

Ofwat – Guidance on eligibility consultation

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Ofwat – Eligibility Consultation

Q1: Do you have any comments or concerns in relation to our proposed guidance on the threshold requirement?

Following the opening of the English market threshold requirements will still apply in Wales, therefore we agree that there should be clear guidance for those customers receiving services from suppliers in both England and Wales. The proposal to apply separate threshold requirements for water and wastewater services meets the criteria for simple guidance. To ensure customers are clear on their eligibility status we would encourage Ofwat to undertake increased engagement in affected areas.

Q2: Do you have any comments or concerns in relation to our proposed guidance on what constitutes a single set of premises?

We recognise that as threshold requirements will no longer apply following the opening of the English market, different guidance is required to determine what constitutes a single set of premises. We agree that the proposal to use the Valuation Office definition of a property provides alignment with the approach taken in Scotland.

Where sites are already in the market and have been aggregated we propose that for market opening input purposes, disaggregation should not apply. Disaggregation will not only reduce clarity for the affected customers but may have unintended consequences around billing processes and charging tariffs, possibly leading to increased wholesale charges for customers. Disaggregation in this instance will also require additional administration for no clear additional value for the customer or the market. Post market opening, disaggregation, if applicable could occur at customer request.

Q3: Which factors are relevant when deciding whether or not the principal use of mixed-use premises is as a home?

For determining eligibility of mixed-use premises we agree with the proposal to maintain the rule that a set of premises is non-household if the household part of the premises is dependent in some way upon the non-household part.

Where eligibility of mixed-use premises is still unclear we propose the use of an additional factor to determine if the bill payer is using the premises primarily as a business; for example receiving money for services and/or as a managed premises. This would mean premises such as nursing homes are eligible premises and these customers would have the choice to switch retailer.

The recommendation that companies begin by assigning all mixed-use premises to the non-household category may increase the risk that ineligible premises will be included in the market. Where there is still uncertainty around eligibility, after conducting the above proposed tests we suggest that premises are not included as eligible. This treatment still allows for correction and customer challenge once the market has opened but ensures that premises are included in the market in a controlled manner.

Q4: Do you have any comments or concerns on our proposed guidance on the definition of eligible non-household premises?

We agree that the proposed default criterion for assessing whether a set of premises is principally used as a home i.e. whether it is a domestic or a non-domestic property for the purposes of council taxes and business rates provides a clear and simple approach.

We propose an additional factor for mixed-use premises, as noted in our response to question three; this will provide greater consistency across the market.

Q5: Do you have any further comments on concerns in relation to the proposed changes we are making to this guidance?

We have no further comments to make at this stage and welcome continued dialogue with Ofwat on this key topic.