

Dear Sir

February / March 2023

UKWRC response to draft Water Resource Management Plan – Xxxxxxx Water

UKWRC is the representative body for water retailers in the two UK water markets. It has 17 members who together serve around 98% of the non-household (NHH) supply points (i.e. customer connections) in England and Wales.

The 1.2million customers in the NHH Market account for around 30% of all water delivered, i.e. around 3Bn litres/day. Three percent of those NHHs use around 70% of that (i.e. around 20% of all water consumed). NHHs therefore present a significant opportunity for water saving to meet the demand reduction target.

As retailers we have previously engaged directly with wholesalers in advance of them developing their PR24 Business Plans and, through the National Water Resources Framework SSG, their Water Resource Management Plans.

We are responding to Xxxxxxxx Water's consultation specifically around 1) smart(er) metering and 2) water efficiency. Both of these are key issues to tackle not only to improve service levels to NHH customers, but also to deliver the priorities set out by Government prior to Market opening and in the recently issued 'Environmental Improvement Plan. 2023', confirming the 9% reduction in NHH demand by 2038.

Context

At market opening, it was anticipated that competition between retailers would drive the provision of water efficiency support to NHH customers. This hasn't been the case. It is apparent that since market opening, there are neither sufficient incentives on customers to drive behaviour change and demand for water efficiency support from their retailers, nor are there sufficient incentives on retailers and wholesalers to provide it in the absence of customer demand. And even if there was demand, the lack of granularity of consumption data makes it difficult for NHH customers to assess potential benefits of water efficiency interventions or measure the benefit of any such intervention.

To achieve the environmental target of 9% (245 MI/d) by 2038 will require a step change in data quality and availability in the market and potential changes to the regulatory framework.

Currently, some NHH properties are still not metered and, according to information from MOSL, most (around 75%) NHH properties are fitted with legacy, i.e. 'dumb' meters. In addition there are around 179,000 'long-unread' meters, including almost 24,000 dating from pre-market opening. In total therefore almost 14% of the NHH meters have not had a meter reading entered onto CMOS for 12 months or more. Without the funding to

overcome this significant data quality and availability impediment the ability to progress water efficiency and demand reduction in the NHH market will be constrained. The 2024 Water Resource Management Plans and PR24 business Plans, together, present the opportunity to address this legacy issue holding back the market and resulting in the major cause of customer complaints

We note and support Ofwat's inclusion in its PR24 Final Methodology that *'In their WRMPs and business plans we expect companies to consider smart meter solutions as the standard meter installation type. For English companies this is in accordance with the UK government expectations for water resources planning.'*

Ofwat repeats this statement a number of times and qualifies this by referring to both residential and business customers.

Specific comments on the company's WRMP.

UKWRC included here specific comments on individual plans for the following water companies:

- Anglian*
- Northumbrian*
- Severn Trent*
- SES*
- Southern*
- South East*
- South West*
- Thames*
- United Utilities*
- Wessex*
- Yorkshire*

Looking ahead to Final WRMPs

We believe all water companies should include in their Final WRMPs:

1. When referring to customers, defining whether household or non-household
2. Confirmation that NHH customers will be included in
 - The company's rollout of smarter meter installation programmes
 - The delivery of water efficiency advice and measures.

In both cases companies should set out their plans and how they propose to engage and collaborate with retailers and NHH customers.

3. Confirm the number of smart(er) meters they intend to rollout during AMP8, broken down by HH – NHH and by AMR – AMI.
4. Demonstrate how they have taken account of evidence from the existing research work on smart(er) metering already in the Market, commissioned by MOSL, and the trials already carried out by other water companies

We trust these comments are helpful. UKWRC and retailer members are happy to engage in further discussion before release of your final WRMP24.

Regards



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Chair
UK Water Retailer Council