speed of rolling out smart metering. While Thames Water and Anglian have made good progress, other regional wholesalers are not open for dialogue on the issue. A long journey to full coverage is expected.

In the meantime, customers are advised to continue using third-party loggers to validate bills. Communication rates here are very good at typically 97%.

The development of Waterline will further enhance customer data insight.



“ The Market Performance Framework Reform is a critical piece of work that we've been pushing for, for a long time. We hope it will be bold and focused on customers. ”



## Ofwat

The 4th **State of the Market Report** published December 2021 revealed:

- Market awareness levels fell.
- Customer satisfaction levels fell, particularly amongst large non-household customers due to higher levels of market interaction.
- New market entrants are continuing to erode incumbent retailer market share.
- Higher levels of switching as contracts reach term, but 90% of eligible customers have not switched at all yet.

Key priorities are to review price/non-price customer protections (proposals expected in autumn) and to work with MOSL on the market performance framework and incentives.

## MOSL

A **Market Performance Framework Reform Programme** is

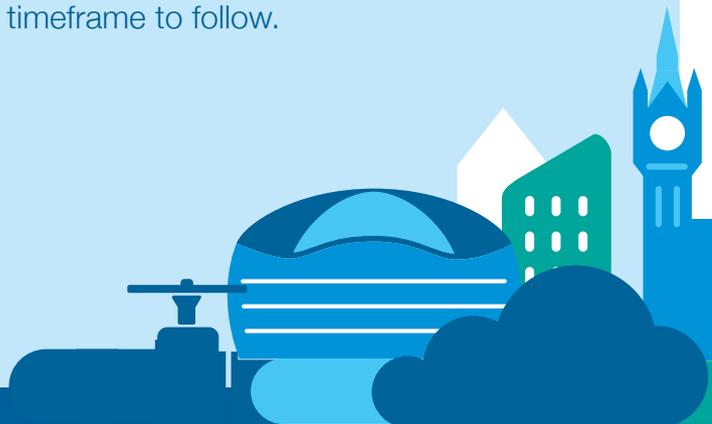
underway because the current mechanism doesn't reflect risks, support competition, deliver or incentivise expected customer outcomes. This reform is seen as a real opportunity for progress, but it is complex. Self-Supply insight into this project is extremely important and encouraged, along with formal representation via the Performance Advisory Group. A preferred framework is expected January 2023, with a multi-year implementation timeframe to follow.



## MOSL

A consultation on **Membership Voting Rights** has been launched because the process has not kept pace with the evolution of the market. The market operator is concerned that voting is no longer fair and proportionate and is proposing to amend the voting structure with a fixed proportionate member vote. The Self-Supply retailers present universally rejected the current proposal. Further engagement on the issue is appropriate.

Ideas were generated during a workshop to consider the **Strategic Panel's** published priorities.



## Environment Agency

Simon Dawes presented **Emission 2030 – It's Time to Play Your Part**, EA's net zero roadmap.

Having decided that it wasn't good enough to do 'low carbon versions of what we've always done', EA set a target to reduce emissions by 45% via a detailed plan comprising 92 actions, all owned by individuals and woven into governance structures. Goals are science based and aligned with the Paris agreement, with a focus on nature-led rather than engineering-led solutions.

Simon remarked on the 'different flavours of net zero' that exist but was encouraged by the huge number of organisations that have now worked out the 'why' of their ambitions.

At the EA, it was apparent that everyone was behind what it wanted to achieve but their incentives were not aligned with its carbon roadmap, so carbon

budgets were set across the organisation. This has had a transformative effect on building carbon impact discussions into decisions taken in the first place and in yielding results.

A full governance structure is in place with full Chief Executive commitment to focus on the climate emergency. Progress is tracked and reported on quarterly. Managers now receive both financial and carbon reports, and their incentives are integrated with performance on both.

In 2017, the EA realised that, although it had been tackling direct emissions since 2006, some 84% of its carbon impact lay in its supply chain. Hence, suppliers are now a fundamental part of the Agency's wide sustainability strategy and engagement. Partnership working and looking further ahead is mitigating the traditional price premiums paid for low-carbon options.

“ Do it on time, do it on financial budget, do it on carbon budget and make sure no one gets hurt. ”

## Key Learnings

1. Ownership is the hardest thing. If you own the emission, you own the action.
2. Most carbon impacts are in the supply chain. Partnership working is critical.
3. People know a lot less than you think they do. Boost carbon literacy.
4. It's OK to trip up so long as others can benefit from your learning.