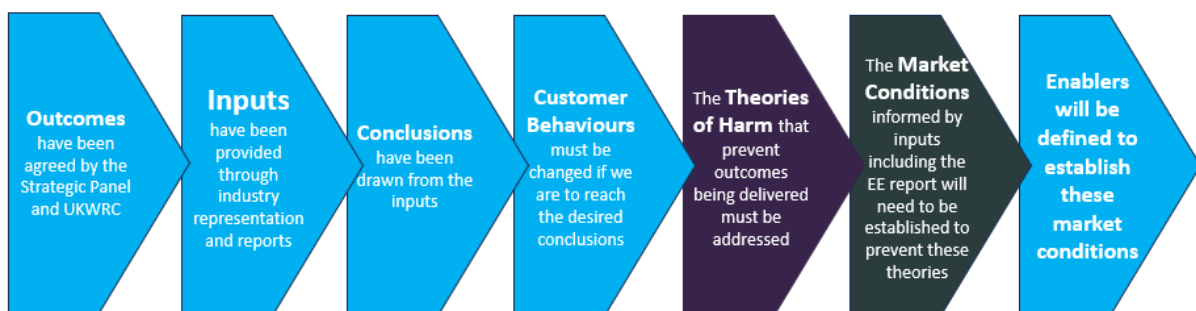

Appendix H

Mapping Market Conditions to Actions and Harms

This appendix lists the 31 market conditions which are derived from the first five components of the roadmap (below). These were described in the “Components” section of the Flourishing Market Roadmap document.



Market Conditions section of the document summarises the Market Conditions under the three themes of Customer Engagement, Accurate and Accessible Data and Process, Capability and Economics. The conditions are mapped below against these themes and against the actions which need to be completed to deliver them. These actions are listed against the references allocated to them in the document according to the owner. Further information on the actions can be found in Appendix I.

Theme: Customer Engagement and Choice

CONDITION: IC 1 Customers and new entrants are aware of the market

Addressing theories of harms

2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
4. Risk Allocation and Risk Aversion.
6. Customer Engagement and Inertia.

Actions

R1 (Retailers): Notify businesses of recently occupied vacant sites

Detail: Notifications to be sent by retailers – to replicate awareness push at market opening for companies that may have missed this at the time so that all customers who are eligible for the market are in it

Dependent on condition DA1 - Accurate Data

DA1	Accurate Data
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D4 (Defra): Deliver an awareness campaign if needed

Detail: Evaluate the need for a centrally driven awareness campaign, focusing on group 1, if actions such as end contract notices, fairness commitments, new entrant notifications, plain English guides, and website relaunches have not raised market awareness.

Dependent on conditions:

DA5	Customer data clarity
CO2	Understand regulatory protections
DA6	Data Responsibility
EMP5	Effective Processes & behaviour
IA4	Customers interested in reads
IC4	Fairness Framework
IC6	Info on state of market

CONDITION: IC2 Plain English guidance on market structure informs decisions to join the market

Addressing theories of harms

2. Lack of Effective Competition.
7. Market Complexity and Complexity Costs

Actions

O3 (Ofwat): Deliver an awareness campaign if needed

Detail: Produce a guide in a plain English that provides sufficient and clear information on the costs, metrics, and obligations that are defined in the codes. Also, the protections afforded to customers. This guide will inform decisions to join the market because complexity and ambiguity has been identified as a current barrier to new entrants.

Dependent on conditions:

IC8	TPI Obligations
MSD1	Clear Eligibility

Addressing theories of harms

6. Customer Engagement and Inertia.

CONDITION: IC3 Smaller customers re-negotiate their contracts or switch suppliers to gain better value

Addressing theories of harms

1. Market Power and Monopoly Behaviour.
2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
6. Customer Engagement and Inertia.

Actions

O9 (Ofwat): Review the balance of regulation and competition

Detail: Review the appropriate balance of regulation to protect customers and promote competition (supported by greater segmentation of Group 1). This could include regulatory requirements for retailers to protect customers who have switched and come off the deemed rate from being placed on disproportionately high standard variable rates at the end of their contracts. This will ensure

that a positive customer switching experience is not undermined by a negative and unexpected billing experience.

Dependent on conditions:

IC1	Awareness
IC4	Fairness Framework
IA12	Dedicated website
RC1	Harmonised tariffs

CONDITION: IC4 Provider behaviours are guided by a fairness framework not just market forces

Addressing theories of harms

1. Market Power and Monopoly Behaviour.
2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
4. Risk Allocation and Risk Aversion.
6. Customer Engagement and Inertia.

Actions

O4 (Ofwat): Retailer and TPI 'fairness framework'

Detail: Establish via the Customer Protection Code of Practice (CPCoP) a 'fairness framework' to govern Retailer and TPI behaviour. This is aimed to reassure customers that retailer and TPI behaviours are not just guided by competitive market forces. TPIs will be required to be transparent about their charges, commissions, partnerships and data sources to assure customers of their objectivity so that TPI comparison sites can be trusted by the customer.

Dependent on conditions:

IA3	Information on bills
-----	----------------------

O5 (Ofwat): Wholesaler 'fairness framework'

Detail: Define and deliver a wholesaler 'fairness framework' via the market codes and licence conditions. This is intended to reassure customers that wholesalers behave in the interests of customers and that is not impacted by the nature of being regional monopoly providers.

Dependent on conditions:

IA6	End of contract
IC1	Awareness
IC8	TPI Obligations
RC1	Harmonised tariffs

CONDITION: IC6 Potential new entrants have access to information on state of the market

Addressing theories of harms

1. Market Power and Monopoly Behaviour.
2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
4. Risk Allocation and Risk Aversion.
6. Customer Engagement and Inertia.

Actions

P1 (Strategic Panel): Report on progress to a flourishing market

Detail: Produce a regular report on progress to a flourishing market to meet the condition that potential new entrants have access to the state of the market. This would enable informed decisions on whether to enter the market which could enable increased customer choice.

Dependent on conditions:

IA2	Identify suppliers
IA4	Customers interested in reads
IC1	Awareness

CONDITION: IC8 Obligations on Third Party Intermediaries to protect customers from mis-practice (6)

Addressing theories of harms

3. Inconsistent provision of information to customers.
6. Customer Engagement and Inertia.

Actions

O4 (Ofwat): Retailer and TPI 'fairness framework'

Detail: Establish via the Customer Protection Code of Practice (CPCoP) a 'fairness framework' to govern Retailer and TPI behaviour. This is aimed to reassure customers that retailer and TPI behaviours are not just guided by competitive market forces. TPIs will be required to be transparent about their charges, commissions, partnerships, and data sources to assure customers of their objectivity so that TPI comparison sites can be trusted by the customer.

Dependent on conditions:

IA8	TPI Tools
-----	-----------

C2 (CCW): TPI accreditation

Detail: A "kitemark" style accreditation is endorsed by CCW that confirms that the TPI has signed up to the CPCOP. Customers can therefore be confident that their TPI is operating in their best interests.

Dependent on conditions:

CO2	Understand regulatory protections
-----	-----------------------------------

CONDITION: EMP1 Customers know they are protected from retailer/wholesaler failure

Addressing theories of harms

3. Inconsistent provision of information to customers.
6. Customer Engagement and Inertia.

Actions

O8 (Ofwat): Develop and communicate Interim Supply Allocation process for Supplier Of Last Resort

Detail: Publish a clear explanation of the market processes to safeguard customer supply and service if a retailer or wholesaler were to fail. The process will apply to all retailers and wholesalers, giving customers confidence that their service and supply will be secure if they switch.

Dependent on conditions:

CO2	Understand regulatory protections
-----	-----------------------------------

IA12	Dedicated Website
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D3 (Defra): Make changes to the Water Act to strengthen the ISA and change processes

Detail: Legislative changes required to: a) establish Ofwat’s powers to mandatorily move customers to a new retailer under the Supplier of Last Resort b) remove the limitation that requires Ofwat to consult on all changes.

Dependent on conditions:

IC2	Market Guides
-----	---------------

Condition: EMP6 Customers trust the switching process

Addressing theories of harms

2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.

Actions

P5 (Panel): Conduct a review of switching service

Detail: Once confidence in the switching service has been encouraged by establishing protections for customers who have moved away from the deemed rate, the customer experience of the switching process should be reviewed, to identify further barriers of required protections for customers. This will help meet the condition that customers trust the switching process. This will encourage smaller customers in Group 1 to re-negotiate their contracts or switch suppliers to gain better value.

Dependent on conditions:

IC3	Contract re-negotiation
MSD7	Innovation sandbox
RC1	Harmonised tariffs

Condition: CO2 Customers understand the regulatory protections in the market

Addressing theories of harms

1. Market Power and Monopoly Behaviour.
3. Inconsistent provision of information to customers.
6. Customer Engagement and Inertia.

Actions

O8 (Ofwat): Develop and communicate Interim Supply Allocation process for Supplier Of Last Resort

Detail: Publish a clear explanation of the market processes to safeguard customer supply and service if a retailer or wholesaler were to fail. The process will apply to all retailers and wholesalers, giving customers confidence that their service and supply will be secure if they switch.

Dependent on conditions:

IC2	Market Guides
IC4	Fairness Framework

Condition: IA2 Customers can easily identify their retailer and wholesaler

Addressing theories of harms

1. Market Power and Monopoly Behaviour.
2. Lack of Effective Competition.
5. Operational Efficiency and Cost Reduction.
6. Customer Engagement and Inertia.

Actions

M2 (MOSL): Basic Query tool on Open Water Website

Detail: Customers should be able to identify their retailers on the Open Water Website.

Dependent on conditions:

IC1	Awareness
IA12	Dedicated website

Condition: IA3 Information must be provided on bills and in a way customers understand

Addressing theories of harms

1. Market Power and Monopoly Behaviour.
2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.

Actions

O6 (Ofwat): Define mandated fields on bills

Detail: Update the Customer Protection Code of Practice (CPCoP) to define the mandated fields once agreed (see related action led by CCW).

Dependent on conditions:

IA6	End of contract
-----	-----------------

R3 (Retailer): Self-certify compliance with mandated fields on bills

Detail: Retailers to Self-certify their compliance to providing the mandated fields on bills Customers should clearly understand their tariffs, consumption, contract end dates (IA6) and obligations by their retailer so that they can base and choices of supplier on accurate existing information.

Dependent on conditions:

IC1	Awareness
-----	-----------

C1 (CCW): Define mandated fields on bills

Detail: Lead the work in collaboration with market participants to agree list of fields (e.g. best tariff notification, current tariff, cost, usage) to be mandated on bills.

Dependent on conditions:

IA12	Dedicated website
------	-------------------

Condition: IA4 Customers can take an independent interest in their meter reads (13)

Addressing theories of harms

3. Inconsistent provision of information to customers.
4. Risk Allocation and Risk Aversion.
6. Customer Engagement and Inertia.

Actions

P2 (Strategic Panel): Debate on NHH open market data

Detail: Facilitate a centralised debate on what open data means to the market, including who holds what responsibilities and who can access what. This will enable the conditions that rely on ‘information accessibility’. This could enable TPIs and authorised stakeholders (e.g. landlords and customers) to request data corrections and make informed choices on water saving or switching. This will look to build on ongoing work by the Strategic Panel's Metering Committee as described in the National Metering Strategy.

Dependent on conditions:

IA12	Dedicated website
IA2	Identify suppliers
IC1	Awareness

Condition: IA8 Third Party Intermediaries provide tools that inform customer decisions

Addressing theories of harms

2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
6. Customer Engagement and Inertia.

Actions

C2 (CCW): TPI accreditation

Detail: A “kitemark” style accreditation is endorsed by CCW that confirms that the TPI has signed up to the CPCOP. Customers can

therefore be confident that their TPI is operating in their best interests.

Dependent on conditions:

IA8	TPI Tools
-----	-----------

Condition: IA12 A dedicated website provides customer guidance on the market (15)

Addressing theories of harms

2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.

Actions

C2 (CCW): TPI accreditation

Detail: A “kitemark” style accreditation is endorsed by CCW that confirms that the TPI has signed up to the CPCOP. Customers can therefore be confident that their TPI is operating in their best interests.

Dependent on conditions:

IA8	TPI Tools
-----	-----------

Actions

O1 (Ofwat): Update the open water website

Detail: Update and regularly maintain the Open Water website to meet the condition that a dedicated website provides customers with clear guidance on the market. In addition, ensure the outputs of Market Improvement Fund Project CATRID are incorporated to meet the condition that customers can access the identity of their retailer and wholesaler in order to make informed choices around tariffs and/or supplier.

Dependent on conditions:

IC1	Awareness
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Condition: RC1 Wholesaler tariff structures are harmonised across regions (16)

Addressing theories of harms

1. Market Power and Monopoly Behaviour.
2. Lack of Effective Competition.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.

Actions

W3 (Wholesaler): **Utilise smart technology for smart tariffs etc**

Detail: Wholesalers to exploit the rollout of smart metering technology as outlined in their WRMPs (RC3) to provide water security and innovative tariffs for all retailers across all regions and send clear, appropriate and timely pricing signals through the supply chain. This could also enable water efficiency solutions to be offered by any retailer to any customer regardless of region.

Dependent on conditions:

DA1	Accurate Data
DA1.1	Accurate customer data
DA5	Customer data clarity
MSD1	Clear Eligibility
DA6	Data Responsibility

W4 (Wholesaler): **Wholesalers to have rolled out smart metering technology**

Detail: Co-ordinated rollout of smart technology according to WRMPs so that customer choice is not constrained in some regions resulting in more expensive water and wastewater services as an enabler to smart tariffs and smart settlement.

Dependent on conditions:

RC3	Smart tech and tariffs
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Theme: Accurate and accessible data

Condition: DA1 Innovation in services is supported by accurate data (17)

Addressing theories of harms

5. Operational Efficiency and Cost Reduction.
7. Market Complexity and Complexity Costs.

Actions

M3 (MOSL): Create a data integrity measure

Detail: MOSL will establish the minimum standards to which customer data is provided by retailers so that a single source of truth for customer name, address, hierarchy and segment exists against which consumption data can be compared. This will allow the market to provide empirical and unambiguous data on consumption for formal benchmarking and monitoring. These standards could capture the confidence levels of the data integrity and accuracy of customer, premises, asset and consumption data and holder parties to account under their code mandated obligations to maintain this data.

Dependent on conditions:

DA5	Customer data clarity
MSD1	Clear Eligibility
DA6	Data Responsibility

Condition: DA1.1 Data on customers is accurate

Addressing theories of harms

2. Lack of Effective Competition.
5. Operational Efficiency and Cost Reduction.
6. Customer Engagement and Inertia.

Actions

M3 (MOSL): Create a data integrity measure

Detail: MOSL will establish the minimum standards to which customer data is provided by retailers so that a single source of truth for customer name, address, hierarchy and segment exists against which consumption data can be compared. This will allow the market to provide empirical and unambiguous data on consumption for formal benchmarking and monitoring. These standards could capture the confidence levels of the data integrity and accuracy of customer, premises, asset and consumption data and holder parties to account under their code mandated obligations to maintain this data.

Dependent on conditions:

DA5	Customer data clarity
MSD1	Clear Eligibility
DA6	Data Responsibility

Condition: DA4 Accurate data supports market collaboration

Addressing theories of harms

5. Operational Efficiency and Cost Reduction.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.
8. Wholesaler Monopoly Power.

Actions

M3 (MOSL): Create a data integrity measure

Detail: MOSL will establish the minimum standards to which customer data is provided by retailers so that a single source of truth for customer name, address, hierarchy and segment exists against which consumption data can be compared. This will allow the market to provide empirical and unambiguous data on consumption for formal benchmarking and monitoring. These standards could capture the confidence levels of the data integrity and accuracy of customer,

premises, asset and consumption data and holder parties to account under their code mandated obligations to maintain this data.

Dependent on conditions:

DA1	Accurate Data
DA1.1	Accurate customer data
DA5	Customer data clarity
DA6	Data Responsibility
MSD1	Clear Eligibility
MSD7	Innovation sandbox
RC3	Smart tech and tariffs

Condition: DA5 There is clarity where correct customer data is held and who has access

Addressing theories of harms

3. Inconsistent provision of information to customers.
4. Risk Allocation and Risk Aversion.
5. Operational Efficiency and Cost Reduction.

Actions

P3 (Strategic Panel): Debate on the holding of centralized customer data

Detail: Facilitate a debate on the holding of centralized customer data to meet the condition that there is clarity on where correct customer and consumption data is held and who has access to it. This will enable a common standard for benchmarking to exist so that the market can provide empirical evidence on water demand by customer segment, water resource zone, postcode or catchment area.

Dependent on conditions:

MSD7	Innovation sandbox
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M3 (MOSL): Create a data integrity measure

Detail: MOSL will establish the minimum standards to which customer data is provided by retailers so that a single source of truth for

customer name, address, hierarchy and segment exists against which consumption data can be compared. This will allow the market to provide empirical and unambiguous data on consumption for formal benchmarking and monitoring. These standards could capture the confidence levels of the data integrity and accuracy of customer, premises, asset and consumption data and holder parties to account under their code mandated obligations to maintain this data.

Dependent on conditions:

RC3	Smart tech and tariffs
DA1	Accurate Data
DA1.1	Accurate customer data
MSD1	Clear Eligibility

Condition: DA6 Clear obligations support accurate data which can be reviewed and audited

Addressing theories of harms

5. Operational Efficiency and Cost Reduction.

Actions

P3 (Strategic Panel): Debate on the holding of centralized customer data

Detail: Facilitate a debate on the holding of centralized customer data to meet the condition that there is clarity on where correct customer and consumption data is held and who has access to it. This will enable a common standard for benchmarking to exist so that the market can provide empirical evidence on water demand by customer segment, water resource zone, postcode or catchment area.

Dependent on conditions:

MSD7	Innovation sandbox
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Condition: MSD1 Clear market eligibility rules are applied consistently across regions

Addressing theories of harms

3. Inconsistent provision of information to customers.
4. Risk Allocation and Risk Aversion.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.

Actions

P4(Strategic Panel): **Review and redefine market eligibility**

Detail: Define a common eligibility standard to enable the condition that clear market eligibility rules are applied consistently across all wholesaler regions. This will ensure the right customer sites are included in, and able to engage and derive benefits from, the market. This will look to build on ongoing work by MOSL/CCW.

Actions D2(Defra) Review provisions for independent networks and new builds

Detail: Review the self-lay process to ensure the condition that clarity is provided on the role and opportunities for NAVs temporary building supplies and self-lay customers is met. This should seek to ensure developers have choices for the laying of pipe that includes not only the wholesaler but also self-lay providers and NAVs. Provisions should facilitate the entry of new customers and new parties into the market. There may be benefits in separating NAV functions so that NAVs are not required to enter the market as both retailer and wholesaler.

Dependent on conditions:

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Condition: MSD2 Customer data is available to all authorised stakeholders (23)

Addressing theories of harms

1. Market Power and Monopoly Behaviour.
2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
5. Operational Efficiency and Cost Reduction.

Actions

P2(Strategic Panel): Debate on NHH open market data

Detail: Facilitate a debate on what open data means to the market, including who holds what responsibilities and who can access what. This will enable the conditions that rely on 'information accessibility'. This could enable TPIs and authorised stakeholders (e.g. landlords and customers) to request data corrections and make informed choices on water saving or switching. This will look to build on ongoing work by the Strategic Panel's Metering Committee as described in the National Metering Strategy.

Dependent on conditions:

IA8	TPI Tools
DA5	Customer data clarity

Condition: EMP5 Trading party processes and behaviours support effective market functioning (24)

Addressing theories of harms

1. Market Power and Monopoly Behaviour.
2. Lack of Effective Competition.
3. Inconsistent provision of information to customers.
4. Risk Allocation and Risk Aversion.
6. Customer Engagement and Inertia.

Actions

O2(Ofwat): Incentivise and hold wholesalers to account through customer and retailer feedback

Detail: Ofwat incentivises and holds Wholesalers to account appropriately, to support efficient market functioning Wholesaler provision of services to customers and retailers is rated through a Business Customer/ Retailer measure of experience survey (BR-MeX). Incentives are provided to recognise and drive positive performance and encourage correction of poor performance.

Dependent on conditions:

MSD7	Innovation Sandbox
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Actions

M1(MOSL): A reformed MPF appropriately incentivises wholesaler and retailer performance

Detail: An effective market performance framework is in place which incentivises retailers and wholesalers to deliver positive customer outcomes and encourages them to take corrective measures to rectify poor performance.

Dependent on conditions:

RC1	Harmonised tariffs
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Theme: Process, Capability and Economics

Condition: DA2 Retailers can offer water efficiency solutions to any customer

Addressing theories of harms

2. Lack of Effective Competition.
4. Risk Allocation and Risk Aversion.
5. Operational Efficiency and Cost Reduction.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.
8. Wholesaler Monopoly Power.

Actions

W1(Wholesalers): Wholesalers communicate tariffs, customer incentives and initiatives to retailers

Detail: Retailers have sufficient information on wholesaler water efficiency solutions to target customers with appropriate messaging so that the customers receive communications around innovative solutions that are relevant to them.

Dependent on conditions:

RC3	Smart tech and tariffs
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Condition: DA3 Change in consumption can be derived and compared from reliable data

Addressing theories of harms

5. Operational Efficiency and Cost Reduction.
6. Customer Engagement and Inertia.

Actions

M3(MOSL): create a data model for consumption benchmarking by market segment

Detail: MOSL will establish the minimum standards to which customer data is provided by retailers so that a single source of truth for customer name, address, hierarchy and segment exists against which consumption data can be compared. This will allow the market to provide empirical and unambiguous data on consumption for formal benchmarking and monitoring.

Dependent on conditions:

DA1.1	Accurate customer data
DA5	Customer data clarity

Actions

R5(Retailer): Retailers provide accurate, granular consumption data

Detail: Granular consumption data can be paired with customer segmentation data and shared so that conclusions around the efficient use of water can be made by the retailer and other retailers and appropriate **Actions** can be taken with the customer.

Dependent on conditions:

DA1.1	Accurate customer data
MSD1	Clear Eligibility
DA6	Data Responsibility
MSD7	Innovation sandbox
DA4	Data collaboration
RC3	Smart tech and tariffs

Condition: MSD5 The market framework supports water efficiency services by retailers

Addressing theories of harms

4. Risk Allocation and Risk Aversion.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.

Actions

D1(Defra): Define incentive schemes to reduce demand

Detail: Water saving credit schemes similar to those trialed in the STORT WRZ and as part of the Cambridge pilot should be established as scalable models that are compatible with all regions.

Dependent on conditions:

DA3	Changes in consumption
DA2	Water efficiency solutions
RC3	Smart tech and tariffs
MSD6	Smart price signals
IC7	Demand reduction incentives

Condition: MSD6 Smart settlement and tariffs provide clear price signals to customers

Addressing theories of harms

3. Inconsistent provision of information to customers.
5. Operational Efficiency and Cost Reduction.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.

Actions

W4 (Wholesaler): **Wholesalers to have rolled out smart metering technology**

Detail: Co-ordinated rollout of smart technology according to WRMPs so that customer choice is not constrained in some regions resulting in more expensive water and wastewater services as an enabler to smart tariffs and smart settlement.

Dependent on conditions:

DA2	Water efficiency solutions
-----	----------------------------

W3 (Wholesaler): **Utilise smart technology for smart tariffs etc**

Detail: Wholesalers to exploit the rollout of smart metering technology as outlined in their WRMPs (RC3) to provide water security and innovative tariffs for all retailers across all regions and send clear, appropriate and timely pricing signals through the supply chain. This could also enable water efficiency solutions to be offered by any retailer to any customer regardless of region.

Dependent on conditions:

DA3	Changes in consumption
-----	------------------------

M4 (MOSL): **Develop a smart settlement process**

Detail: MOSL to develop smart settlement so that the capabilities of smart meters allow the agreement of supply side tariffs which are harmonised across regions and unlock opportunities for load shifting, and support demand side solutions for smarter use of water. MOSL to support the enhanced settlement process with a settlement sandbox in which wholesaler retailer pairings can explore the outcomes delivered by smart settlement

Dependent on conditions:

IC7	Demand reduction incentives
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R4 (Retailers): Develop a smart settlement process

Detail: Customers manage their demand more efficiently through smart retailer tariffs which offer time or volume-based incentives to any of their sites (IC7), across all regions and are enabled through smart technology (RC3).

Dependent on conditions:

IC7	Demand reduction incentives
RC3	Smart tech and tariffs
MSD6	Smart Price signals

Condition: MSD7 Sandboxing allows ringfenced innovation that could support wider change

Addressing theories of harms

4. Risk Allocation and Risk Aversion.
5. Operational Efficiency and Cost Reduction.
7. Market Complexity and Complexity Costs.

Actions

O7 (Ofwat): Innovative services

Detail: Ofwat to implement provisions in licences and market codes to support sandboxing that allows ringfenced trials of new approaches to better support innovation and subsequent wider change

Dependent on conditions:

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Condition: IC7 Customers are incentivised via retailers to reduce demand

Addressing theories of harms

5. Operational Efficiency and Cost Reduction.

6. Customer Engagement and Inertia.

Actions

R4 (Retailers): **Develop a smart settlement process**

Detail: Customers manage their demand more efficiently through smart retailer tariffs which offer time or volume-based incentives to any of their sites (IC7), across all regions and are enabled through smart technology (RC3).

Dependent on conditions:

DA1.1	Accurate customer data
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W2 (Wholesalers): **Wholesalers incentives to retailers to reduce demand**

Detail: Wholesalers provide incentives to retailers to deliver (or encourage uptake of) services that reduce demand for wastewater services. By reducing costs in the treatment of wastewater the wholesalers are able to direct the savings towards incentives for customers and retailers that will reduce demand.

Dependent on conditions:

DA2	Water efficiency solutions
-----	----------------------------

W3 (Wholesaler): **Utilise smart technology for smart tariffs etc**

Detail: Wholesalers to exploit the rollout of smart metering technology as outlined in their WRMPs (RC3) to provide water security and innovative tariffs for all retailers across all regions and send clear, appropriate and timely pricing signals through the supply chain. This could also enable water efficiency solutions to be offered by any retailer to any customer regardless of region.

Dependent on conditions:

DA3	Changes in consumption
-----	------------------------

W4 (Wholesaler): **Wholesalers to have rolled out smart metering technology**

Detail: Co-ordinated rollout of smart technology according to WRMPs so that customer choice is not constrained in some regions resulting in more expensive water and wastewater services as an enabler to smart tariffs and smart settlement.

Dependent on conditions:

IA6	End of Contract Notice
MSD5	Water efficiency services
MSD6	Smart price signals
RC3	Smart tech and tariffs

Condition: RC3 Smart technology and settlement enable the roll out of smart tariffs

Addressing theories of harms

3. Inconsistent provision of information to customers. more favourable options.
5. Operational Efficiency and Cost Reduction.
6. Customer Engagement and Inertia.
7. Market Complexity and Complexity Costs.
8. Wholesaler Monopoly Power.

Actions

W3 (Wholesaler): Utilise smart technology for smart tariffs

Detail: Wholesalers to exploit the rollout of smart metering technology as outlined in their WRMPs (RC3) to provide water security and innovative tariffs for all retailers across all regions and send clear, appropriate and timely pricing signals through the supply chain. This could also enable water efficiency solutions to be offered by any retailer to any customer regardless of region.

Dependent on conditions:

DA1.1	Accurate customer data
DA5	Customer data clarity

MSD1	Clear Eligibility
DA6	Data Responsibility

W4 (Wholesaler): **Wholesalers to have rolled out smart metering technology**

Detail: Co-ordinated rollout of smart technology according to WRMPs so that customer choice is not constrained in some regions resulting in more expensive water and wastewater services as an enabler to smart tariffs and smart settlement.

Dependent on conditions:

DA1	Accurate Data
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