
Introduction

Northumbrian Water welcomes the progress on the proposals for protecting customers in the non-household retail market and the publication of the draft customer protection code of practice.

We continue to be supportive of the need for a Customer Protection Code of Practice to protect customers in the non-household retail market and support the policy conclusions made following the previous consultation.

Our detailed responses to the consultation questions and comments on the current drafting of the code of practice are given below.

Response to Questions

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

We support the aim to ensure that there is flexibility to make required changes and improvements to the code in an effective and timely manner. The specific proposals appear reasonable and pragmatic, we are particularly supportive of the requirement for consultations. In addition evidence suggests that the potential for a pre-modification process in certain circumstances tends to support better ultimate outcomes. We also welcome the recognition of the need for implementation timescales to take into account the time and cost involved with significant system change.

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

While we have some concerns around using the licence/appointment amendment process for changes to the code, we recognise that the creation of a panel would add additional structures and governance processes which may be disproportionate. As noted in our response to item 3 below, the primary concern with either approach is to ensure that the level of change and consultation around this or any area is kept under review. Market participants are likely to be operating with lean organisational structures so the level of regulatory change needs to be manageable and cost-conscious while ensuring appropriate customer protection.

We support the wording around governance and modification which has been included in the draft code of practice.

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

We are of the opinion that customer protection is of paramount importance and that it is to the benefit of the industry to allow consumer groups and other relevant stakeholders to propose changes in the interests of customers. The requirement for consultation with market participants on proposals should ensure sufficient balance to prevent the code from becoming overly onerous and restrictive on participants. However there is a risk that there will be an excessive number of proposed changes creating resource strain both within Ofwat and market participant teams with the volume of consultations. As such this may drive the need for a process or panel to assess proposals against certain criteria before progressing to a full consultation.

Comments on the draft Customer protection code of practice:

Section 6.2.1 – minor typographical change

6.2.1 Other than where the Terms and Conditions of Supply are the a-Scheme of Terms and Conditions or the statutory duties of a relevant undertaker...

Section 7.1.2 – question around intent

The current drafting of section 7.1.2 could be read to imply that it is not required to have terms and conditions of supply in writing. We would consider it is fundamental to customer fairness for all non-household customers, regardless of size, and to the effective functioning of the market for all retailers to have and provide written terms and conditions of supply to customers – this may be in electronic format.

Proposed revised drafting:

7.1.2 ~~Where Terms and Conditions of Supply are in writing,~~ Retailers shall ensure they that Terms and Conditions of Supply are written in plain and clear language.

Section 7.3.1a – drafting doesn't seem to achieve the aim set out within the consultation.

The consultation document (section 3.3.3 paragraph 4) suggests that the aim is to require the customer to provide written consent to contract roll-over at the point of renewal (or within a window beforehand). In our consideration, the current drafting suggests that the Micro-business could provide that consent at the beginning of the initial fixed term period. We support the requirement for micro-business customers to be required to provide written consent for rollover of an existing contract at the point of renewal, but acknowledge that in a non-exit area, there may be some difficulties in achieving this if customers are disengaged. We welcome the recognition that further thought is needed in this area.

Proposed revised drafting:

7.3.1 If a Retailer's Terms and Conditions of Supply to a Micro-business are for a fixed term:

- a) the relevant Terms and Conditions of Supply may not be renewed automatically, without the written consent or request of the Micro-business at the point of, or within a 30 day period prior to, renewal.

Section 8.2.2b – drafting doesn't seem to achieve the aim set out within the consultation.

The consultation document (section 3.4.3 paragraph 3) states "Where switching has been blocked because the customer is in debt... all eligible customers should be offered a reasonable payment plan by the outgoing retailer...". The drafting of section 8.2.2b uses the wording – "how the Outstanding Debt can be repaid, in particular if a Reasonable Repayment Plan is available". We suggest that the code either needs to reflect the aim set out in the consultation, or provide examples of instances where it would be appropriate for a Reasonable Repayment Plan not to be available.

Proposed revised drafting:

8.2.2b how the Outstanding Debt can be repaid, in particular if a the process or mechanism for agreeing a Reasonable Repayment Plan with the outgoing retailer is available.

Section 9.3.2 – minor typographical change

9.3.2 Retailers shall offer Micro-businesses a Reasonable Repayment Plan in respect of any part of a bill or invoice issued pursuant to Section 9.3.1 which relates to the period prior to the 12 months preceding that bill or invoice.

Section 10.1 – additional word to provide clarification (in line with consultation document)

While minor, the current wording suggests that there should be no cost to NHH Customers from the provision of an effective Complaints Handling Process. However there is clearly an indirect cost to customers as the cost of the providing an effective process is part of the overheads of the retailer and will therefore be incorporated within the pricing to customers. However we agree that there should be no direct cost to a customer associated with making a complaint.

Proposed revised drafting:

10.1 Retailers must have in place at all times a readily accessible and an effective Complaints Handling Process with no direct cost to Non-Household Customers.