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8<sup>th</sup> January 2016

Dear Rowaa,

**Ofwat consultation: Protecting customers in the non-household retail market**

Thank you for inviting Kelda Water Services (Retail) Ltd to contribute to the consultation on protecting customers in the non-household retail market.

Kelda Water Services (Retail) Ltd supports the commitments made by the Government and Ofwat in respect of the arrangements being developed to protect customers' best interests and to ensure the new non-household retail market operates effectively.

Following a review of the information contained in the consultation document and the related information notice IN 15/12 'Opening a new retail market for non-household customer – protecting customers', we have provided responses to the consultation questions in the attached table.

A number of key principles and objectives have guided our thinking in developing our response as follows:

- Ensuring the best outcomes for our customers is paramount including building and maintaining customers trust in the sector.
- Effective customer protection measures and arrangements and should enable competition and a successful open market.
- Simplicity of arrangements will benefit both customers and the market.
- The definitions to be developed to classify a customer as being a smaller business or a micro-business should enable retailers to readily identify their relevant customers against in order to apply such protections consistently from market opening.
- The protections for micro or large should be the same level; the higher level of protection being set for all. We believe that this will enable efficient and consistent application of the protection.

Our responses to the specific questions are contained in the attachment to this letter. We have sought to keep our responses brief and make material comment only where we have a specific opinion, or to explain our reasoning for a particular answer.

We look forward to the subsequent development of a draft Customer Protection Code of Practice and the opportunity to work with Ofwat to shape the provisions and protections within this Code of Practice.

Should you have any queries regarding any of our responses, please don't hesitate to contact myself by email at [narissa.kirk@keldawater.co.uk](mailto:narissa.kirk@keldawater.co.uk).

Yours sincerely,

Narissa Kirk  
Commercial Manager

Enc – response table

## Ofwat consultation: Protecting customers in the non-household retail market

The feedback below has been prepared by Kelda Water Services (Retail) Ltd (KWSR)

Consultation questions		Kelda Water Services (Retail) Ltd Feedback
<b>Legal framework</b>		
<b>Q1</b>	Do you have any comments on our proposal to introduce a mandatory Customer Protection Code of Practice to protect customers in the non-household retail market?	We welcome the proposal to introduce a mandatory Customer Protection Code of Practice and would like to see more information how the COP will be regulated and binding.
<b>Q2</b>	What do you think we should consider when defining smaller customers (microbusinesses, small businesses and SMEs)?	Their available resources and their existing knowledge of the market (size). We would also suggest that consumption may be a good way of defining smaller customers, especially when switching as it will be a measure that will always be recognised by each retailer.
<b>Q3</b>	Should the proposed additional protections for smaller customers apply to just microbusinesses, or small businesses, or all SMEs?	We recognise that micro businesses may need additional protection however we suggest that this level of protection should be applied to small customers. We would also suggest that there should be a basic level applied to all customers regardless of size. The protections should be the same level, whether large or micro; the higher level of protection being set for all. It will be too onerous for retailer to have different levels of practice for different sizes
<b>Sales and marketing activities</b>		
<b>Q4</b>	Do you agree with our proposals to use the Customer Protection Code of Practice to protect micro-businesses from certain sales and marketing activities?	Yes, for certain activities whereby the micro business might not have access or knowledge of.
<b>Q5</b>	Do you agree with our proposal to require retailers to provide certain basic information in a standard format to allow micro-businesses to compare deals?	Yes, so long as it is a simple format and, contains all relevant information and is not different to other businesses.
<b>Q6</b>	Do you agree with our proposal to require retailers to make sure that any TPIs acting as agents on their behalf are aware of, and understand, how the provisions of the Customer Protection Code of Practice apply?	Yes – Retailers could include in their contract with TPIs that they must adhere to COP. However, Retailer should not be accountable where TPI breaches the rules.

<b>Q7</b>	Do you have any comments on our plan to explore the possibility of requiring retailers to only interact with TPIs that have signed up to a set of standards, either through an accreditation scheme or another voluntary code of practice?	We agree that this would make for more trust in the market and more protection for retailers and customers along with making TPIs accountable for their behaviours and practices.
<b>Contracts and information</b>		
<b>Q8</b>	Do you agree with our proposal to use the Customer Protection Code of Practice to set specific standards of conduct for retailers in relation to contracts with micro-businesses? Do you have any comments on the issues that we propose to cover?	We agree with the proposal to use the customer protection CoP to set specific standards for micro-businesses. We do consider these issues to be applicable to all customers, not just mirco businesses.
<b>Q9</b>	Do you agree with our proposal to include a requirement in the Customer Protection Code of Practice for retailers to provide certain information to all eligible non-household customers, and additional information to micro-businesses?	As above. We agree with the proposals to provide standard information to all customers, and additional to micro businesses. While ideally we would prefer for all customers to have the same information in the same way it may not be practicable to give large customers details of their SPIDs (for examples) on their bills due to the large volume of data this would cover. We would suggest an alternative way of cleary stating on bills how this informartion can be obtained.
<b>Q10</b>	Do you have any comments on the information that needs to be provided to customers?	We agree that Tarrif details, SPID (if possible, see above comment) term of contract and ability to switch are reasonable information to be included.
<b>Q11</b>	Do you agree with our proposal to require retailers to offer a cooling off period of at least seven calendar days to micro-businesses? Should a cooling off period be offered to all eligible non-household customers, and if so, should customers be allowed to opt out of any such cooling off period?	Agree that there should be a cooling off period; in inline with the other utility providers but the customer needs to be aware of the delay in switching (as per the 6-20 days switcthing time below).
<b>Q12</b>	Do you agree with our proposal to require retailers to take active steps to confirm that micro-businesses are aware of, and understand, the terms of the contract before they agree to it?	Yes, we agree that the retailers should be required to confirm the customers understanding and agreement.
<b>Q13</b>	Do you agree with our proposal to require retailers to obtain a copy of written confirmation that a TPI is acting on behalf of a customer, before sharing any details about that customer with the TPI?	Yes, we agree that this would be best practice and assist customer protection.
<b>Q14</b>	Do you have any other comments on our proposals in relation to contracts and information to be provided to customers?	No further comments other than what is already stated within the responses.

<b>The switching process</b>		
<b>Q15</b>	Do you have any comments on the proposed timeframe of 6 to 20 working days for the switch to take place, with a retailer and customer able to agree a named day for the switch?	Yes We agree that this is an appropriate timeframe and feel that the ability to agree a named day will assist in customer switching by giving a customer the ability to transfer retailers to suit them and their billing cycle
<b>Q16</b>	Do you agree with our proposal to use the Customer Protection Code of Practice to require retailers to take all reasonable steps to ensure they have a valid contract with the customer before they request a switch?	Yes, we agree that this will assist customer protection
<b>Q17</b>	Do you agree with our proposal to require an outgoing retailer to inform the affected customer of the reason for any cancellation of the switching process, and advise the customer on the process and timeframe to resolve the issue?	Yes, we agree that the customer should be kept informed at all stages of the process
<b>Q18</b>	Do you have any comments on whether or not outgoing retailers should be allowed to cancel a switch on the basis that the customer has an outstanding debt?	Believe that the retailer should be able to make all reasonable steps to recoup charges where customer has not paid. This includes the ability to cancel a switch if the outgoing retailer chooses to do so.
<b>Q19</b>	Do you have any comments on our proposal to monitor the use of the switching process, including use of the erroneous transfer and cancellation processes, after the market opens?	Yes, we believe that this can only assist in protecting both the customer and retailers
<b>Billing, back-billing and data quality issues</b>		
<b>Q20</b>	Do you agree with our proposal to require retailers to issue at least one accurate bill each year to micro-business customers and, for metered micro-business customers, to take a meter reading at least twice a year?	Yes
<b>Q21</b>	Do you agree with our proposal to require retailers to issue a final bill to microbusinesses within six weeks of the customer's transfer or end of contract?	Yes
<b>Q22</b>	Do you agree with our proposal to require retailers to base their final bill on the transfer read provided by the incoming retailer?	Yes but the retailer should have the right to take their own and issue any final bill with amendments, where applicable
<b>Q23</b>	Do you have any comments on our proposal to do nothing further at this time in relation to billing frequency and payment methods (except for micro-businesses as above)?	We agree that further intervention is not required at this time and we are content with the suggestion that this area will be reviewed after market opening
<b>Q24</b>	Do you have any comments about the information that should be	As per our previous comment it may not be practical to

	provided to customers on their bills?	show SPID's which could constitute a large amount of information. We accept that this could be achieved for business with a small number of SPID's but would like to see an alternative arrangement of providing details of how to access this information on bills.
<b>Q25</b>	Do you agree with our proposal to use the Customer Protection Code of Practice to prevent retailers from back-billing eligible non-household customers unless the customer has behaved inappropriately?	Yes, apart from a back bill should be acceptable, if money is owed. We agree as long as the same terms are applied to both wholesaler and retailer. For retail only companies it could potentially place them in a vulnerable position of having to accept charges from wholesalers without the ability to charge customers if these terms are not the same.
<b>Q26</b>	Do you agree with our proposal to require retailers to offer micro-businesses a reasonable payment plan with any back-bill, to allow the customer to pay the bill in a number of instalments?	Yes, we agree that this is in the best interests of the customer
<b>Q27</b>	Do you have any comments on our proposal to take no further action in relation to refunds (other than to make sure that customers have access to a quick and effective dispute resolution process)?	As above this needs to also apply to wholesale/retail refunds.
<b>Q28</b>	Do you have any comments on our proposal for no additional regulation on data quality?	No further comment
<b>Complaints handling and dispute resolution</b>		
<b>Q29</b>	Do you agree with our proposal to use the Customer Protection Code of Practice to require all retailers to have an effective complaint handling process in place?	Yes
<b>Q30</b>	Do you agree with our proposal to use the Customer Protection Code of Practice to require all retailers to join the WATRS water redress scheme, if they have not already done so?	Yes