

OCTOBER 2016 UPDATE: USING THE SHADOW MARKET TO START THE PROCESS

Start Your Water Supply Assessment Today

Whilst water deregulation will occur in April 2017, you can still begin the process of finding the best water contract for your business today. We will need a '**Letter of Authority**', your site information and your **previous year water bills (up to and including your most recent one)**. We can then look into the water market to give you an idea of what you can expect in terms of contracts and prices from January 2017 as part of the **shadow market period**.

You do not have to start the process until April 2017 but we strongly recommend you do. Then you will be **fully prepared** and can find with the **best contract for your needs** as soon as possible.

What is the Shadow Market?

A crucial part of the preparations for the non-domestic water market is the shadow market. The shadow market is a six month period that runs from the **3rd October 2016** until the water market opens in **April 2017**. It is to allow water companies who are currently operating in England and Wales to test out their systems in an environment that is similar to the one there will be post deregulation. The main purpose of the shadow market is to allow market participants and **MOSL** (Market Operator Services Ltd) to assess their own readiness and address any gaps if necessary. Most importantly:

- It gives companies the chance to **test out their processes** and publish their data live into the central IT system. The aim of this is to allow the market dataset to mature and stabilise.
- It will allow any issues to be resolved in a safe / low risk environment.
- It will enable companies to ensure that they can meet their **water quality and environmental obligations** under the new arrangements.
- It will involve **as many market participants as possible**, whilst also allowing for partial participation as far as it is practical to do so.
- It will link entry criteria to participation including completion of the **Market Entry Assurance Certification** (MEAC).
- It will allow for successful initial data upload for wholesaler and incumbent retailers.

Key Definitions

Ofwat (The Programme Group): The Water Services Regulation Authority (OFWAT) is a non-ministerial government department. They are the economic regulator for the water and sewerage sectors in England and Wales. They are responsible for making sure that the companies they regulate provide consumers with a good quality and efficient service at a fair price.

MOSL (The Market Operator): Market Operator Services Ltd (MOSL) is the organisation responsible for delivering the operational capability needed when the retail market opens in April 2017. With the shadow market having now begun, MOSL it is now moving from market operator into service mode.

Defra(The Management Group): Management Group of Open Water. The Department for Environment, Food and Rural Affairs in the UK. It is responsible for protecting our natural environment, supporting our food and farming industry, and sustaining a thriving rural economy. The Secretary of State for Defra will take the ultimate decision on whether the market is ready and whether to open the market.

CMOS: Central Market Operating System (CMOS) is the core IT system that underpins the Open Water programme. It will manage all of the electronic transactions involved in switching customers from their current retailer(s) and wholesaler(s) to their chosen provider. It will also provide usage and settlement data to the new retailer that will be used in the billing process.

The Process

1 CONTACT TORSE

In order to ensure that your business is ready in time for April 2017, it is best that you contact Torse as soon as possible. We will ask you to sign a **'Letter of Authority'** so that we can search the market to find you the **best options for your business**.

2 PRICING ASSESSMENT

After January 2017, Torse will be able to get the most accurate prices for your business. To do this, we will need your **site information** and **water bills from the previous year** up to and including your most recent one. Without your water bills we will have to rely on CMOS which will delay the process.

3 SUPPLIER OPTIONS

After taking into consideration the location of your sites, number of sites and your water usage, Torse will recommend the most suitable suppliers for you.

4 BILL VALIDATION

Torse will monitor your chosen supplier to ensure that the amount charged to your business reflects current billing using Torse's existing processes.

5 WORK TOGETHER

Torse will work with your chosen supplier to verify / resolve any discrepancies.

FAQ's

How can Torse help my business to save money on water supply?

Once we are able to see the prices of different retailers, we will be able to find the best opportunities for your business to save money. We will **extensively research each supplier** to find out not only the price they are willing to provide but also exactly how they can help your business save money in the long run.

What if there is only a small saving to be found by switching retailers?

Advantages can still be gained from changing retailers if they can also offer better service that will help your business to save money in the long run. This can be more effective in **reducing cost** than just the difference in retail prices.

Why is the shadow market so important for business customers?

One of the most important things that the shadow market can get right for customers is the **switching experience**. This is because there will inevitably be challenges with the new market due to the complexity of the industry.

Will there be a big difference in prices before and after the water deregulation?

There may not be a big difference in price to begin with. It is for this reason that businesses that consume higher levels of water will more likely benefit from changing their provider. As time goes on, we will likely see **bigger price differentials between water suppliers**. It is also important to remember that there will be a difference in the services water suppliers will offer. For example, a retailer may not offer a big direct saving on price but they may do so indirectly through various cost saving measures.

Can I switch retailers during the shadow market?

No, as this is only a test period. However, with the help of Torse your business can make sure it is fully prepared for when this period ends in April 2017.



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