

Spring 2023

## Self-Supply users briefing

Representatives from Ofwat, MOSL and The Water Report joined the Self-Supply community for a new focused format, briefing meeting.

Although there's a lot of activity across the water market, it seems that, for business customers at least, 2023 will be a year of watching and waiting as industry plans are consulted upon, developed and set in stone. For example, Ofwat is working on the details of PR24 while Defra is working with wholesalers on their Water Resource Management Plans, with full detailed publication expected in December.

Simultaneously, the Self-Supply community is demonstrating leadership and working with its unrivalled data accuracy and insight to improve efficiency and map the likely impacts and risks arising from price increases and extreme weather right down to supply point level.

### Key takeaways



Self-Supply 12 month rolling average market performance score: 98.99% vs 92.25% rest of the market.



Self-Supply long unread meters stands at 0.93%, continuing to enter excellent data into the market.



Self-Supply AMR communication levels are 93.68%, a reduction but in line with expectations during winter rainfall.



1000+ Self-Supply bilateral queries have been raised since the industry hub was introduced and issue resolution is demonstrably more efficient now.

“The Self-Supply community has reported a very strong performance over the last quarter, continuing the trend from last year across all metrics. Collaboration with wholesalers is starting to deliver further operational efficiencies which bode well for the year ahead.”

Neil Pendle, Managing Director, Waterscan

## PR24

Ofwat Director, Shaun Kent, presented the industry regulator's final PR24 methodology which sets out how it intends to drive companies to deliver more for customers and the environment.

### The methodology reflects four key ambitions:

- Focus on the long term.
- Deliver greater environmental and social value.
- Reflect a clearer understanding of customers and communities.
- Drive improvements through efficiency and innovation.

Specifically, PR24 will adopt BR-MeX as the means to reflect wholesale performance as experienced by both the end business customers and retailers when engaging with wholesalers. Separate performance commitments will be introduced to reduce leakage, per capita consumption (PCC) and business demand, and wholesalers will be incentivised to work to reduce the amount of water taken from the environment.

All companies are expected to adopt smart metering as standard to support the delivery of demand reduction. Furthermore, Ofwat expects companies to collaborate across the sector to introduce

national data sharing standards and ensure interoperability to make the most of the benefits that this technology offers. The community indicated that fees should not be charged for smart metering, instead customers must be empowered with the data they need to make good decisions around water efficiency. A new water efficiency fund of up to £100m aims to facilitate the development of transformative improvements to water efficiency at regional and national levels. Lots of detail around these initiatives is expected in the year ahead. The Self-Supply community's views will be welcomed by Ofwat via planned surveys and steering groups to develop the concepts.

## Wholesaler interaction

Waterscan Retail Services Manager, James Pringle, highlighted positive impacts and outlook for wholesaler engagement. Arising from the introduction of the industry Bilateral Hub, noting more efficient issue resolution and improved notifications of unplanned

events. Waterscan is working proactively and tactically with the wholesalers that are engaged but it was also acknowledged that glaring performance gaps and varying levels of responsiveness by wholesalers remain.



## Price increases

Waterscan Account Director, Rebecca Gale, presented top-line analysis on the impacts of April's inflation-driven cost increases to customers. While the average cost increase is 6.4%, meaning that effects will be seen across the board, customers can expect considerable regional variation. For example, the wholesaler cost increase for an average pub or restaurant customer ranges from 3% to 13%. Individual companies will receive specific modelling via their Waterscan Account Managers in April to give them the specific insight they need to budget effectively and deploy mitigation strategies.

## Drought

Waterscan Managing Director, Neil Pendle, gave the group an update on drought forecasts.

With 75% of catchments receiving above-average rainfall, it has been a wet winter. Despite this, two areas remain in drought status and water companies are concerned going into what is predicted to be a hot, dry summer. Only 2 water companies do not forecast a deficit before 2040.

Building industry resilience to increasingly extreme weather is considered a massive challenge. The Self-Supply community is doing all it can to provide access to information about where the greatest risks lie. Detailed mapping of these risks at supply point level will give customers a sound indication of how they will be specifically affected, and a drought hub will be launched in April for best practice information sharing.

## Water resource management plans

Waterscan Market Development Assistant, Eleanor Pendle, confirmed that a combined Self-Supply community response has been submitted following the publication of wholesaler's draft WRMPs.

Produced every five years, WRMPs aim to balance supply and demand, effectively creating a roadmap for the next 25 years. In general, the community's view is that current proposals miss the mark on many aspects and tend to default to government targets, demonstrating a lack of ambition or leadership.

Wholesalers need to lead a cultural shift for businesses and society in general to care and act on water efficiency. Ofwat and MOSL have also responded to the consultation on these plans and wholesalers will now develop them with Defra before publishing in December.



“Ofwat is taking a strong line on water efficiency in the market with its PR24 methodology, which is most welcome. This community is looking forward to seeing a strong response from wholesalers.”

Barry Millar, Operations Director,  
Waterscan