

Strategic Panel Open Forum 2024 - Summary

23 September 2024 – De Vere Grand Connaught Rooms, London

On 23 September 2024, the Strategic Panel held its annual Open Forum in London. The forum was an opportunity for senior trading parties and stakeholders to hear directly from Panel members on the progress the Panel has made across the year and input to its future direction. The focus of this year's forum was on the Panel's [Roadmap to a Flourishing Market](#) and moving this into its delivery phase.

The agenda and slide pack are available on the [event page](#) of the MOSL website.

This document outlines the key discussion points from the day, including questions asked following presentations and during workshop discussions.

If you have any questions on this summary note, or the event itself, please email Panel Secretariat: panel.secretariat@mosl.co.uk.

Roadmap to a Flourishing Market

In the first presentation Independent Panel Member Rick Hill gave an overview of the Strategic Panel's final [Roadmap to a Flourishing Market](#) that was published shortly before the Open Forum. See [slides](#) 5-16 for more information.

Panel Discussion and Q&A: What does the roadmap mean for stakeholders?

Following the presentation there was a Panel discussion hosted by Karma Loveday, Editor at the Water Report and also Water Specialist at the Major Energy Users Council (MEUC). The Panel consisted of the following members:

- Trisha McAuley (Panel Chair)
- Sarah McMath (MOSL)
- Christina Blackwell (CCW)
- Shaun Kent (Ofwat)
- James Cleave (Panel retailer representative)
- Andrew Beaver (Panel wholesaler representative) and;
- Michael Charlton (Defra).

Please note the answers below have been summarised and are not direct quotes.

Question 1: How confident are you that the stakeholders will collaborate with you and each other and complete these actions?

- **It's about delivery and collaboration.** It's everyone's responsibility to deliver. The focus should be on customers. Good to see lots of wholesalers in the room. Delivering the roadmap will be hard and difficult. It will be iterative. Doing nothing is not an option.
- **The roadmap won't address everything** for everyone but will create a better place than today. If we don't see improvements, it will be because we haven't executed the roadmap. Roadmap actions are a key enabler to reviewing Retail Exit Code (REC) price protections in the market.

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- **We need to focus on the things we can address outside the REC.** Recognise that the REC is in Ofwat's control. There is lots of consistency between the roadmap and MOSL's strategy.
- **We know the government has a three-stage model to reform the sector:** 1) Fix the social contract, 2) Special Measures Bill, 3) Reform the sector for environmental outcomes, growth and investment. It is hoped the roadmap will help feed into stage 3 and any potential legislation. We know the Government's focus is on economic growth.
- **Wholesalers will need to double investment.** Wholesaler challenge will be applying resources to areas which have less focus i.e. tariffs.
- **The roadmap sets out the right landmarks industry faces.** Question on deliverability. Regulation / REC protections and the market are very interlinked and need development in tandem.
- **Important that actions are in place and on the right people** to deliver benefits. There are links between the roadmap and recommendations in CCW's five year review of the market. The market is heading in the right direction but it's important that customers are protected.

Question 2: Why does the roadmap cover other things than the REC? / Is an early REC review possible?

- There is no such thing as a perfect market – we need the conditions to give customers the info they need. It's a chicken and egg situation. **There is still more work to do to better understand customers.**
- **If the red circles on the roadmap are executed then there is scope for an early review of the REC,** but it is not a commitment from Ofwat.
- The problem is the **need to establish confidence that Group 1 customers don't need protections** before commencing the next REC review. Otherwise, an early review won't change protections.
- Need to see the right market conditions and outcomes for customers. **Different protections may be needed for different customers. There is also the potential to change the form of price protections.**
- **Don't want to see protections weakened just to stimulate competition.**

Question 3: How will PR24 final determinations be factored into the roadmap?

- **The roadmap is iterative and will take account of Final Determinations in its next iteration.** Roadmap also factored into the Panel's response to Ofwat's draft determinations. There was a view there is more certainty in areas in the price review relative to the market than other areas.
- **Government wants economic growth and water is an enabler.** This is the first time the link is being made at a government level. The roadmap helps articulate that.

- **Need to define the role of the market to deliver water efficiency** and who is best placed to deliver what – one of the big unrealised opportunities from market opening.
- There is **no silver bullet to deliver non-household water efficiency**.

Roadmap - Audience Q&A

Q1: Does the roadmap have hooks to look at the cost of not having water?

- **Sharing of knowledge of the impact of not having water** between Defra and other government departments including Treasury on was seen as important.
- **It would be helpful to have more market case studies of the impact of not having water** focused on the cost of *not* having it.
- **Ambition and targets have to come from government.** Delivery is hard or we would already have done more around non-household water efficiency.
- **Water efficiency** is not called out as a separate workstream because it **is implicit in all the actions**.

Q2: Did you consider putting obligations in the codes to deliver the roadmap? Ofwat sets out the conditions we need to meet. Could the plan be more ambitious?

- Would love to be more ambitious but **have to look at deliverability**. Code changes are a clunky way of delivery and the Panel was not convinced it would speed things up. Didn't consider household market as the Panel's remit is only non-household. That's a policy decision for Defra.
- **The REC is needed as a tool for as long as customers need protection.** The form of protections can be changed. Outside of the REC, other things could happen to the benefit of the customer. Regulation needs to look at outcomes not actions.
- **Panel debated use of codes, regulation vs non-regulation**, moving smaller customers out of the market in developing the roadmap which sets out the market conditions that need to be reached.
- It is a **good time to be raising questions like the scope of competition** in water and the balance between regulation and deregulation given the upcoming Defra review.
- **Roadmap sets out what could allow the price cap to be removed.** There is no clear final end state.

Q3: Is the roadmap ambitious enough? We need faith that a competitive market will be reached at some point. The market needs a better understanding of Group 1 customers.

- **The Panel remains keen to do more work to better understand customers.** Switching is not always a good indicator – some don't switch as they are happy. The Panel need to look at what customer protections are needed as the market conditions develop.
- **Smaller (group one) customers want simple and correct interactions.** The market has not caused all the issues, in some cases (e.g. data) it has brought them to light and now we need to fix them. Industry also needs to understand what can be delivered to group one customers.

Strategic Panel Near-Term Focus

Strategic Panel chair Trisha McAuley presented on the Strategic Panel's short-term priorities and the existing Panel workstreams, as well as how the workstreams will interact with the Panel's roadmap actions going forward. Panel retailer representative James Cleave also presented on the work of the Panel's water efficiency workstream. See [slides](#) 19-27 for more information.

Table Discussion 1: Strategic Panel prioritisation and focus led by Pamela Taylor, Independent Panel Member

The table discussions are summarised against the three discussion questions posed:

1. What do wholesalers and retailers need to deliver their actions?

- Final determinations from PR24 needed by wholesalers
- The framework should demand rigidity / consistency from wholesalers
- Retailers need flexibility
- Retailers need wholesalers to set the tariffs
- Retailers need consistent tariff structures.
- Guidance from Ofwat on charging rules and guidance that currently require tariffs to reflect costs to serve

2. What are the opportunities presented by the actions in the roadmap?

- Building customer awareness
- Incentivising customers to use water efficiently as prices rise
- Defra could provide efficiency incentives directly to customers
- Address continuous flow issues
- Smart meters offer an opportunity to engage customers
- Retailers can focus on the data rather than getting the meter read.
- Opportunities for a more central coordinated approach to smart metering standards etc.

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- Potential opportunities for retailers to structure non-household tariffs

3. What are the barriers to the successful delivery of roadmap actions over the coming years? What is needed to overcome these?

- Is market data clean enough?
- What data do we need (granularity)?
- Will smart data be available in time for smart tariffs?
- Action R4 in the roadmap (Retailers offer tariffs to incentivise demand side response) can't be delivered with a price cap
- Risks of roadmap work overtaking ongoing slower paced collaborative work already underway to agree approaches
- The bandwidth at Ofwat/Defra to deliver
- Money to deliver the actions, especially around water efficiency not currently in the right place

Other comments

- An independent view on delivery of actions would be helpful
- There was a view that few actions on wholesalers were not already mandated as part of PR24

National Metering Strategy and Granular Data Sharing Mechanism Progress Update

Martin Hall (Market Improvement Lead, MOSL) gave an update on the progress against the actions identified in the National Metering Strategy and, in particular, ongoing work to develop proposals for a granular data sharing process for the market. See [slides](#) 31 to 47 for more information.

Table Discussion:

This session focused on identifying the opportunities and challenges presented by open/shared and central data for the non-household water market.

Independent Panel member Paul Smith introduced the discussion by highlighting the near-term actions allocated to the Panel in the Roadmap in relation to open and central data and noted that while the Open Forum discussion did not in any way represent the sum of these actions, the Panel was looking for stakeholder feedback on the critical aspects of these issues they should be aware of as they begin the delivery phase. See [slides](#) 48 to 51.

Paul asked groups to feed back on the following questions whilst remembering to consider the implications for customers:

1. What are the main opportunities for open/shared & central data?

- There are significant potential opportunities for enhanced levels of granular consumption data and greater segmentation to assist industry goals on leakage reduction and water efficiency

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- There was an opportunity for retailers to develop additional value-added services if they are able to see greater levels of granular consumption data over and above their current levels of access to meter reads entered into the Central Market Operating System (CMOS)
- There was a potential opportunity to extend wholesaler access to market-wide consumption data to broaden understanding
- The roll out of smart metering will change the landscape of the market and presents a huge opportunity for water efficiency to influence customer behaviours through customer access to aggregated benchmarked consumption data
- Increased consumption data and analysis could be used to drive general awareness of water scarcity challenges and the need for increased water security
- Many of the opportunities associated with access to granular consumption data and enhanced segmentation were unknowable at present as they would be driven by the innovation enabled by increased data
- Third-party intermediary access to data could help to drive an increase in switching activity
- Greater access to consumption data could enable faster and more accurate settlement
- We may not know all the opportunities with the data until it is opened up.

2. What are your main concerns around open/shared & central data?

- The principal challenge would be privacy, it would be important that customers were not identifiable through any kind of open data
- It would be crucial to have appropriate consents in place for any kind of data sharing and a data security framework or guidelines would need to be developed – identifying the appropriate body to provide permissions under any framework would also be a challenge
- Data hacks and the weaponization of data were significant concerns
- Achieving the rich customer data set that would enable proper benchmarking would be difficult. For example, a smaller hairdresser with three sinks would have very different usage to a larger hairdresser with 30 sinks. While this would be a challenge, it was recognized that in order to get to a point in the future where that rich data was available, the market would need to start from a less perfect place and grow from there
- Standardisation of the data sharing process would be crucial in facilitating access to consumption data and unlocking benefits and this would need to be done quickly to ensure that any work done was not overtaken by the timescales for investment decisions driven by PR24 commitments
- Important to understand is open data always going to be free?

3. In your view, is there any data that should not be open/shared?

- More work is required to understand what customers want in terms of data-derived services and this would then need to drive the approach to sharing data
- Data relating to critical national infrastructure or other sensitive sites (such as Ministry of Defence premises)
- Data seen by customers as commercially sensitive should not be shared.

4. What kind of data, if any, should be accessible to third parties?

- There would be an opportunity for third-party intermediaries to develop value-added water efficiency services based on appropriately controlled access to granular consumption data
- It could be useful for trade associations to be able to access consumption data
- Third-party intermediaries should be able to see customer consumption data subject to appropriate consents being received.

Other Comments

- With both open/shared and central data it would be important to work back from what the customer wants and then identify the best solution to provide the maximum customer benefit
- If customers are able to see smart meter data for energy on an in-home device then there was a question of whether they would expect the same for water
- Who should get to compete for value-added water efficiency services, retailers, wholesalers and/or third parties – and would this require new licences to be introduced
- There would be costs involved in the provision of data and data should only be shared on the basis that licence fees or other charges are paid by those seeking (appropriately permissioned) access
- Any potential central data hub would need to hold data for longer than a year so that trends over time can be identified
- Should customers be able to see price data?
- The ability to see data on energy use associated with water consumption this could be a useful tool to influence behaviours
- Who would deliver and run a central data hub? Are there opportunities for an approach that did not involve a central hub but enabled access to granular consumption data?