
Introduction

Northumbrian Water welcomes the consultation on protecting customers in the non-household retail market.

We are supportive of the need for a Customer Protection Code of Practice to protect customers in the non-household retail market and consider the set of proposals laid out in the consultation document to be reasonable and proportionate and provide appropriate protection, in particular to micro-businesses and smaller non-household customers. There are a small number of areas where we have concerns that proposals may be detrimental to the smooth running of the market or to competition.

Our detailed responses to the consultation questions are given below.

Response to Questions

Q1 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 support the proposal for a Code of Practice to protect customers.

Q2 What do you think we should consider when defining smaller customers (micro-businesses, small businesses and SMEs)?

We consider that it would be beneficial to utilise a consistent definition with other utilities and in line with the Small Business, Enterprise and Employment Act 2015, as noted in the consultation paper. Specifically we believe that the definition should incorporate no of employees, turnover and a measure of consumption/spend such as bill value or volume.

Q3 Should the proposed additional protections for smaller customers apply to just micro-businesses, or small businesses or all SMEs?

We consider that the highest level of protection is required for micro-businesses as they are least likely to have the time and resources to devote to water procurement or issues. However we would also expect that there may be protection afforded to certain other sectors such as charities.

Q4 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, we are supportive of these proposals.

Q5 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?

While we support the requirement to provide certain key information in a defined way to aid comparability, we do not believe that a standard format is necessarily warranted. Were a standard format to be adopted, the detailed requirements would need to be communicated very soon in order for companies to amend system parameters. We would also highlight the risk that this approach will create a strong price focus in the market and ignores more qualitative competitive factors such as customer service or bill accuracy measures.

Q6 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?

Our expectation is that the majority of TPIS will be acting independently and placing business with multiple retailers rather than acting in an agent capacity. We consider that requiring TPIS to sign up to a set of standards or code of practice, as discussed in question 7, is the most preferable solution for customer protection. However we agree that, where a TPI acts in an agent capacity, it is reasonable to expect the retailer to ensure the TPI is aware of, and understands, the relevant provisions of the Customer Protection Code of Practice.

Q7 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?

In addition to this proposal, we also believe there should be a requirement that the commission/fees earned by TPIS should be transparent to the customer.

Q8 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 – and with the issues noted, i.e. fair, transparent contract terms written in plain language; inclusion of all key information such as contract duration; written agreement for auto-rollover and termination or end of contract notice periods.

Q9 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?

We agree with the proposal, including the proposal to require the end date of a fixed contract and notice period to be notified on every bill. We do not necessarily believe a standard format is required for the provision of this information as long as it is clear, transparent and in plain language.

Q10 Do you have any comments on the information that needs to be provided to customers?

We believe it would be appropriate to include the SPID number(s), the current tariff name and key terms (end date, notice period). We note that the provision of too much information in customer communications can lead to confusion for customers and therefore be a dis-benefit, as well as incurring additional costs for retailers.

Q11 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?

While acknowledging the protection for micro-businesses provided by a cooling-off period, we note that provision of a cooling-off period will add complexity to market processes – and the additional time added to the switching process may cause frustration for customers who have made a decision to switch supplier. We have concerns around including a provision for customers to opt

out of the cooling-off period as we believe that this creates a risk of misunderstanding unless the choice to opt out is provided by the customer in writing.

Q12 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, as long as there is proportionality in the definition of active steps – we believe it is reasonable to ask customers to confirm that they are aware of and understand the terms of the contract – and to provide further information and elaboration in response to any points raised by the customer, but we do not believe that most customers will welcome a scripted walk-through of contract terms as part of the contract discussion.

13 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?

We believe the customer should always provide directly to the retailer, not via the TPI, a letter of authority and bill details (including SPID) to avoid fraudulent or erroneous transfers.

Q14 Do you have any other comments on our proposals in relation to contracts and information to be provided to customers?

No, the proposals appear thorough and consistent.

Q15 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?

We consider 20 days to be at the outside end of what would be acceptable to a customer – however we acknowledge that arranging meter reads in new geographic locations may mean this is more practical in the early stages of the market. We fully support the customer's ability to propose a named day beyond 20 days where they choose to do so.

Q16 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 support this proposal.

Q17 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?

Where there is a direct customer relationship with the retailer, we agree with this proposal. However if the customer has chosen to utilise a broker in the switching process, we believe the customer's preference should be respected and the TPI should be the primary point of contact.

Q18 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?

From looking at the experience in other industries, in particular the energy supply sector, collection of debt greater than 30 days overdue is significantly harder once a customer has left supply. As

such, we believe that debt is a valid reason for cancelling a switch, providing the debt is >30 days overdue and not an insignificant value.

Q19 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?

We think this is the appropriate course of action – it is important to retain some flexibility to respond to the outcomes of market opening.

Q20 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?

We are in agreement with the proposal to require one accurate bill each year to metered micro-business customers. In principle we agree that two meter readings per year should be obtained for metered micro-business customers, however we believe there needs to be a recognition of the issues around inaccessibility to certain premises and therefore alternative arrangements could be permitted to be agreed with individual customers. We would also highlight that, particularly out of area, where retailers will not have economies of scale, there will be a cost implication of this proposal.

Q21 Do you agree with our proposal to require retailers to issue a final bill to micro-businesses within six weeks of the customer's transfer or end of contract?

Yes, we consider it will be in our interests as a business to issue final bills on a timely basis both to assist in working capital management and to retain customer goodwill. However should there be delays to the final bill issue as a result of ongoing discussions driven by the customer or new retailer, this shouldn't be to the detriment of the outgoing retailer.

Q22 Do you agree with our proposal to require retailers to base their final bill on the transfer read provided by the incoming retailer?

Yes, however the outgoing retailer must have the right to dispute an infeasible read and request a new reading is taken.

Q23 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 the charging rules combined with customer expectation in a competitive market will ensure that there is a sufficient choice for non-micro-business customers in this area.

Q24 Do you have any comments about the information that should be provided to customers on their bills?

We agree with the items listed in the consultation document, i.e. SPID, tariff and details of how the bill has been calculated, the end date and notice period for any fixed term contract and ways to pay outstanding debt. We note that the provision of too much information in customer communications can lead to confusion for customers and therefore be a dis-benefit, as well as potentially incurring additional costs for retailers.

Q25 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?

We consider that all known customers should be being billed by the current incumbent i.e. no unbilled customers prior to market opening. When gap sites are identified, legally the customer is liable and should be billed.

We do not consider it is reasonable to argue that the wholesaler/retailer is at fault if an unknown site has not been billed. We are therefore of the opinion that non-household gap sites should continue to be able to be back-billed for a six year period as is currently the case.

If a customer has notified the wholesaler or supplier at any point that they are not being billed, then fault lies with the wholesaler/retailer, however if the customer has not done so, they should be seen to have behaved inappropriately.

Q26 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 believe this is reasonable.

Q27 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)?

No comments.

Q28 Do you have any comments on our proposal for no additional regulation on data quality?

No comments.

Q29 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, we support this proposal.

Q30 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, we support this proposal.