Note of the Consumer Council for Water Meeting for Business Customers 5 October 2017

<table>
<tr><td>Agenda Item</td><td>Discussion topic</td></tr>
<tr><td>1</td><td>
Welcome and Chairman's update – Tony Smith, CCWater

Tony Smith welcomed all attendees
List of attendees attached at Annex 1

The big question for today - Six months on from the opening, how is the market fairing?
Market activity
MOSL figures from their quarterly report show that less than 2% of customers have switched retailer. A significant proportion of customers have switched either both water and sewerage retailer services or consolidated their services from two retailers to one.
Switching rates tend to increase with the usage profile of the customer segment, although MOSL's report did show that there were switchers amongst customers who use less water.
But there are other measures that we will want to look at to determine if the market is working, including customer negotiation (which retailers will report to Ofwat at the end of the year) and whether customers feel the market is providing better value for money and satisfaction with service than last year (which we will measure in Testing the Waters).
Complaints
In the first quarter, we recorded more complaints from customers, which was in line with what we expected. Most issues appear to be teething problems and many are due to inefficient communication between wholesaler and retailer.
We held a retailer-wide workshop this summer to address questions from retailers about how we've asked them to report their complaints to us. We expect to be able to compare retailer performance in a published report in Autumn 2018. Evan will
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	tell you more about this. We've had 986 complaints from NHH customers (including mixed use properties) since 1 April. The majority of complaints are about billing and charges. Looking just at specific complaints about retail competition, most customers are coming to us with issues related to eligibility. Looking into root causes, households misclassified as NHH is a common theme. We've also seen some customers switched without consenting and other cases where retailers are not able to provide the data that customers are expecting. There are 32 NHH (inc mixed use) complaints about switching to date. Most common theme is retailers not providing the right data to facilitate switches. **Measuring awareness** We have measured awareness of the retail market among small and medium-sized businesses and found that 4 in 10 customers think they can switch their water supplier. We last measured this in early 2016 when we found that only 1 in 10 customers knew anything about the upcoming market. We are preparing our next research project to measure customer experiences of the market and will be working closely with Defra on this. **Retailer landscape** While customer switching rates remain below 2%, there have been changes to the retailer landscape. Amongst the associated retailers, we have seen a further joint venture, Wave, announced between Anglian Water Business and NWG Business. We are also waiting to see where Yorkshire Water customers end up with the company announcing its intention to sell the customer book.
2.	**Monitoring an Support of the Market – Evan Joanette CCWater** • One of the barriers to accessing any services in water sector is lack of awareness. Water market is no different. • Market awareness is improving. In early 2016 less than 1 in 10 were aware of the opening of the retail market. In late 2016 this had increased to 3 in 10. • In July we asked SMEs in July and around 4 in 10 said they thought they could switch. Over half indicated they would explore their options to switch or negotiate in the next six months. • Six months into the market CCWater has recorded nearly 1000 NHH complaints. This profile has not shifted significantly from last year and most complaints are still about billing (over 50%)

	• Information we've gathered has been used to press poorer performing retailers to address the root causes of their complaints. • There are a number of systematic issues where we believe that retailers and wholesalers are letting customers down. • We intend to publish the data we have collected in autumn 2018. • Our next quantitative survey Testing the Waters results will be published towards the end of 2018. **Retail Market Operation and Activity. – Steve Arthur MOSL** • There are now 37 retailers in the market • MOSL are looking at lessons learned in the Retail market from Scotland where 50% of customers have switched. • Would like to see niche retailers focusing on SME's. • There is now more self supply in the market, Whitbread, Marsden and Green King, among others which is a healthy sign. • There have been 60,000 SPID's that have switched, the majority of which are to consolidate accounts with 90% switching to a single supplier. • MOSL are trying to improve engagement and access to retailers and are offering monthly meeting for all sizes. • The next steps are to continue to relentlessly scrutinise retailers including checking that there are stable systems, data quality and pairing SPIDs. • MOSL are collecting data however are not publishing as they are not confident with the data. • CMOS systems- need to get closer to quoting number of customers not SPID's • The billing approach is 'hands off' as there are issues and these are taking time to iron out. • Credit support –Certain retailers want a more flexible approach to this. • MOSL have not got any qualitative information as yet. • Yorkshire Water cannot exit until they can sell their 'book' and meet regulations. They will have to follow the same process as those who exited the market 6 months ago. • Retailers are taking far too long to resolve issues. Questions and Comments CCW have concerns about the length of time that wholesalers and retailers are taking to resolve issues as well as the lack of communication. We are currently having discussions with these companies
4.	**Customer Insight survey (does the market work for customers?) –Stephen Beddoes, Ofwat** • The Customer Insight Survey was answered by 2000 customers.

	• Weighted findings will be published when available. • There will be 2 waves per year of the survey. The aim is to publish these in March/April 2018 • This year is about watching the market. • Ofwat are looking for a market led solutions going forward which are effective and appropriate.
5.	**Questions and Comments from Attendees** • NFU have 50,000 members. The developing picture is that farmers are not interested in shopping around to save money, but are interested in some of the services. The NFU haven't done any surveys since the opening of the market. Farmers also seem to be getting sewerage bills that they never had before for troughs that aren't connected to the system. • A lot of impedance on the customer to go between the retailer and Wholesaler. • Credit terms– Retailers are changing 30 day payments to 14. Is this allowed with deemed contracts? (Ofwat and CCWater to look into this). • TPI's can have a big impact on market by getting SME's to use the market. As Ofwat don't enforce regulations these are only voluntary. • Experience is that retailers just want to collect bills, and not have anything to do with operations. • There is a worrying gap about who's responsible for clean data. Why isn't anyone taking responsibility for this? • What is the incentive for access to data? How will this be moved forward?
6.	Lunch and Close Next Meeting dates 1 March 2018 – VSH 21 June 2018 – VSH