

Autumn 2024

Self-Supply Users Briefing

The Self-Supply Autumn Briefing brought together industry stakeholders for a comprehensive update on the latest developments in the water sector. The Autumn briefing focused on the key challenges and opportunities posed by the upcoming PR24 review, sector reforms, and their implications for non-household customers.

This year's briefing comes at a pivotal time for the water sector, with significant changes on the horizon through the PR24 review and broader industry reforms. The new government has already outlined steps towards addressing key sector challenges, particularly focusing on improving accountability and efficiency among water companies.

Self-Supply continues to demonstrate strong performance, evidenced by consistently high customer satisfaction scores. However, there are still areas that require attention, such as delays in remedial metering works and inconsistent wholesale service delivery across regions. The Self-Supply briefings highlight the importance of collaboration between retailers, wholesalers, and regulatory bodies to ensure a thriving market for business customers.

Key takeaways



The PR24 price review will raise water costs for businesses for service and efficiency improvements.



Government initiatives focus on holding water companies accountable.



99.4%

Consistently high MPS scores for Self-Supply and retail customers, 99.4%.



Positive trends in wholesale performance and data accuracy.

“As we navigate through these significant industry changes, it's more important than ever for business customers to engage with the process. The upcoming PR24 review presents both challenges and opportunities, and by working together, we can ensure a balanced, fair outcome that benefits everyone. I encourage all of you to actively participate and share your insights and to keep this open conversation going.”

Neil Pendle, Managing Director, Waterscan

Ofwat

Sean Kent, Director of the Business Retail Market at Ofwat, provided an important regulatory update. Covering the government's evolving focus on the water sector, the implications of the PR24 price review for business customers, and Ofwat's ongoing efforts to enhance market functioning and customer protections. These updates highlight key reforms and changes that will shape the non-household water market in the coming years.

Sean Kent emphasised the critical role of upcoming government legislation and PR24 in shaping the future of the non-household water market. With increased focus on water efficiency, smart metering, and performance improvements, it is clear that business customers will experience significant changes in service and cost structures. Ofwat remains committed to ensuring that these developments lead to a more accountable and efficient water market.

Key takeaways



Water Special Measures Bill, focusing on executive pay regulations, customer involvement in decision-making, and standards for company leadership.



PR24's, £88 billion of investment over five years, driving improvements in reducing leakage, storm overflows, and greenhouse gas emissions.



Major smart metering initiative, with 10 million smart meters set for rollout, including for business customers.



Ofwat introduction of BR-MeX mechanism to evaluate wholesaler performance and ensure better service delivery.



Wholesaler Spotlight – Severn Trent, Mike Rathbone

Opening the inaugural Wholesaler Spotlight and offering Severn Trent's perspective is Mike Rathbone, as a water wholesaler with an Ofwat-rated outstanding business plan. The five-year strategy, backed by £12.9 billion of investment, is designed to ensure the delivery of high-quality, value-for-money service to customers.

Key takeaways



Severn Trent investment of £12.9 billion over five years while operating £320 million more efficiently than Ofwat's baseline.



A 7.5% reduction in non-household water usage by 2030.



Reduce average supply interruptions to five minutes per customer by 2030, from current 8 minutes.



Uphold a 4-star Environment Agency rating, reducing storm overflows and improving river quality.

Response to PR24

PR24's focus on investment, water efficiency, and climate resilience aligns with Severn Trent's goals of reducing water demand from non-household customers by 7.5%. However, the price increases – around 30% over five years – are necessary to fund infrastructure improvements and environmental protection, ensuring the sector's long-term sustainability.

Severn Trent update

With a region covering 200,000 square kilometres and over 7,000 operational sites, we are committed to addressing climate challenges, such as 3°C warmer summers by 2050, and managing water demand amidst population growth. Our goal is to reduce average supply interruptions to five minutes per customer by 2030 and continue leveraging smart metering and AI for more efficient water management. Additionally, we are proud to maintain a 4-star rating with the Environment Agency, underscoring our commitment to environmental performance.

By investing in infrastructure, improving efficiency, and working closely with customers and retailers, we are positioning ourselves to meet the expectations set by PR24 and beyond. Our efforts to manage both environmental impact and operational reliability will ensure a future-proofed water service for all.

Strategic Panel, Trisha McAuley, Roadmap to a flourishing market

The strategic panel has been instrumental in shaping this roadmap, with dedicated contributions from a subgroup of wholesaler and retailer members, CCW, Ofwat, and two independent experts from other industries. With strong backing from key stakeholders like Defra and Ofwat. We've made significant strides covering the key feedback from industry consultation and the steps we are taking to ensure this roadmap supports a thriving market.

The roadmap to a flourishing market is now entering its next phase. With the full support of the strategic panel and our partners, we are on track to publish the final version soon, but this is just the beginning. Our focus now shifts to action and delivery, with continued collaboration to ensure the roadmap's objectives are met. We look forward to discussing this further at the Open Forum on September 23rd and encourage you to join in working together to drive meaningful improvements for the business market in the years to come.

Key takeaways



Roadmap collaboration with retailers, wholesalers, regulators, and independent experts, ensuring a well-rounded industry perspective.



Revise REC, many stakeholders advocating for relaxing regulatory constraints to encourage true market competition.



Final road map published week commencing 16th September 2024.



Join the Open Forum on Monday 23rd September.

Q&A highlights

Shaun Kent and Mike Rathbone

Can you explain the Special Measures Bill and its impact?

The Special Measures Bill involves strengthened powers for Ofwat and aims to ensure chief executives take the right decisions regarding issues like pollution. It supports the government's objectives and quickly fulfils new manifesto commitments.

Who is responsible for surface water drainage?

Surface water drainage responsibility is shared among water companies (for customers' properties), local authorities or highways authorities (for highways drainage), and the Environment Agency (for river flooding).

What is Ofwat's stance on smart metering in the non-household sector?

Ofwat supports the rollout of 10 million smart meters to manage water scarcity and benefit customers. The draft determinations emphasize the importance of

infrastructure and coordination for smart meter implementation, with final decisions due in December.

What are Severn Trent's plans for smart metering?

Severn Trent plans to install 1 million smart meters during the AMP period. Smart meters are prioritized for larger consumers, with challenges in certain areas due to infrastructure needs. Severn Trent sees smart meters as crucial for improving water use visibility and managing resources.

What is Severn Trent's plan for improving BR-MeX performance?

Severn Trent is focused on streamlining processes like meter repairs and data management. They're also improving incident management and ensuring customer data accuracy. The goal is to exceed minimum performance standards by responding quickly to customer needs and addressing specific challenges.

Trish McAuley, Strategic Panel, Roadmap to a flourishing market

How do you want us to engage going forward with the consultation and plan?

Engagement is crucial, especially from key groups like self-suppliers and business customers. While there's no specific plan yet, we'll map key stakeholders for each area and ensure collaboration through consultations, roundtables, or forums. A top-down approach won't work; partnership and understanding unintended consequences are essential.

Will you take the lead in defining water efficiency or defer to other groups like the RWG?

We're coordinating with RWG and Defra on this. A report on water efficiency and scarcity for business customers is in progress and will be shared soon.

What's the status of the Retail Exit Code (REC) and your thoughts on its future?

The REC currently protects smaller and medium-sized customers with price protections as market conditions aren't yet competitive. We support the roadmap's efforts to improve these conditions.

What are your thoughts on the current market conditions for smaller customers?

Protections remain necessary due to limited competition, but we hope to see a flourishing market soon, as outlined in the roadmap.



World Water Week summary

At the end of August, we attended World Water Week, which focused on the theme “Bridging Borders: Water for a Peaceful and Sustainable Future.”

Representatives from over 200 countries, including NGOs, governments, and business leaders, gathered to discuss the critical importance of collective action in water stewardship. A key takeaway from various sessions was the need for businesses to be deeply involved in water sustainability efforts, not only within their operations but throughout their entire value chains. Speakers emphasised the importance of engaging people outside the water sector in managing resources effectively.

Several companies, including Carlsberg, Microsoft, and 3M, shared their approaches to water positivity and collective action strategies. Carlsberg highlighted its goal of achieving zero water waste, linking its business success to the health of surrounding communities. 3M discussed its trial of the net positive water impact framework, which helps prioritise actions for faster progress. Another key theme was the need for better global water quality data, with discussions on digitising water data to drive more effective water management. We'll share a more detailed write-up and video summary in the coming weeks.



Dates for your diary

Talking Water: Universities

Thursday 7 November 2024 – Virtual

Winter Self-Supply Users Forum

Thursday 5th December 2024 – Virtual

Spring Self-Supply Users Briefing

Thursday 6th March 2025 – Virtual

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Tuesday 25th & Wednesday 26th March 2025

Business Design Centre, London

World Water Day

Saturday 22nd March 2025 – National Day

Water Matters

Thursday 19th June 2025,

Convene – 22 Bishopsgate, London

In person

[Register interest](#)

Autumn Self-Supply Users Forum

Thursday 11th September 2025 – Virtual

Winter Self-Supply Users Forum

Thursday 4th December 2025 – Virtual

