



Retail Market Opening Programme  
Ofwat  
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21 Bloomsbury Street  
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**15 April 2016**

Dear Sirs

**Protecting customers in the non-household retail market – a consultation on final proposals and a draft customer protection code of practice**

Thank you for providing us with the opportunity to comment on your final proposals for the Customer Protection Code of Practice. We have split our response into two sections. The first highlights any comments we have on your final proposals, whilst the second addresses the questions raised on proposals for code governance.

**Comments on Final Proposals**

**Overall regulatory approach**

We are supportive of the proposals set out to define micro-businesses and appreciate the clarification that this includes those customers with fewer than 10 employees. However, as previously highlighted in our January 2016 consultation response and discussed at the workshop on 16 February, this information is not always as readily available to Retailers as consumption data and we still feel that this should be considered during classification. There is also the risk that the business may change employee numbers (for example, due to seasonal variations). Would the business remain classified as a micro-business for the duration of the contract if employee numbers grow during this period?

**Sales & marketing** – We support the proposals outlined and have no further comments to make.

**Contracts & customer information** - We support the proposals outlined and have no further comments to make.

**The switching process** - We support the proposals outlined and have no further comments to make.

**Billing, back-billing & data quality issues**

We previously highlighted the importance of a standardised dispute resolution process so that in the case of any transfer read disputes, there is a clear path for resolution. Given the importance of accurate billing for the outgoing retailer, we are pleased to see reference to the arrangements and procedures set out in the Wholesale-Retail Code.

We support the revised requirement to take meter readings for metered micro-business customers once a year, rather than the original proposal of twice per year.

**Complaints handling & dispute resolution** - We support the proposals outlined and have no further comments to make.

### Code Governance

#### **Q1 Do you agree with our proposed approach to the governance of the code of practice?**

The proposed approach to the governance of the code of practice appears reasonable and we agree that a pragmatic, flexible approach will be required particularly in the early stages of market opening. In line with existing codes of practice, we would suggest a mandatory annual review of the customer code of practice and a mechanism to make any 'urgent' changes throughout the year, subject to consultation.

#### **Q2 Do you have any views as to whether the code governance and modification should be included in the code or the licence/appointment?**

In line with discussions at the recent workshop, we can see the pros and cons of either option. Separate guidance to accompany the code would make the code itself easier to read and ensure it remains concise. However, there is a risk with separate documentation that Retailers may base reliance on the guidance, rather than the guidance in conjunction with the code.

#### **Q3 Who should be able to raise changes to the code of practice?**

In section 4.2 of the consultation document, it states that Ofwat propose to consult with market participants and 'anyone else that Ofwat considers appropriate' on any proposed revisions. We would expect this to include consumer groups.

For the purpose of continuity, we would therefore suggest that these parties are also able to raise changes to the code of practice through the agreed mechanism. As this could imply a large group of stakeholders, we would like to see Ofwat implement an initial screening process for requested changes.

Please do not hesitate to contact me if you would like to discuss our response in more detail.

Yours sincerely



**Christopher Offer**  
**Director of Regulation**