

NORTHUMBRIAN WATER (WHOLESALE) RESPONSE TO: Consultation on supplementary guidance: assessing whether non-household customers in England and Wales are eligible to switch their water and wastewater retailer.

Northumbrian Water welcomes the publication of Ofwat's consultation titled "**Consultation on supplementary guidance: assessing whether non-household customers in England and Wales are eligible to switch their water and wastewater retailer.**"

Overall we are supportive of the additional guidance provided by Ofwat and believe that the additional guidance is reasonable, helpful and will aid companies in making their eligibility decisions. The additional guidance should aid greater consistency in approach across the Industry.

Specifically we have been asked to consider the following 3 questions.

Consultation Question

We would be grateful for consultation responses on the draft supplementary guidance. In particular, we would welcome responses on whether respondents consider:

1. the descriptions in the examples not to be reflective of the types of issues encountered; and/or
2. there may be any inconsistency between our draft supplementary guidance and the relevant legislation; and/or
3. the proposals in our supplementary guidance are unreasonable.

If stakeholders do answer 'yes' to any of the questions above, we would also welcome what alternative interpretation should be made and why?

- 1 Whether respondents consider the descriptions in the examples not to be reflective of the types of issues encountered?

We do consider that the examples given are reflective of the types of issues encountered and also that the guidance given will be useful to companies in making their eligibility decisions in respect of their property/premise data set.

We envisage that over time it will be useful for additional examples to be added to the guidance in order to aid companies in making their eligibility decisions on an ongoing basis. Accordingly we would envisage that the eligibility guidance examples are reviewed on a regular basis.

We note that the examples included have been removed from the latest updated guidance and we will comment further on this in response to the updated guidance consultation.

- 2 Whether respondents consider there may be any inconsistency between our draft supplementary guidance and the relevant legislation?

We are not aware of any inconsistencies between the draft supplementary guidance and the relevant legislation.

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We note that Ofwat intends to amend the guidance to take account of the commencement of relevant provisions of the Water Act 2014 and to consider the implications for the transition from the water supply licence regime to the water and sewerage supply regime. Accordingly our comments do not reflect any assessment of the guidance against these elements until such time as the updated version is available.

3 Whether respondents consider the proposals in our supplementary guidance are unreasonable?

We don't consider any of the proposals to be unreasonable but would make the following observations in respect of the proposals.

The four step process for making a decision set out on 1.3.1, on page 8, is very useful and is helpful in clarifying that principal use of the premises is more important than the business rate / council tax status of the premises when making a decision.

With regards to the specific scenarios:

- University halls of residence and accommodation. - The guidance is quite detailed and the practical implications of gathering the information on catering arrangements could be quite onerous. The issue is also related to the definition of a premise and we will comment further on this point once we have had a chance to consider the implications of Section 3 of the updated guidance.
- Car parks and garages - The guidance says that a separate garage supplied by a separate supply point should be in the market. This will potentially generate scenarios where a domestic Customer may have their house which is not eligible and therefore is billed by an undertaker, and their garage which is eligible and therefore billed by a retailer. This seems confusing for a Customer and we would suggest that the guidance be amended to say that where the garage is used as a facility to support a home (i.e. someone has a garage in a block down the road from their house) it is therefore dependent on the house and is therefore considered household?
- Vacant premises – We consider that vacant premises should remain with the same eligibility classification as previously until such time as the property ceases to be vacant. It should be at the point of re-occupation that any change in eligibility is considered.
- Additionally we feel that the following scenario would also benefit from specific additional guidance; Caravan parks where there are a majority of live-in residents.

We are aware of the updated eligibility guidance published on the 4th April and will respond on this related consultation in due course. Our comments in this consultation reflect the fact that it has not yet been possible to fully review and understand the implications of this updated guidance.

Northumbrian Water
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