

**Customer protection in a retail market:
Guaranteed Standards Scheme
– preliminary impact assessment**

About this document

Background

All customers of appointed companies are entitled to guaranteed minimum standards of service, through the Guaranteed Standards Scheme (GSS). This is laid down by the UK Government in [The Water Supply and Sewerage Services \(Customer Service Standards\) Regulations 2008](#). Currently, the GSS applies only to existing companies who are appointed as water only and water and sewerage companies ('appointed companies'). It does not yet apply to new entrant retailers licensed under the new 'retail authorisations'¹ (water supply and sewerage service Licences or 'WSSLs') introduced by the Water Act 2014. These WSSL holders could enter the retail market from April 2017.

The Water Act 2014 also includes powers for Ministers to extend the GSS to WSSL retailers. Defra has asked us for our recommendations on how best to proceed, after we have first consulted.

This is our preliminary, consultation-stage impact assessment, which we are publishing alongside our [consultation on proposed amendments to the GSS](#).

Our proposals – a summary of the impacts

We propose that the current GSS is extended to all retailers. We consider that this will better meet our statutory duties to protect the interests of consumers, wherever appropriate by promoting effective competition. Our analysis, summarised in our table below, suggests that the benefits outweigh the costs.

We also propose to carry out a review of customer protection (including the GSS) in the round, after the retail market has opened and the new arrangements have bedded in.

¹ This includes retail authorisations for water supply and wastewater services, as well as restricted retail authorisations for water supply.

Preferred Policy Option: 2 – extending the existing protections to non-household customers of all retailers

| Price base year | Present Value (PV) base year | Time period years | Net benefit (PV) £ | | |
|-----------------|------------------------------|-------------------|--------------------|--------|----------------|
| | | | Low: | High: | Best estimate: |
| 2015 | 2015 | 3 | £0.14m | £0.81m | £0.49m |

Costs

To provide the required customer service from April 2017, we estimate that WSSL holders' total annual costs will increase by around £26,000, though could range from £10,000 to £52,000. We assume WSSL holders' familiarisation costs and changes in our own costs are negligible.

Benefits

We estimate that the direct annual benefits to WSSL holders' customers from the customer service levels from April 2017 will increase by £210,000, ranging from £100,000 to £310,000.

Our proposals will also help facilitate retail competition. Analysis by Defra suggests that extending retail competition to all non-household customers has a net-present value of about £200 million over thirty years.

Key assumptions, sensitivities and risks

Our key assumptions are as follows.

- The development of the retail market – that is, the extent of retail exit (assumed to affect half of customers) and customer engagement (expected to be high for over a fifth of affected customers); although this is inherently unpredictable, our assumptions are informed by experience elsewhere and others' analysis.
- The benefits and costs for each of the GSS standards – we have used sensitivity analysis to test the impact of our assumptions
- The extent of the activity related to retail GSS – we have grounded our analysis in historic non-compliance data but significant uncertainty remains.

Next steps

We welcome your views on our preliminary impact assessment. The table below sets out our specific questions in relation to our impact assessment. Please refer to annex 3 for details about how to respond to both our consultation and impact assessment.

Consultation questions

Q1 Do you agree with our approach to this impact assessment? If not, how do you think this could be improved and why?

Q2 Do you agree with our analysis, and in particular our key assumptions? If not, please provide your views and any evidence you think could help to improve it.

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What is the issue?

Currently, the GSS helps to ensure that the vast majority of customers – those served by appointed companies only – get a guaranteed minimum level of customer service. The GSS related to retail could cover activities such as the making and keeping of appointments and handling of complaints. Where an appointed company fails to meet the required standard, they must make a specified payment to the customer. Full details of the current GSS, including our current guidance, can be found on our [website](#).

The Water Act 2014 provides scope for WSSL holders to enter the market and also for appointees to exit the non-household part of the retail market. The GSS arrangements do not yet apply to WSSL holders. If the GSS Regulations were left unaltered:

- **there would be a gap in our customer protections.** Customers switched due to the exit of an appointed company – particularly small, single-site customers which are less likely to engage in the market – will potentially be vulnerable to deteriorating service standards over time, although at the point of exit, Defra’s retail exit proposals include a principle of equivalence. In addition, customers choosing to switch would also lose the protection of GSS;
- **the arrangements would not promote effective competition.** Different retailers would face different obligations (which could lead to an un-level playing field) and customers may potentially be deterred from switching; and
- **this would not support the UK Government’s** commitment in its [Water White Paper](#) to ensure all retail customers receive a guaranteed minimum standard of service.

The rationale for intervention

We have a statutory duty to protect the interests of consumers, wherever appropriate by promoting effective competition. Currently, appointed water and sewerage companies are regulated, regional monopolies. For most customers that cannot switch, these companies are unlikely to provide satisfactory customer service in the absence of regulation. A financial incentive, closer to customers’ willingness to pay for good customer service, can improve allocative efficiency by driving better customer service.

Opening the retail market to competition for all eligible non-household customers will help to drive a range of benefits to consumers. Competition will help rebalance the issue of market power. But there are risks with relying on competition alone for these non-household customers from the outset of market opening, particularly if retail exit has occurred and non-household customers are switched to a new supplier without having made an active choice.

The options we have considered

Option 1 – do nothing (base case)

In this scenario, the GSS obligations continue to apply to appointed companies' wholesale and retail activities but it would not extend to WSSL holders. This means non-household customers transferring to a WSSL holder – either by choice or by retail exit – would not be covered by the GSS.

Option 2 – extending the existing protections to non-household customers of all retailers

This option is similar to option 1, but we would ensure that **all** non-household customers would be entitled to the guaranteed minimum service standards regardless of their retail provider. In this scenario, we would ensure the GSS also apply to WSSL holders from 2017 (excluding retailers who choose to self-supply).

Our objectives

In considering each of the options, we have taken account of the following objectives that reflect our statutory duties.

- a) **Protection of customers.**
- b) **Promote effective competition.**

Our preferred option

Our preferred option is to extend the existing protections to non-household customers of all retailers (option 2). As discussed in detail in our consultation document, our assessment is that this option better meets all our objectives and addresses our rationale for intervention. Our summary assessment is as follows.

- **Protection of customers.** Our proposals ensure all customers would receive a guaranteed minimum level of service.
- **Promote effective competition.** Our proposals will help to stimulate competition by:
 - promoting the trust and confidence required for a customer to switch to a non-appointee;
 - ensuring that we strike the appropriate balance between protecting customers whilst not creating deterrents to switching or barriers to entry and expansion; and
 - creating a level playing field.

Our assessment of the impacts

Our approach

Our approach to this impact assessment balances proportionality in terms of our analysis with our need for a fit-for-purpose impact assessment underpinning our recommendations.

We have taken a relatively light-touch approach, which we think is appropriate because:

- our proposals support the government's previous commitment to ensure all retail customers receive a minimum standard of service;
- we expect our proposals will be relatively straightforward, given responses to Defra's recent [consultation](#) on retail exit which suggest widespread support for the 'principle of equivalence' (that is, the notion that customers should not be disadvantaged by retail exit) and the continuation of the GSS in ensuring a guaranteed minimum level of service to customers; and
- the estimated financial impact of our proposals is small, even under a wide range of reasonable assumptions.

We are also mindful of the impact assessment guidance that applies to government departments, and that we can best facilitate Defra's work by considering this guidance in our work. Therefore, we have had to regard to:

- our [own policy](#) on impact assessments;
- HM Treasury's '[Green Book: appraisal and evaluation in central government](#)';
- BIS' '[Better regulation framework manual](#)' and [impact assessment calculator](#).

Background – how has the GSS operated to date?

Table 1 shows the breakdown of billed customers into household and non-household customers in 2010-11. We of course received large amounts of data from appointed companies as part of the 2014 price review. But we have used this particular set of data to ensure consistency with our GSS data (discussed below). We have therefore used the figure of around 1.4 million as our proxy for eligible non-household customers who will have a choice of supplier from April 2017.

Current arrangements provide a strong financial incentive on companies to provide a minimum level of service. The GSS payment is at least £20 for each GSS standard for non-household customers. To give a sense of the total scale of the incentive, this means that if each non-household customer experienced a single GSS breach in a year, companies would need to pay them a total of about £27 million.

Table 1 Breakdown of households and non-households billed, companies wholly or mainly in England

| | Number of customers billed (million) | Share of total |
|----------------|--------------------------------------|----------------|
| Households | 21.1 | 94% |
| Non-households | 1.4 | 6% |
| Total | 22.5 | 100% |

Source: Ofwat's June return, 2011.

Table 2 shows the actual number of incidents, payments and the value of those payments relating to the GSS for 2010-11, the last year in which we collected industry data systematically. It shows that payment related to GSS was provided to around 123,000 household and non-household customers (equivalent to 0.5% of all billed customers) who received in total around £5.5 million. This equates to an average transfer payment from companies to all such customers of around 25 pence per billed customer.

Table 2 Breakdown of incidents by number and value of payments for companies wholly or mainly in England (figure for retail activities in parentheses where data is available)

| | Number of incidents | Number of payments | Total value of payments | Average value of payments |
|---------------------------------------|---------------------|--------------------|-------------------------|---------------------------|
| Statutory GSS (of which retail) | 139,000 (29,000) | 95,000 | £4.9m | £52 |
| Enhanced GSS (of which retail) | 11,000 (3,000) | 6,000 | £0.2m | £30 |
| Penalty Payments (of which retail) | | 22,000 (100) | £0.4m | £18 |

| | Number of incidents | Number of payments | Total value of payments | Average value of payments |
|----------------------------|---------------------|--------------------|-------------------------|---------------------------|
| Total (of which retail) | 150,000 (32,000) | 123,000 | £5.5m | £45 |

Source: Ofwat's June return, 2011.

Table 2 also shows that most of the incidents and payments relate to wholesale activities that would be ongoing obligations of appointed companies under our proposals, rather than to retail activities. It also implies that the average payment for wholesale related activities is significantly higher than for retail activities².

Table 3 shows our estimated value of these 2010-11 payments going specifically to non-household customers, split by retail and wholesale activities. It suggests that payments going to non-household customers (particularly in relation to retail activities) are a small fraction of the total payments (£0.3 million of the £5.5 million).

Table 3 Estimated payments to non-household customers, companies wholly or mainly in England

| | Retail | Wholesale |
|---|---------|-----------|
| Statutory GSS | £24,200 | £274,900 |
| Enhanced GSS | £2,200 | £9,500 |
| Penalty Payments | £100 | £24,000 |
| Total | £26,500 | £308,400 |
| Average payment per non-household customer ¹ | 2 pence | 23 pence |

Source: Ofwat's June return, 2011.

Note:

1. Total payments over total non-household customers. Each individual payment is assumed to equal £20.

² The average value of statutory GSS payments (across both wholesale and retail incidents) is £52 and the required level of compensation for retail activities is £20.

What will change?

Our proposals will come into force from April 2017. Ofwat will ensure that consideration is then given to reviewing the GSS arrangements for all customers as part of its wider work programme for the 2019 price review in 2020. So, we have decided to review the impacts over three years after April 2017. As explained later in this document, there are no transitional costs, so the appraisal period does not affect the expected ratio of costs to benefits.

Key parties potentially affected by our proposals are as follows.

- **Non-household customers.** How non-household customers are affected, and whether there might be winners or losers under each option, may depend on how active they are in the market. [Research](#) by the Consumer Council for Water (CCWater) suggests non-household customers that are 'low spend' and/or have only a single site have a lower interest in competition (as compared to 'high spend' and multi-site customers). These non-household customers are also more likely to use a price comparison site, rather than using a broker.
- **Companies.** Existing appointed companies will be familiar with the existing GSS arrangements. New WSSL holders who are not affiliated with an appointed company or active in the Scottish market may not be familiar with the GSS arrangements.
- **Public bodies.** Ofwat needs to monitor, enforce and recommend changes to the GSS to the Secretary of State and Welsh Ministers (as appropriate).

For the purposes of our analysis, we assume that:

- around half of non-household customers are affected by a retail exit from April 2017;
- more than a fifth of these customers are highly engaged and active in the market, and therefore have less need of the safeguards afforded by GSS; and
- given the above two assumptions, just under 40% of customers are potentially vulnerable in option 1 (that is, they would be moved to a WSSL retailer, inactive and not covered by the GSS). In contrast, we assume that engaged, active customers would negotiate a favourable combination of prices and customer service standards under both options.

The reasoning for our assumptions is given in more detail below in the section on our assumptions. While our assumptions are informed by experience in Scotland and other analysis, we recognise that market dynamics are inherently unpredictable. Table 4 summarises the options, assumptions and impacts compared to the current arrangements.

Table 4 Summary of options, assumptions and impacts compared to current arrangements

| | Option 1 | Option 2 |
|--|---|--|
| Who is covered by retail GSS? | <ul style="list-style-type: none"> Non-household customers remaining with the appointed company All household customers | <ul style="list-style-type: none"> Non-household customers of the appointed company or WSSL retailer All household customers |
| Who is covered by wholesale GSS? | All customers | All customers |
| What determines minimum standards? | Business choice/market determined | Determined by legislation |
| What is the impact on company costs compared to current arrangements? | A small reduction | No impact |
| What is the impact on price compared to current arrangements? | <p>Inactive customers: no change</p> <p>Active customers: possibly a small reduction</p> | No impact |
| What is the impact on customer service standards compared to current arrangements? | <p>Inactive customers: adverse change</p> <p>Active customers: possibly a more tailored approach</p> | <p>Inactive customers: no impact</p> <p>Active customers: possibly higher standards¹</p> |
| What is the impact on Ofwat's costs? | De minimis | De minimis |
| What is the impact on transfer payments compared with current arrangements? ² | <p>Companies: gain up to £26,500</p> <p>Consumers: lose up to £26,500³</p> | Little impact ⁴ |

Notes:

1. If the customer wants standards that go beyond the GSS.
2. That is, payments caused by a failure to comply.
3. See table 3. Our estimate is based on historic transfer payments.
4. Competition will create additional pressure to deliver customer service.

Benefits

We estimate that the direct annual benefit to customers of our proposals would total about £210,000, with a range of between £100,000 and £310,000. In present value terms over three years, we estimate the benefits of our proposals to be around £560,000, with a range between £280,000 and £840,000. The variation depends on whether the assumed value of good customer service is on average £20, £10 and £30. We have set out central estimate equal to the compensation a customer would be entitled to if they failed to receive the required level of service.

The proposals also help to promote effective retail competition. Analysis by Defra³ suggests that retail competition has a net-present value of about £200 million over 30 years. Our proposals promote effective retail competition by, among other things, providing a level playing field for suppliers and facilitating effective and efficient customer engagement and switching. See annex 1 for a further discussion of the competition impacts.

Costs

Costs to companies

The maximum cost a company could incur per retail incident is about £20⁴. But we expect that, in the vast majority of cases, the financial costs will be much smaller. The GSS related to retail activities cover activities such as:

³ Introducing Retail Competition in the Water Sector, Impact Assessment, Defra (forthcoming).

⁴ Should it ever cost a company more than GSS payment (£20) to comply, then they have the option to not provide the required level of service. That said, we recognise there may also be reputational incentives too which means companies go beyond this level.

- making appointments correctly;
- keeping appointments;
- replying to queries; and
- actioning complaints.

We estimate that the direct annual costs to companies of our proposals would total about £26,000, with a range between £10,000 and £52,000. In present value terms over three years, we estimate the costs of our proposals are equivalent to £70,000, with a range between £28,000 and £140,000. The variation depends on whether the assumed cost of providing this customer service is on average £2.50, £1 or £5. £2.50 is equivalent to where an employee whose value of time equals £10 per hour and spends one-quarter of an hour carrying out the activity.

We expect familiarisation costs to be small, because:

- appointed companies (or WSSL retailers who were previously appointed companies or active in the Scottish market) have been subject to these arrangements and are familiar with them; and
- in any case, the standards are simple to understand and implement.

Costs to Ofwat

We expect there to be minimal change in our monitoring and enforcement costs. For example, we expect option 2 will have a minimal increase on our costs related to enforcement, because:

- since 2009, we have made six determinations, none of which related to retail activities for non-household customers⁵. Although, the performance of WSSL holders may differ, we have no evidence to suggest a significant difference in the number of determinations under our proposals; and
- we progress each determination efficiently. We estimate our staff costs needed to make each determination equates to only around £9,900 to £15,400.

⁵ Any disputed claims for payment under this scheme can be referred to Ofwat by either the company or the customer for determination.

Distributional impacts

Our proposals would create an estimated transfer payment of about £10,000⁶ from WSSL retailers to customers⁷. This assumes the same compliance rate for appointed companies as in 2010-11.

Net benefits and summary of our sensitivity analysis

While we have estimated robust bounds to constrain our assumptions, we recognise that we have had to assume a financial value to the costs and benefits of the GSS. We have used sensitivity analysis to draw how the annual net benefits could change under a range of assumptions. This is shown in table 5.

We estimate that the annual net benefit of our proposals would be about £490,000, with a range of between £140,000 and £810,000 in net present value terms over three years. The variation depends on whether the assumed costs and benefits are both best estimate, high or low.

Table 5 Sensitivity analysis: annual net benefits, with different average compliance costs and benefits to customers per incident

| | High compliance costs (£5) | Medium compliance costs (£2.5) | Low compliance costs (£1) |
|--------------------------------|----------------------------|--------------------------------|---------------------------|
| High customer benefits (£30) | £260,000 | £280,000 | £300,000 |
| Medium customer benefits (£20) | £150,000 | £180,000 | £200,000 |
| Low customer benefits (£10) | £50,000 | £80,000 | £90,000 |

⁶ 2011 prices.

⁷ This is based on the £26,000 transfer paid previously and our assumption that just under 40% of customers are assumed to be potentially made vulnerable in option 1.

Our key assumptions

The following three key assumptions⁸ underpin our impact assessment.

- The number of customers affected by retail exit. We have assumed half of customers will be affected.
- The proportion of customers who are engaged and active, so that they retain a favourable price/customer service combination if affected by a retail exit. We have assumed this to be over a fifth of customers.
- The number of times an event related to the GSS occurs. We have assumed that companies had been compliant 95% of the time.

We should stress that the evolution of the market is impossible to predict with any accuracy. These are merely working assumptions for the purposes of this impact assessment. Our assumptions have been informed with the following considerations in mind.

The number of customers affected by retail exit

Retail exit could occur either because:

- an appointed company wishes to cease retail activities in the non-household market in that area. An Oxera [report](#) for Ofwat and the Water Industry Commission for Scotland (WICS), drawing on this experience in Scotland, considered the impact of assuming a group of public sector customers representing around 40% of the non-household revenues in England switching to a small number of suppliers through competitive tendering. They

⁸ Another set of important assumptions has been discussed already and addressed through sensitivity analysis in table 5.

found that the loss of these customers could provide a financial incentive for retail exit⁹; or

- the appointed company wishes to provide retail services in the non-household market under the WSSL. For example, this could occur if the appointed company wished to provide retail services to non-household customers through a nationwide licence. We note that some English companies are already active in the Scottish retail market.

The proportion of active customers

Since 1 April 2008, all 130,000 businesses, public sector, charitable and not-for-profit organisations in Scotland have been presented with a variety of suppliers to choose from¹⁰. According to WICS, since market opening the market has grown from three active retail providers (including the downstream arm of the incumbent, Scottish Water) to 16 and the market share of these retailers (measured by wholesale charges paid) has grown to almost 15%.

The development of the Scottish market is consistent with Defra's impact assessment for retail competition. For its impact assessment, Defra assumes that water customers that consume larger volumes (1 megalitre and above) tend to be more active in the market than those who consume less water (0 to 1 megalitre). This leads to an estimated 22% of non-household customers who are likely to be highly engaged and active in the market.

The extent of GSS retail-related activities

We do not have data on the number of activities related to GSS retail activities. We have assumed that companies were compliant in 95% of cases, in order to estimate this number based the occurrences of non-compliance. We suspect this is a highly cautious estimate and that compliance could well be much higher.

⁹ We recognise that this scenario is unlikely to occur. However, the work usefully illustrates the relationship between competitive processes and retail exit.

¹⁰ Source: <http://www.scotlandontap.gov.uk/>

Annex 1: Specific impact assessments

One in, three out

In our view, our proposals would count as a ‘Zero Net Cost’ for businesses, because:

- they are regulatory and the direct incremental benefit to businesses exceeds the direct incremental cost to businesses (see table 6 for our estimates); and
- they are pro-competition measures. Promoting competition is key objective of our proposals. Our assessment is that our proposals will achieve this objective, increasing competition and creating a net social benefit.

Table 6 Estimated costs to business

| Cost of option 2 | | |
|-------------------------|----------------------------|--|
| Total net present value | Business net present value | Net cost to business per year (EANCB: 2014 prices, 2015 present value) |
| £489,476 | £489,476 | -£177,403 |

Competition impact test

We have considered how our proposals could impact:

- suppliers’ behaviour, including market entry and expansion; and
- customer engagement and activity.

Our proposals will impose relatively small and largely marginal costs on WSSL retailers. We do not expect these to deter entry.

In terms of effective rivalry, our proposals will help to stimulate competition by, amongst other things, creating a level playing field. They ensure that both appointed companies and WSSL holders face the same regulatory obligations and costs. They prevent a ‘race to the bottom’ where appointed companies exit the market and re-enter to avoid having to comply with the GSS. And they help to promote the trust and confidence required for a non-household customer to switch to a WSSL holder (since they can be assured of a guaranteed minimum level of service) without having to examine the WSSL’s terms and conditions.

Small and micro-business assessment impact

Given that applicants need to demonstrate their competence and ability to carry out its regulatory obligations before we grant a licence, we do not expect significant market entry by micro-businesses.

In our view, small and micro-businesses ought not to be exempt from the GSS. BIS guidance states that the intention of an exemption is to avoid a disproportionate burden on small and micro-businesses. As described earlier:

- the costs to provide the required level of service are largely driven by the number of customers. In other words, they are marginal costs, and so would not disproportionately impact small and micro-businesses; and
- other costs are negligible. For example, familiarisation costs are minimal.

Moreover, an exemption would fail to protect customers of exempted retailers. And it could also harm effective competition, for the reasons given in the competition impact assessment.

Other specific impacts tests

Our proposals have no implications on wider economic, social or environmental impacts, including:

- statutory equality duties;
- gender equality;
- disability;
- race equality;
- health;
- greenhouse gas assessment;
- wider environmental issues;
- health and well-being;
- human rights;
- justice system;
- rural proofing;
- sustainable development; and
- legal aid.

Annex 2: Post-implementation review (PIR) plan

To be clear, we propose that the revised GSS regulations included in our consultation document apply to all WSSL holders (excluding retailers who opt to self-supply) and appointed companies from market opening in April 2017.

We do not propose to carry out a detailed review of the GSS at this time, and this includes the detailed arrangements for household customers at this stage in terms of the standards themselves or associated payments. However, the GSS regulations have not been comprehensively reviewed since 2008, and so our view is that a detailed review of the GSS regulations will be required for both household and non-household customers in due course.

Quality of service and price regulation are both **potentially** important prospective (ex ante) economic regulatory interventions where markets are not sufficiently effective without them. We are currently at the start of an evidence-led review of the scope of both for PR19 – in this area, the evidence after 2017 will be particularly relevant to PR19 in due course.

So, we do not propose to have any proposals for our PR19 consultation in December 2015, but do expect to include this in our longer-term work plan for the next price review. We intend to review customer protection arrangements once the market opens in any event, to ensure that any measures are fit for purpose and are effectively protecting customers without stifling competition or creating undue barriers to entry or expansion.

Annex 3: Responding to our consultation and impact assessment

We welcome your responses to this draft impact assessment by **2 October 2015**. We are also inviting comments on our consultation document, which has been published alongside this impact assessment.

As mentioned in that document, we are arranging workshops on key areas covered in the consultation. We will circulate details in due course.

Please submit responses by email to customerprotection@ofwat.gsi.gov.uk, or post them to:

Retail Market Opening Programme
Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA.

If you wish to discuss the:

- consultation document, please contact Dan Mason on 0121 644 7629 or by email at daniel.mason@ofwat.gsi.gov.uk; or
- impact assessment, please contact Alex Whitmarsh on 0121 644 7640 or by email at alex.whitmarsh@ofwat.gsi.gov.uk.

We will publish responses to our consultation and impact assessment on our website at www.ofwat.gov.uk, unless you indicate that you would like your response to remain unpublished. Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with access to information legislation – primarily the Freedom of Information Act 2000 (FoIA), the Data Protection Act 1998 and the Environmental Information Regulations 2004.

If you would like the information that you provide to be treated as confidential, please be aware that, under the FoIA, there is a statutory 'Code of Practice' which deals, among other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that we can maintain confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on Ofwat.

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