



# All Party Parliamentary Water Group

**Co-Chairs:** Angela Smith MP and Baroness McIntosh of Pickering  
**Vice-Chairs:** Neil Parish MP, Lord Bird and the Earl of Selborne GBE FRS  
**Treasurer:** Luke Pollard MP

## The introduction of retail competition: one year on (Non-Verbatim Minutes)

Wednesday 18 April, Committee Room 11, Palace of Westminster  
5.00pm – 6.00pm

The All Party Parliamentary Group's April meeting was on the topic of the Introduction of retail competition: one year on.

### Guest Speakers:

Emma Kelso, Senior Director, Customers and Casework, OFWAT  
Karma Loveday, Chair of the Major Energy Users Council Water Competition Group  
Adam Richardson, Director of Market Design, MOSL

**Angela Smith MP** chaired the meeting, welcomed guests and speakers and introduced the topic of retail competition.

**Emma Kelso** opened the discussion by summarising the changes within the retail market.

She outlined that the industry has seen a wider range of market entrants, both large and small retailers. She also mentioned that there had been an increase in self-supply. She alluded to the fact that 3.5% have switched providers and 1% have renegotiated deals.

Emma explained that the collaborative spirit of the change has been positive and said that the industry needs to access the smaller end of the market moving forward to really make the most of the reform. In addition, she said data accuracy will become increasingly important if water retailers want to give quick and accurate quotes.

**Karma Loveday** said that generally, MEUC's members have found the changes positive. She said that awareness of the changes is not an issue and a number of members have switched supplier. The main reason users switch is to reduce bills. She also said that customers wanted to get a better handle on their usage.

Karma said that the switching process even on complex sites has been easy, and that MEUC has seen a 2% price saving. However, she expressed concern about reports from MEUC's members that the deals they have signed up for are not currently being kept by providers.

Karma concluded that the MEUC is positive about the market and the re-organisation to date. However, she added that the sector must concentrate on getting billing and consumption data right.



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**Adam Richardson** opened by saying that MOSL are pleased with the collaboration evident in the new market. He agreed that there is more to do moving forward, but there is also much to be positive about a year on from the introduction of retail competition. He said that there has been about 9000 switches per month, and that switching is taking place in all parts of the country. Adam added that there has been a consolidation of portfolios across a single retailer, which has seen waste and water brought together.

He said that a common theme has been data quality which is essential to the healthy functioning of the market. He added that MOSL has seen progress this year in terms of data accuracy but there is space for improvement – this includes the introduction of a performance charter, which will help with efficiencies in the industry. He said that MOSL is looking at ways to support this through industry rules with the overall objective being to drive down cost of participating in the market.

Angela Smith MP thanked speakers and then opened the floor to questions and comments from the audience.

An **audience member** commented that retail competition has been encouraging, but there needs to be an honest review as the first year targets have been missed. He added that retail competition exposed the poor quality of billing.

**Emma Kelso** agreed that the current billing situation isn't good enough, however she did not accept that the industry has missed targets. She drew a comparison with to the energy industry, and said that the water industry's record has been more successful. She said there is a lot of potential and that the need to work together is important.

**Adam Richardson** said that from MOSL's perspective it is crucial that the market operates as efficiently as possible. MOSL want to grow in this area, and this is something the industry needs to look at.

**Angela Smith MP** asked how the sector should deal with the issue of smaller retailers competing in market.

**Emma Kelso** agreed that as a SME it is difficult to be as attractive as larger competitors. Ofwat, however, has limited influence over this, and the industry should be realistic that there are some SMEs who can only offer small savings and as such customers won't be interested in switching.

An **audience member** commented that as a retail company, the margins are too tight to provide discounts to attract new customers. He said that they simply can't make profit and that there is an opportunity through PR19 to address this imbalance. **Karma Loveday** said that retail margin is not a retailer issue, but rather it is a customer issue. She said that it has a direct effect on discounts and attractiveness of market.



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**Angela Smith MP** asked about data and data accuracy. She said that one suggestion is that the data should be held by the regulator itself, and asked for the panel's perspective on this.

**Emma Kelso** said that Ofwat needs to think about how it can ensure customers have better access to their own data. **Karma Loveday** said that their members would love to have access to their own data, as customers are best placed to check its accuracy.

**An audience member** asked what the panel would like to see over the next twelve months in terms of the retail market.

**Karma Loveday** said that MEUC's short-term priorities are to get the basics right. **Adam Richardson** said that moving forward there needs to be a real focus on data quality. **Emma Kelso** agreed and added that once the mechanics are right everything will fall in to place.

**An audience member** asked whether there is any evidence of sectors emerging which retailers are less keen to engage with, such as the farming sector which can be geographically isolated? **Emma Kelso** said she has not seen any direct evidence of this, but there are some indicators that will be worth looking at.

**Angela Smith MP** brought the discussion to a close and asked the panel for their final remarks.

**Karma Loveday** said that she was positive about the future of retail competition and looking forward to the next six months

**Adam Richardson** said that the first twelve months have been a transition period. He added that in the next year the sector needs to improve customer service.

**Emma Kelso** agreed with the panellists and said that businesses must not forget the importance of understanding the market and listening to customers.