



Self-Supply Users Forum

2nd December 2021

Waterscan, Ofwat, MOSL, Strategic Panel, Water UK, Anglian Water, Thames Water and CDP addressed the Winter 2021 Self-Supply Users Forum.

“ I’m delighted to see 22 major water customers here today, a unique opportunity to hear from the industry that serves them. ”

Neil Pendle
Chair

Key Takeaways:

1. The water industry is embracing its essential role in helping the UK to achieve net zero.
2. Self-Supply has achieved a sensational 12-month average 98.5% market performance score.
3. Long-unread meters are just 1.5% across the Self-Supply community, giving customers near perfect visibility of consumption and cost.
4. The bilateral hub is proving effective at reducing frictions in the marketplace for long-term customer benefit.



Summary

A packed agenda awaited the largest gathering of Self-Supply Users Forum delegates since market opening.

As expected, following COP26, there was a major focus on sustainability with much engagement around how the water sector will achieve its net zero goal. These discussions highlighted the inherent link between carbon, emissions and water, and the role that all parties must play to realise net zero ambitions.

Attendees were updated by Ofwat, MOSL and the new Strategic Panel on their plans for realising a low cost, efficient, innovative and customer driven market.

Meanwhile, water efficiency work conducted in 2021 has led to a significant drop in water use across the Self-Supply community, and market performance for this group continues to far exceed all other trading parties.



Self-Supply
Attendees:

Sefton Council

Heineken



WHITBREAD

David Lloyd
CLUBS

Sainsbury's



Blackpool Council



The water industry is a real
enabler
for tackling emissions



The Race To Net Zero

Samuel Larsen, Water UK, stated 'the need for quick action has never been clearer. What we do in the next decade really matters. There's huge momentum and policy change around this so companies that have been slow to change now stand out very clearly'. He explained how the water industry can be a real enabler for tackling emissions.

David Riley, Anglian Water, said all wholesalers have net zero route maps. Its own plan encompasses investment in renewable energy and green finance. It has issued over £1bn green bonds, demonstrating that the investors respond to credible organisations'. He stressed the need for collective action and excellent leadership to create nature-led solutions.

Matthew Gee, Thames Water, spoke of Thames' long journey to net zero which began in 1990. It has saved 1Mil litres of diesel and converted methane and nitrous oxide into biogas, sufficient to power its entire fleet. Despite steady progress, David knows that the final push will be a challenge, especially wastewater processing leading to Ofwat funding to pilot a cold anaerobic treatment solution.



COP26

Patricia Calderon, CDP, highlighted that Glasgow was the first COP to feature water in a major way. With a Water Pavilion at its heart, there was unprecedented convergence between investors, businesses, cities, NGOs and subnational regions that could drive real economic transformation through water. 'There's lots of work to do but there's a lot of positive action taking place, and everyone is motivated. Sustainable finance is the catalyst for transformation and that all begins with transparency and reporting' she said.

Waters scarcity is certain to be a key issue at COP27 in Egypt.

Developed countries pledged to double adaptation finance to

\$40 bn
(30% going to water)



“ Our vision is for a market that creates value for customers, the society and the environment. Everyone has an active role to play in achieving this. ”

Ofwat

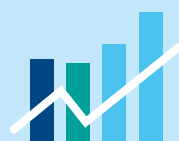


Market Regulation

Dan Mason, Ofwat, reported that work was still needed to put customers at the heart of the water market. The regulator is optimistic that the new Strategic Panel and Code Change Committee will turn the dial to give customers the ability and the power to drive change.

Ofwat is supportive of efforts to resolve bilaterals but wants to see more progress on market performance frameworks, incentives and innovation (in which it believes the water sector lags behind the rest of society). The Ofwat Innovation Fund and Industry Market Performance Fund were highlighted as routes to progress.

The regulator also expressed a desire to resolve customers' frustration with South West Water's approach to credit arrangements which sets this wholesaler apart from all others. It will intervene if required.



Market Operation

Sarah McMath, MOSL, presented the operator's new business plan which responds to trading party feedback and aims to make the market easier to do business in. Progress has been made on a new website and quarterly reporting but work is needed on the market performance framework which is 'flawed and does not deliver the right outcomes for customers or the environment'.

MOSL acknowledges that Self-Supply meter reading performance is significantly higher than the rest of the market (65%) and noted that 'without customer awareness of their water consumption it will not be possible to deliver water efficiency'.



Market Governance

Trisha McAuley OBE, Strategic Panel Chair, confirmed that members have been appointed and these have met for the first time. Work is underway to develop strategic priorities and establish new communication and engagement principles to ensure that all panel members understand and represent all market parties.

The Self-Supply community has been asked how it wants to feed views into the Panel.

The Panel confirmed it has approved direct debit for Self-Supply retailers, pending Ofwat approval.