

**The Business Retail Water Market** 

**Overview** 

Note – this slide pack overview for illustrative purposes only, and not for publication

Ofwat May 2025



#### **Business retail market – overview of structure**

**Retailers** – provide end business customers with water and waste water services, and other services. Read meters. Commercial risk and reward, although smaller, unengaged customers subject to price controls (default tariffs).

# with **Ofwat** oversight and regulation of market

Third Party Intermediaries (TPIs) – facilitate customer engagement and provide additional route to market for retailers. Commercial risk and return.

1.2 million business customers in England and Wales eligible to participate in business retail market. Eligibility guidelines <u>here</u>. The business retail market

Eligible business customers engaging in the market with retailers who meet their needs.

TPIs facilitate retailer and customer engagement.

The market operator **MOSL** operates the market, runs central database, enables switching. Wholesalers support the market, provide infrastructure (incl. meters) and services – including against required industry standards – that retailers need to supply end customers. Remunerated through regulated revenues.

**Eligible end business customers** – able to participate in the market. Valid expectation of better customer outcomes through competition (although smaller, unengaged customers protected by price controls (default tariffs)).

Note market also characterised and reinforced by other water service providers – such as water efficiency experts, non-potable water facilitators etc. – who can sell services and add value to business customers, Retailers and/or TPIs.



### Business customers (1 of 2) - Non-household sector large and very heterogenous

Uses of public water supply 2018-19 averages, England 3% Other 21% Leakage 55% **Households** 21% Nonhouseholds About 3,000 million litres per day Source: Environment Agency The National Framework for Water **Resources March 2020** 

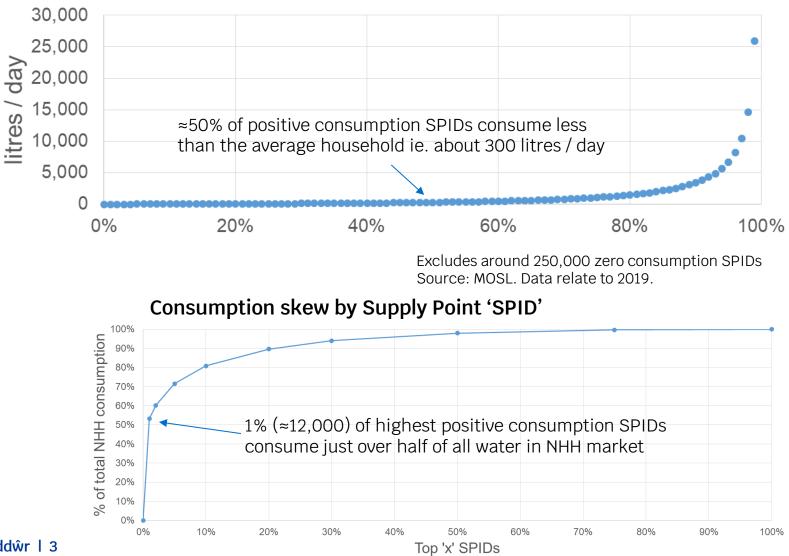
**ILLUSTRATIVE** 

Not for

wider

circulation

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Consumption by Supply Point ('SPID')

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## Business customers in the market (2 of 2) – Majority of business customers small

Business customer annual water consumption	(illustrative litres per day)	Typical / example customer	Estimated number of customers	Estimated proportion of total eligible customers	Estimated proportion of total market consumption	Estimated proportion of total market retail revenue	Average annual expenditure, illustrative
<0.05Ml	≈100 l/d	Single site sink / WC	583,000	49.4%	2.3%	21.2%	£500
0.05 – 0.5Ml	≈750 I/d	Church, bank, pub, hairdresser, local garage	415,000	35.2%	8.3%	18.6%	£800
0.5MI – 5MI	≈7500 l/d	Smaller SMEs or organisations – Hotel, warehouse, farm, mine Larger SMEs or organisations – Supermarket, university, large hospital	163,000	13.8%	24.1%	24.7%	£4,500
5-50MI	≈75,000 l/d	Chemical factory, brewery	17,000	1.4%	22.4%	20.6%	£37,500
>50MI	>140,000 l/d	Airport, power plant, oil refinery, port	2,000	0.2%	43.0%	14.9%	£493,000
Total			1,180,000	100.0%	100.0%	100.0%	
Note average household usage is <b>≈0.1 MI</b> per year (around 300 litres per day)					*Estimated proportions based on retailer information. Excludes unmetered customers and vacant		

sites.