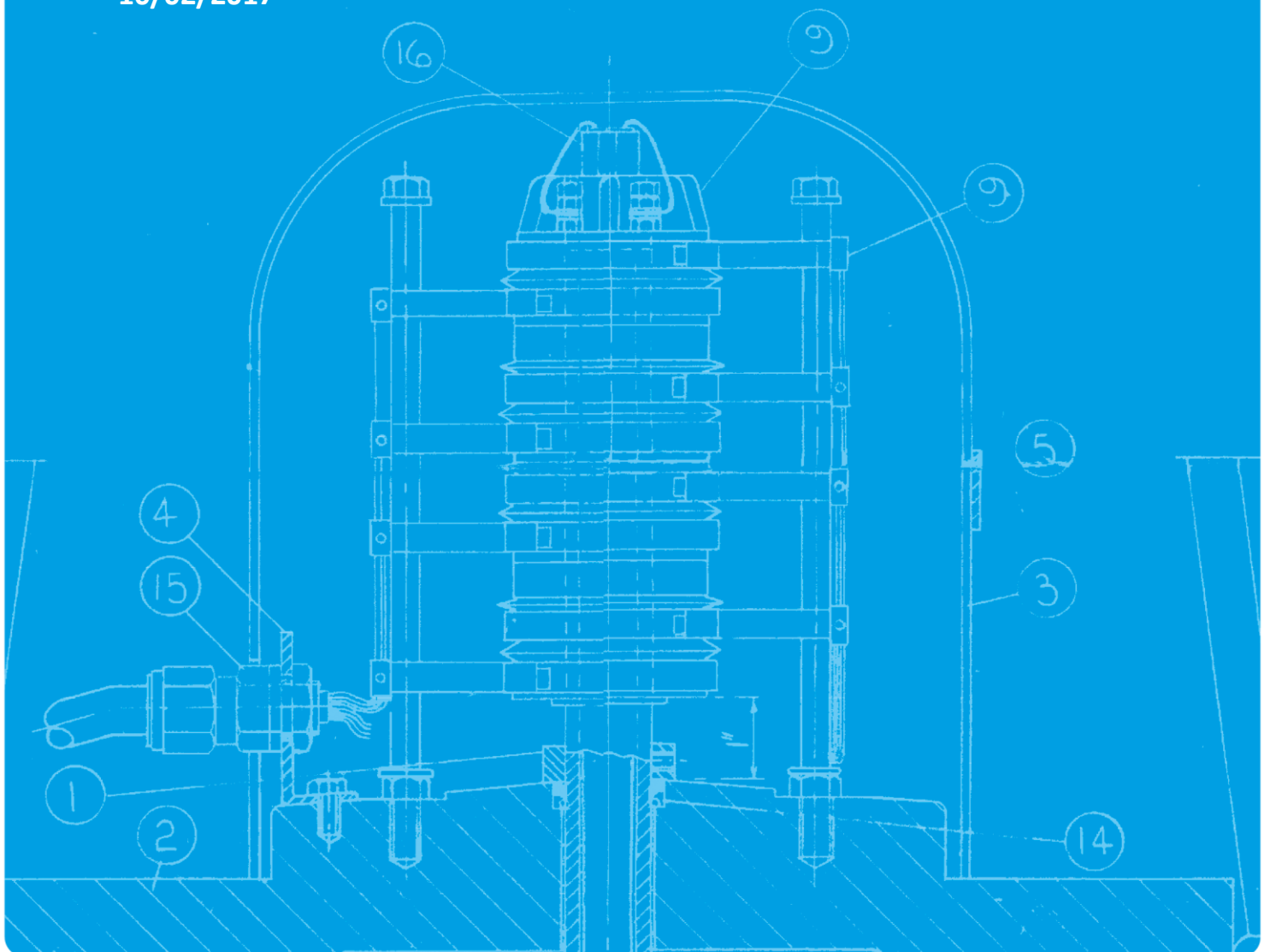


Monitoring the business retail market from April 2017: a consultation

Severn Trent Water
10/02/2017



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Thank you for the opportunity to comment on the monitoring of the business retail market from April 2017.

We note that the proposals are focused on retailer performance. As a wholesaler, we have responded to the consultation in order to support Ofwat in its monitoring of the retail market. We suggest the Operational Performance Standards and Market Performance Standards as set out in the market codes are a good source of supplementary information that should allow interested parties to see the service levels at which, retailers, wholesalers and the market operator performing at.

Our response to the specific questions asked is as follows:

Q1. Are there any other objectives that market monitoring could or should fulfil in addition to those mentioned in section 2.3?

We believe there should be an additional objective aimed at ensuring customers do not need to intervene when complex queries involving both a wholesaler and retailer arise. This would ensure the onus is on wholesalers and retailers to work together..

Q2. Do you agree with the issues we propose to monitor? What issues do you think should be monitored particularly closely?

We believe the approach described is appropriate and proportionate to the business retail market and would enable customers to have trust in the market.

We agree that outside of the market codes, Ofwat does not need to set formal targets as - all market participants should be setting themselves challenging SLAs to meet customers' expectations.

Q3. Do you agree with the type and format of the information we are planning to obtain from the market operator? We welcome views on:

- **The choice of metrics, their usefulness for our assessment of the market and ways of ensuring they are as useful as possible**

We agree that the metrics chosen seem appropriate. We would suggest that Ofwat may also want to look at the MPS (Market Performance Standards) which will be published as per the Market Codes (CSD002) as supplementary information.

- **The availability of that information, the opportunities and limitations of obtaining information from the market operator, including source that could supplement it**

As the question relates to the market operator, we cannot comment on the availability of this information.

Q4. What information will retailers hold that will help us achieve our monitoring objectives? We welcome views on:

- **The choice of metrics, their usefulness for our assessment of the market and ways of ensuring they are as useful as possible;**

We agree that the metrics chosen are useful for assessing the market. We would suggest that Ofwat may also want to look at the OPS (Operational Performance Standards) which will be published as per the Market Codes (CSD002) as supplementary information.

- **The availability of that information, including where else we could obtain the information that we would like retailers to provide;**

As this question relates to retailers, we cannot comment on the availability of this information.

- **The best way for retailers to share that information with us (eg most appropriate format);**

To be transparent to customers, all market entities should consider the best way to present data in a clear and concise manner, subject to commercial sensitivity

- **Whether retailers will be able to segment information in the way we require;**

As this question relates to retailers, we cannot comment on data segmentation although in principle we agree that as retailers are obligated under the Customer Protection Code of Practice to identify microbusinesses, they should be able to provide some data segmentation.

- **The best way to make sure the regulatory burden is proportionate, especially for smaller retailers.**

While the scale of reporting must be proportionate to size, customers of smaller retailers must have means of comparing their retailer's performance against others to enable them to make an informed decision when switching. We also believe that smaller retailers should be expected to adhere to minimal levels of services (as set out in the market codes and Guaranteed Standards Scheme), ensuring that the customers they serve are not at a disadvantage.

Q5. We would welcome views on our proposal for informal monitoring, any other tools we could use, and how we might make the best use of the information available.

We agree with the principle of informal monitoring as opposed to any further formal targeted measures as competition should act as stimulus for good customer service for the retail market.

We welcome the proposal to the Open Water website as a central hub for the market so that both customers and market participants have a clear means for accessing market performance information.

Q6. We would welcome views on how best we could involve third party intermediaries in our monitoring framework which information would be best to collect and how we could obtain it

We agree with Ofwat's assessment that third party intermediaries are likely to appear in the water market; prior to the shadow market, we regularly received contact from energy consultants working on behalf of non-household customers. We agree that they should be consulted.

Q7. We would welcome views on how best to collect useful information on market segments. In particular, we would welcome views on challenges to deriving the market segment information we envisage and ways of overcoming them.

We agree that the data segments suggested appear useful for monitoring the success of the market and in particular demonstrating that there is a level playing field for all retailers, however some of this data may be considered commercially sensitive to retailers.

Currently, as a wholesaler, we are able to provide some customer segmentation data but some system and/or process change may be required to ensure the quality of the data is adequate. Retailers may be better placed to provide this information as they are obligated under the Customer Protection Code of Practice to distinguish micro businesses and others. Retailers are also likely to find this information valuable for marketing purposes.

Q8. How can we best make sure that relevant information is shared in a transparent and useful manner, whilst also being mindful of commercial and personal confidentiality and without prejudice to competition law?

This question is more impactful for retailers though post code/ SIC code data may be considered commercially sensitive for market participants.