MOSL response to the West Country Water Resources Emerging Regional Plan

Introduction

As the market operator for the non-household (NHH) water market in England, MOSL welcomes the opportunity to respond to this emerging regional plan. As NHH customers consume around 30 per cent of water in this and the other regions in England, we believe they have a key role to play in terms of the demand reductions that are required to secure our future water supplies.

MOSL is the custodian of a significant amount of market data, giving us a unique and central perspective on NHH consumption across the region and nationally. MOSL is keen to share information about the potential for NHH customers to contribute to demand reduction, and how our insight can ensure this is fully reflected in future versions of the plan. We have provided feedback on all the regional plans.

The role of the non-household market in demand reduction

The water sector's current focus is on reducing domestic Per Capita Consumption (PCC), with no specific targets outlined for businesses or NHH customers. The National Framework for Water Resources which has been used as guidance for this and the other regional plans predicts no change to NHH water demand in the high and central scenarios and only a four per cent reduction in the low demand scenario.

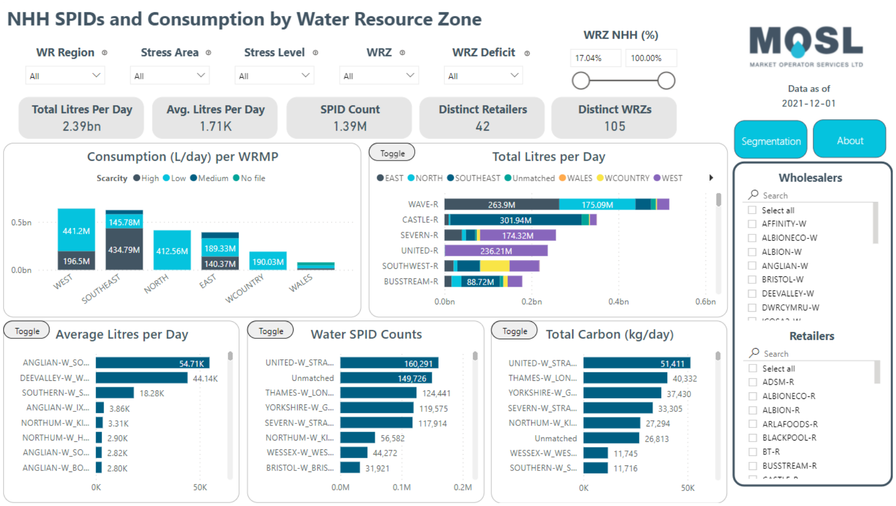
Due to the volume, and in some instances, nature of their water usage, we believe business customers can play a critical role to support water efficiency savings – in particular the largest 200,000 customers that account for 80 per cent of NHH consumption. The potential and importance of NHH usage and demand reduction was highlighted clearly in a letter written by Nicci Russell, Independent Chair of Defra's Senior Water Demand Reduction Group (SWDRG) to the Environment Minister in December 2021.

It was expected that the opening of the market in 2017 would drive the provision of water efficiency services to NHH customers, including advice on water savings. This hasn't yet materialised due to a number of factors and the data shows us that NHH consumption pre-COVID remained static. We are leading on a number of initiatives to better understand the potential for NHH demand reduction and how it can support water resource management plans moving forward:

- **Data insight -** The water industry as a whole can benefit from a fuller understanding of NHH customers. Data insight is one of MOSL's five key improvement programmes in our 2022-25 Business Plan, and is key to understanding how, where and when the diverse range of NHH customers use water.

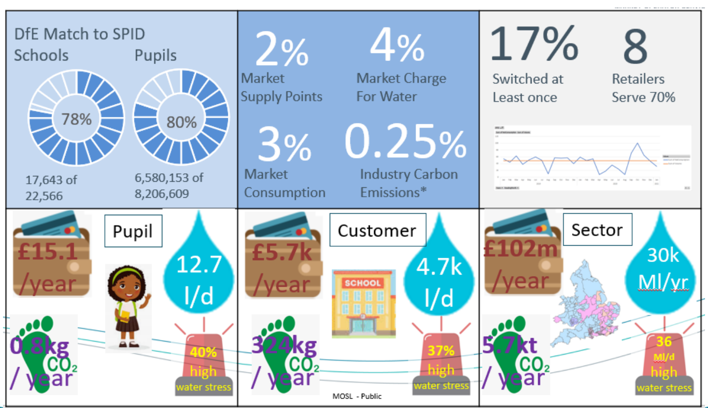
Using our central view of NHH consumption data as market operator, we have identified, for example, that 36% of NHH meter points (or supply point identifiers (SPIDs)) and 37% of NHH consumption is in water resource zones classified as water stressed. Understanding this is key to enable retailers and/or wholesalers to develop the right tailored messages and services for these customers.

We are also working to develop our understanding of different customer segments (i.e., retail, leisure and manufacturing) that will enable us to develop NHH consumption benchmarks and, therefore, identify any outliers in consumption. Understanding the reasons for these outliers and which businesses use water for which purposes will allow for targeted water efficiency messages and interventions.



https://mosl.co.uk/chart/chartitems/water-efficiency

- **Sector specific insights -** We are working with the Department for Education (DfE) to understand how schools use water nationally. Using school location data shared by the DfE we matched against supply points showed us that schools use a total of around 12,000 million litres per day, spending more than £40 million on water bills each year. Using this data, we also created a view of the use, cost and carbon footprint of water on a per pupil basis. This gives the DfE and schools much greater insight to their water usage and provides a financial and environmental case for investing in water saving. We are now looking to work with other sectors, such as food and drink manufacturers, to provide insight on water usage and potential areas for water savings.



- **Metering -** MOSL is undertaking a Strategic Metering Review which is looking to improve the volume and accuracy of consumption data available in the market. This in turn can support improvements to NHH demand forecasts and more reliable water balances.

  We have appointed Artesia Consulting to support in the development of a report on metering technology which has highlighted a strong business case for the rollout of enhanced metering technologies - automatic meter reading (AMR) or advanced metering infrastructure (smart AMI) - for all NHH customers during the PR24 price control period (2025-30). Currently AMI meters make up just 1% of the 1.3 million meters in the market. A further 24% have a form of AMR but the lack of standardization drives up costs and complexity for retailers who are responsible for reading meters.

  The analysis in this report – which we will share when it is published in March – shows that the rollout of enhanced metering will not only be cost beneficial to water companies and business customers (especially in areas of serious water stress) but will also support wider water demand reduction targets. Wholesalers – who own NHH meters and are responsible for maintenance and replacement – will be able to use the business case as evidence to support their PR24 and individual Water Resource Management Plans. We therefore believe there are potential reductions in NHH demand that can be further reflected in the updated regional plans.

MOSL is keen to work with West Country Water Resources as the regional plan is iterated to ensure the potential for water efficiency savings in the non-household market is fully considered.

If you would like to get in touch or have any questions on our response to this consultation, please email comms@mosl.co.uk.