



Department
for Environment
Food & Rural Affairs

Retail Exit Regulations

Post-Implementation Review

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12 November 2021

The Retail Exit Regulations

- The Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016 or the Retail Exit Regs made provision for wholesalers in England to exit the non-household retail market.
- They also set out how the market should operate in an exit area.
- 14 wholesalers exited at market opening, and all the remaining wholesalers have since exited.
- The regulations did not introduce competition in the retail market but significantly accelerated retailer participation by allowing the transfer of wholesalers' customers to retailers.

Objectives of the PIR

- DEFRA has a duty to conduct a PIR to assess **whether the policy objectives** of the regulations **were met**.
- Scope of the review:
 - Impact of transfers on customers
 - Interim supply arrangements
 - Efficiency savings
 - Water efficiency incentives
 - Impact on developer services
 - Retail exit for NAVs

Questions

- Have the government's policy objectives been achieved?
- What has the retail market achieved since market opening?
- What are the key challenges facing the market?

The Strategic Panel: setting the direction

Trisha McAuley, Independent Chair



12 November

Foundations of governance

- ◆ Industry expertise seen as cornerstone of decision-making
- ◆ Governance seen as slow/cumbersome
- ◆ Ofwat's Review of Incumbent Support for Effective Markets (RISE report) highlighted industry-led approach to market governance could be improved
- ◆ Ofwat support the principles of self-governance
- ◆ Indication of strategic gap in the way the current Panel makes decisions



Market Governance Review



Governance Steering Group

- In 2020, the Panel established a Governance Steering Group to manage the delivery of the Market Governance Review

Satori Board Review

- The Steering Group commissioned independent consultant Satori Board Review to review Panel effectiveness

Engagement

- Satori's work covered Panel stakeholders, purpose, strategy, structure, operations, meetings, decision making, and development

Recommendations

- Satori's report included several recommendations which were accepted by the Panel in February 2021. The recommendations were split into two workstreams - a strategic roadmap to implement longer-term strategic changes and a service roadmap to support the implementation of tactical 'quick wins'.

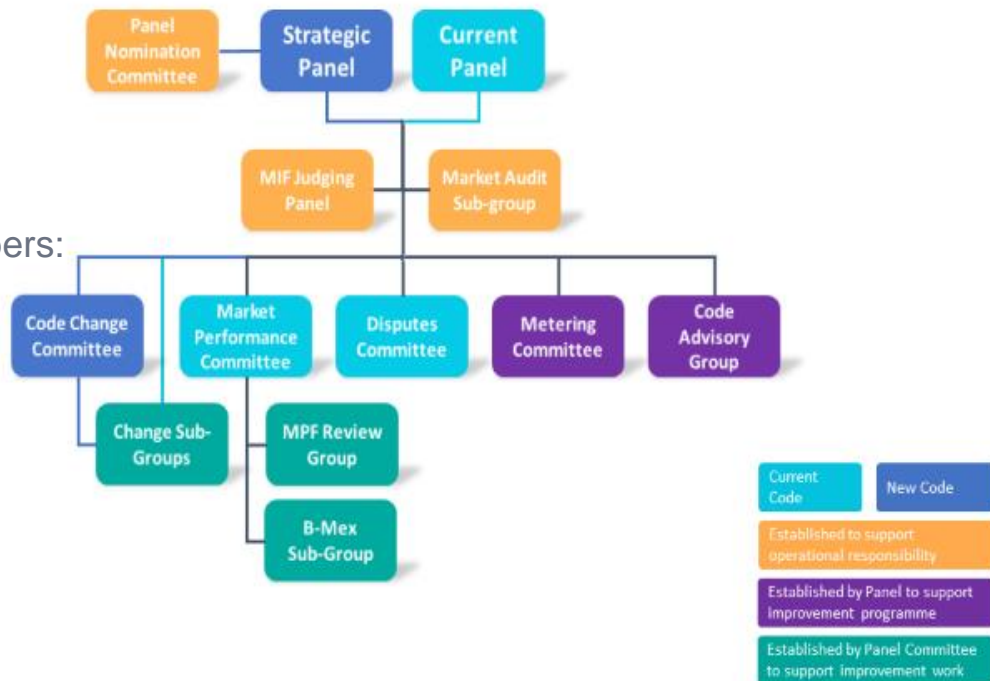
Panel composition

- The Strategic Panel has the following voting members:

- Independent Chair
- Wholesaler members (x2)
- Retailer members (x2)
- Independent members (x3)
- Customer Representative

- The following are non-voting affiliate members:

- Ofwat representatives
- Defra representatives
- MOSL CEO
- Secretary



Strategic Panel members

- Adam Richardson (Strategic Panel Secretary) and Sarah McMath will sit on the Strategic Panel
- Independent members and Ofwat, Defra and the customer representative members are due to be announced next week



Trisha McAuley OBE
Independent Chair



Lucy Darch, CEO of Wave
Retailer Member



Cathryn Ross, Regulatory Affairs
Director, Thames Water
Wholesaler Member

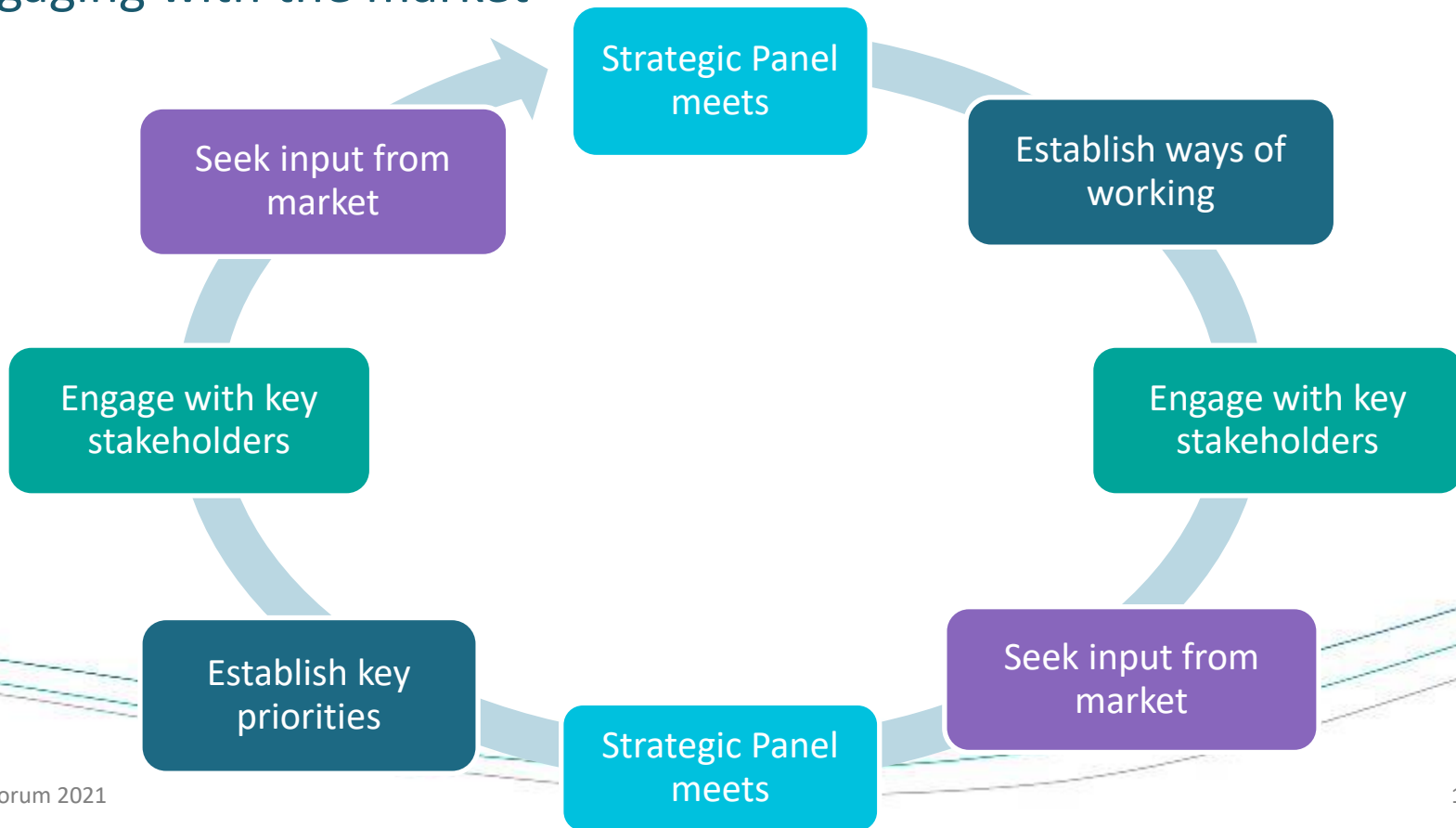


Andrew Beaver, Director of
Regulation and Assurance, NWL
Wholesaler Member



James Cleave, CIO of Everflow
Retailer Member

Engaging with the market



Lunch