

NORTHUMBRIAN WATER (WHOLESALE) RESPONSE TO: Consultation on updated Eligibility Guidance.

Northumbrian Water welcomes the publication of Ofwat's consultation titled "**Updated Eligibility Guidance Consultation.**"

Overall we are supportive of the changes to the guidance provided by Ofwat and believe that the additional guidance is reasonable, helpful and will aid companies in making their eligibility decisions.

Specifically we have been asked to consider the following 2 questions.

Consultation Question

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

1. Whether any of the updates are not either consistent to commencements of the relevant provisions of the Water Act, the development of our thinking on the transition from the water supply licence regime to the water and sewerage supply licence regime and the position reflected in our supplementary guidance?
2. If there are any inconsistencies between the eligibility guidance and the Supplementary Guidance what are they?

- 1 We are not aware of any inconsistencies in this regard.
- 2 We envisage that over time it will be useful for additional examples to be added to the Supplementary Guidance in order to aid companies in making their eligibility decisions on an ongoing basis. This approach should aid consistent application within the new market. Accordingly we would envisage that the Supplementary Guidance eligibility examples are reviewed on a regular basis with new examples and clarity provided as specific examples emerge. In this regard we would re-iterate our comments included within our consultation response on the Supplementary Guidance for eligibility. Specifically;
 - o Car parks and garages - The Supplementary 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 appears needlessly confusing for a customer and we would suggest that the Guidance be amended to follow a common sense approach to say that the 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?
 - o 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 would also like to highlight a potential detrimental impact for a customer in respect of the guidance on premises given in Sections 3.1 and 3.2. The disaggregation of some properties will create a potential billing and customer service issue. Specifically disaggregation could create the scenario whereby a customer will now have some premises that are eligible for the market and some that are not. For example in the case of an university campus a hall of residence with its own supply point might now fall out of the market as an ineligible premise as the university provides no catering facilities. This will require the university to receive a bill from both a Retailer in respect of the eligible premises and an Undertaker in respect of the ineligible premise; whereas previously the premises would be considered a single site and charged accordingly. This has a detrimental impact on the customer from an administrative perspective and might also have a detrimental financial impact if the change required a different tariff to be applied. For example the excluded premise may now not be eligible as part of a single site for a large user tariff. We believe that this situation should be avoided as it is clearly not in the best interests of the customer and accordingly the Guidance should be amended to reflect this.

Paragraph one of Section 3.1 typically covers commercial office blocks and shopping centres where a company supplies several separately rated and occupied properties through a single metered supply point. The guidance states that properties SHOULD be treated as a single set of premises. We would like you to change the word SHOULD to MAY. The use of the word SHOULD is fine when considering the extent of premises for the supply of water however, it is not appropriate when considering the provision of waste water services; there are thousands of situations across the country where water is provided via a single shared measured supply and water charges are billed to the owner/managing agent of the shopping centre/office block who then recovers the cost through the service charge. However, the sewerage charges are charged directly to the occupiers of each unit based on an unmeasured tariff; usually rateable value or site area based. We suggest you either replace the word SHOULD with MAY or write separate sections for water and sewerage services.

We have also spotted two typos

- 1 Page 11, third bullet point should read The supply is **in** accordance
- 2 Page 12, Footnote 3 has been deleted however the reference number is still included in the text at the end of paragraph one of Section 1.2