

A high-speed photograph of a water droplet falling into a pool of water, creating a crown-shaped splash. The background is a soft, light blue gradient. A semi-transparent light blue circle is overlaid on the left side of the image.

**WATER
EFFICIENCY
SERVICES**



MONARCH PARTNERSHIP

Utilities simplified

WATER SERVICES

ENGLISH WATER MARKET DEREGULATION

Deregulation of the water system will remove the monopoly of current water providers for business users, meaning you will be able to choose your supplier.

For some time, business, charity, and public sector customers have been seeking this option, but only those who use more than five million litres have been able to.

As of April 2017, all businesses have been able to choose who manages their water billing and customer service, not just the local provider for your area.

WHAT DOES IT MEAN FOR YOUR BUSINESS?

As with your gas and electricity, you will have the freedom to choose your own supplier for water, sewage, and drainage services. You have the flexibility to shop around for the best price and terms. There will also be competition between the companies who will be vying for your customership.

Not only will the competition drive down costs, companies will also be forced to improve their customer service and supply, meaning that you'll get an even better service. In addition, they will develop incentives for you to buy their services.

HOW TO PREPARE FOR PROCUREMENT

We continuously monitor and analyse the English water market developments: regulatory, water supplier, and industry movements.

For example, Cornwall Energy reported on 5th September, 2017 that:

"As activities intensify, industry parties remain highly focused on ensuring their data and processes are up to scratch, and central systems can deliver reliable and accurate settlement and switching services that are ready to deal with the anticipated surge of eager switchers on day one of the new market. Ofwat's recent independent review into the status of the water market opening has seen the Open Water programme (responsible for market opening) slip down to an "Amber-Red" status, meaning successful delivery might be in doubt. Among the major reasons for this are concerns around data and the readiness of central IT systems."

(Read more at www.cornwallenergy.com/Opinion/Emerging-water-markets-need-to-remember-the-consumer)

Now that England's non-domestic water market has deregulated, your business can really benefit from the changes. Those who are prepared will go to tender with clean data and a water-tight portfolio putting them in a position to secure favourable contracts with any licensed provider, regardless of region.

DEREGULATION FOR HOUSING ASSOCIATIONS

The regulation has decided not to include Housing Associations in the non-household market. This causes confusion as water suppliers are advising their clients they will be able to choose their supplier. This is based on the water suppliers records showing supplies as commercial even though the client is a Housing Association. We have queried this with suppliers and they have advised that the letters have been sent in error as their records show a supply as commercial but does not show the customer profile.

ASSET REGISTER CREATION

Our Smart Asset Management service helps businesses to create and maintain an accurate database of their water and energy. We take care of the management of suppliers and create an updated and well-maintained asset register for your Smart Asset Management.

We use the accurate Asset Register when going out to tender for your water supply and to ensure continuously correct invoicing from your supplier(s). The goal is to reduce anomalies and overcharges, thus saving you money and time to invest in your core business areas.

WE BUILD YOUR ASSET REGISTER AS FOLLOWS:

- Obtaining your site lists and utilities invoices
- Auditing your current utility procurement strategy
- Reviewing your supply contracts, negotiated for the 24/36 months before you employed us
- Receiving accurate incumbent supplier details and tariffs
- Analysing your existing and future energy and water needs
- Identifying your objectives and success criteria
- Identifying your decision authorisation route and key stakeholders
- Reviewing relevant policies and commitments
- Identifying required payment terms

"We believe that a housing association is comparable to a landlord who undertakes some service/operation and maintenance activities in relation to the premises. Regardless of the number of units served by the same supply point, the primary use of premises run by a housing association is as a home and so that premises should not be included in the non-household market."

Ofwat principle

(Consultation on supplementary guidance: assessing whether non-household customers in England and Wales are eligible to switch their water and wastewater retailer)

WHAT SHOULD YOU DO FOLLOWING THE NON-DOMESTIC WATER DEREGULATION IN 2017?

Collecting and cleaning data is a time consuming task, but we can make it hassle free with a comprehensive water audit and site survey. We recommend you to take the following steps in order prepare for the tender:



AUDIT

- Collect all your data
- Clean data and consolidate the data for accuracy
- Compile an asset register for water meters and your portfolio
- Resolve inconsistencies: missing data, under-/overpayments



PLAN

- Understand your consumption and costs
- Create a Consumption Profile
- Define objectives/targets for consumption: know what you want and need, now and in the future
- Create a water procurement strategy



ACTION

- Identify cost saving opportunities
- Start saving now - get refunds for invoice mistakes
- Find ways to be more water efficient, reduce wastage
- Switch supplier, consolidate accounts, or renegotiate terms with your existing supplier



MANAGE

- Accurate data and asset register - consumption under control
- Proactively take control of your water supply and charges



MONITOR

- Smart meters for water
- Start monitoring the market
- Watch for the newcomers and their offers



BENEFITS

- Consolidation - less accounts and admin, more savings
- Water efficiency - buy and consume only what you need
- Contract with a supplier best suited to your business needs

WATER AUDIT AND VALIDATION

How do you know you are paying for what you actually consume?

Water charges are becoming an increasing burden for organisations. It is important that businesses monitor these costs closely. Water charges are complex, varied and opaque. As such, it is no surprise that many organisations are overcharged for their water and sewerage services. Unfortunately, they do not often have access to the necessary resources to ensure their water charges are correct.

Our clients who have used our water audit service have saved thousands. It is available to everyone regardless of the size of their water supplies. As some aspects of water charges are independent of the amount of water consumed, it is possible for savings to be achieved even where the volume of water used is relatively small.

When you know how much water you consume and pay for as charges, as well as when and where you consume, you are better equipped to switch supplier if needed or renegotiate terms with your existing supplier to find the water contract that best suits your business' needs. As you find with your energy bills, consolidating supplies means you have only one provider for the entire portfolio. This means: less hassle and less administration.

In order to assist you with reducing water costs, we arrange a free, no obligation water audit to manage your costs and achieve savings for past overcharges. We conduct a full audit including bill validation and verification of all water associated charges. We will also carry out site surveys when necessary.

HOW CAN WE REDUCE YOUR WATER COSTS? CLAIM BACK PAST OVERCHARGES?

The actual fee for the service derives from an agreed share of the clearly recoverable savings/refunds achieved for a limited period, after which you get the full cost reduction benefit. If you do not wish to proceed with any of our recommendations, there is no cost.

THE MAIN OBJECTIVES OF OUR WATER AUDIT

- ✓ Validate current charging structures
- ✓ Ensure charges and rates are accurate
- ✓ Assess water consumption levels
- ✓ Compare and benchmark consumption levels to ensure they are appropriate
- ✓ Recommend how to increase efficiency and reduce costs

HOW DO I GET THE WATER AUDIT?

To take advantage of our water audit service we normally require 12 months of invoices for each supply/site. We then let you know whether a water audit would be beneficial.

For more information, please contact your Executive Relationship Manager at Monarch. Or call us on 020 8835 3535 or email to savings@monarchpartnership.co.uk.



OUR WATER PROCUREMENT SERVICE

Our systems, the Monarch Matrix and our trading tools, are up-to-date for thorough water invoice validation, cost management, tendering and market price monitoring.

We have engaged with a number of water providers and will use our collective buying power to achieve savings that you might not otherwise gain.

The water procurement service works much like our current energy procurement. We provide a dedicated team to audit your invoices, source the best prices and consolidate your accounts.

What cost savings can I expect to achieve?

Current savings in Scotland are between 10-25%, depending on the make-up of charges. The forecast savings for England are not yet determinable, but are likely to be around 2-5% for the first year or two.

What risks will switching have for my business?

Since the deregulation, water companies had to adopt a completely new framework and billing programme. This caused some initial administrative problems as the changes took place, and the data is not accurate.

How many water suppliers can I choose from?

In England there are more than twenty different suppliers. Before April 2017, each company had to outline how it intended to operate in the new marketplace. In particular, suppliers had to define their approach to becoming a retailer, and applied for supply licenses in each of the nine wholesale regions that currently exist.

Visit Open Water to find a retailer suited to your needs (www.open-water.org.uk/for-customers/find-a-retailer/) or consult us to make the switch on behalf of you.

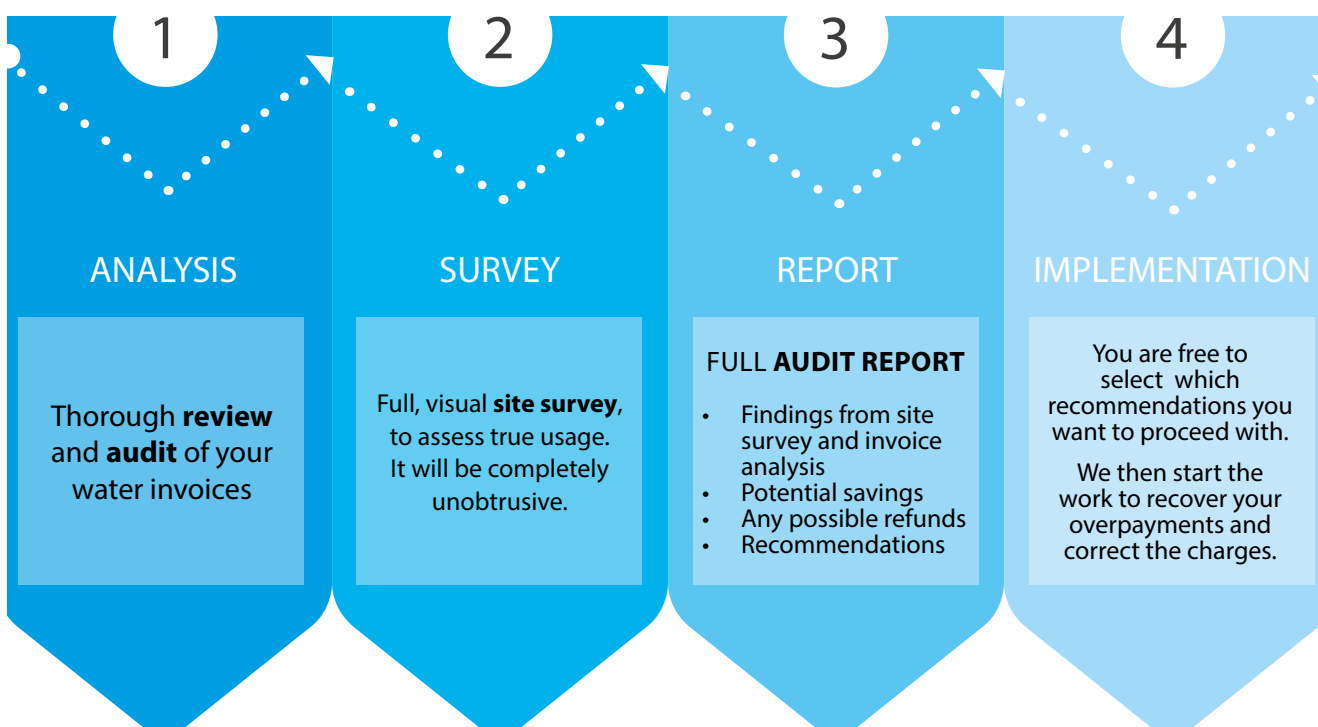
MARKET STATUS

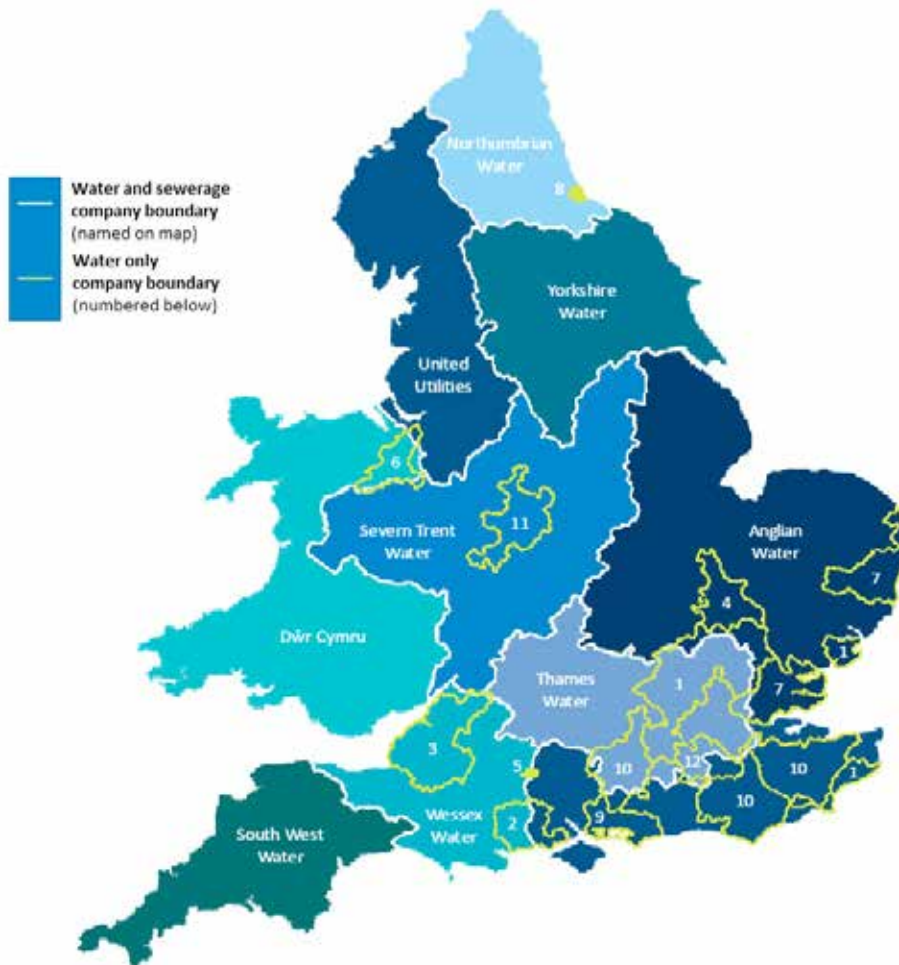
Waterscan applied for a license to operate as a retailer in England, representing the first non-water to do so. Waterscan stated that they will focus primarily on the supporting organisations in the retail & leisure sector.

Regent Gas became the first commercial gas supplier to enter the market, applying for a licence under the name of Regent Water.

The third new entrant was Scottish supplier Clear Business Water, announcing that they intended to primarily target smaller organisations.

Figure: Our water audit and validation process





Source: OFWAT, WWW.OPEN-WATER.ORG.UK and CONSUMER COUNCIL FOR WATER

Both Castle Water and Business Stream managed to sweep up the established non-household customer bases of Thames, Southern and Portsmouth Water, and several other Scottish players have made applications for an English supply license. The majority of the incumbents are not backing down in the face of competition. Among the most proactive are United Utilities and Severn Trent, who announced early on their intention to join forces and provide retail services under their shared Water Plus venture.

It's important to remember that for those incumbent regional companies, exiting the market does not mean the end. They will still be providing wholesale services to business customers in England, and of course both wholesale and retail services to their remaining household customers. Indeed, for many incumbents, the decision to exit has been justified by a desire to concentrate their activities on their more numerous household customers.

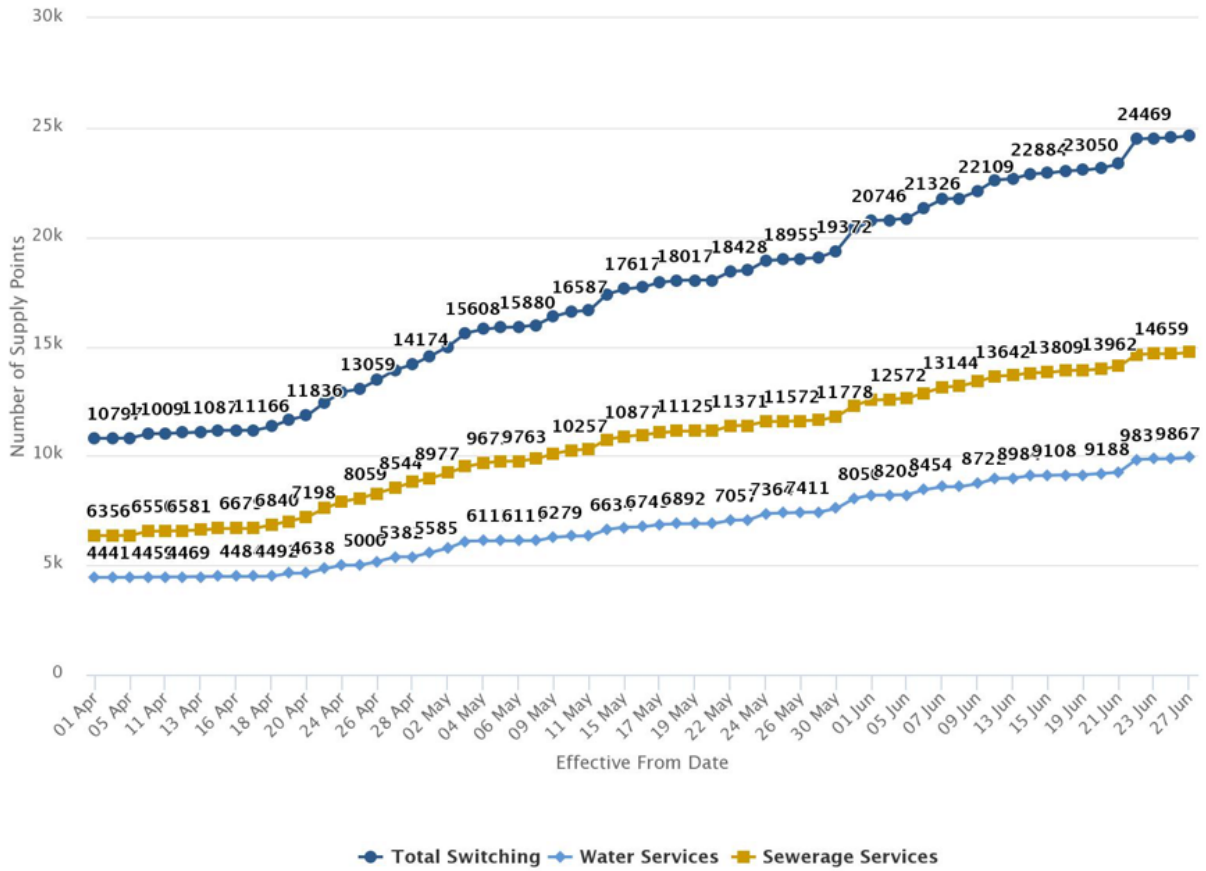
Water companies favour consumption reduction as the best way of achieving material savings over negotiating a slightly lower unit rate. Many see the future of the market as a multi-utility one, which will improve customer retention if they get everything from one source.

There have been whispers of interest from other utility companies seeking to potentially develop a combined energy and water multi-utility offering. For business customers, such an offering would mean combining the costs of all utilities and multiple premises into a single bill - a simplicity that is likely to be highly attractive.

We will keep you updated on the market developments and supplier offer changes.

Cumulative Switching of Service

As at 07 Jun



Source: Business Stream, a Scottish Water Company

According to Business Stream, since the market opening¹ (April 17) there has been a steady increase in switching; with key customer areas being:

- UK multi-site consolidation
- Waste/water consolidation

According to Open Water, as at 2 January 2018, there have been 91,960 switches, equating to almost 3.5% of the 2.7 million supply points in the market (www.open-water.org.uk/about-open-water/market-reports/). There has been a clear trend is emerging in retailer gains and losses.



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