



# **Proposals to modify Instruments of Appointment under section 55 - an Ofwat Consultation**

## 1. Introduction

- 1.1 The Consumer Council for Water (CCWater) is the statutory consumer organisation representing the interests of customers of regulated water and sewerage companies in England and Wales. CCWater has four regional committees in England and a committee for Wales.
- 1.2 We welcome the opportunity to respond to Ofwat’s consultation on proposals to modify Instruments of Appointment (IoA) under section 55 of the Water Act 2014 (WA14). This follows our previous response to the May consultation on further changes to all IoA<sup>1</sup>.
- 1.3 Generally, we support the proposed changes to the IoA. Where we have nothing to add to that provided in our May response, we have not given any feedback. Where we have a concern or question about an IoA condition, or a new comment, this is set out in the table below.

## 2. General comments

Condition	CCWater comment
<p><b>Condition S and R 1-4</b></p>	<p>We note that Ofwat propose to retain the relevant parts of the Customer Transfer Protocol (CTP), currently under Condition S, and access code provisions, currently under Condition R 1-4, to cover wholesale combined supply arrangements by moving them into a new Condition S. It appears sensible to move these provisions under one licence condition. The detail around this will be set out in a separate, forthcoming consultation on ‘introductions of water under the new water supply licensing scheme’. We await this consultation with interest as we will want to ensure no negative impact on customers.</p> <p>We support the proposal to make it clear that:</p> <ul style="list-style-type: none"> <li>• changes in legislation will extend the retail open market to include sewerage services, and</li> <li>• the need to clarify that Condition R does not place retail sewerage service obligations on water only appointees.</li> </ul>
<p><b>Condition F6</b></p>	<p>In our previous consultation response, we welcomed the obligation for the non-household retail business of an appointed company to produce a separate certificate of adequacy to that of its wholesale business. We note that Ofwat is considering making appointees with less than 5,000 eligible customers exempt from this obligation. We believe this is a sensible approach.</p>

<sup>1</sup> [CCWater’s response to Ofwat’s consultation on further changes to all IoA](#)

<b>Condition Q</b>	We welcome the obligation for drought payments to be paid to all affected business customers regardless of supplier (wholesaler) as it is important that no customers are disadvantaged. Whilst Ofwat plans to amend the loA Condition to require this, it is not yet clear how the provision will apply to retailers. This could be through an amendment to the Wholesale Retail Code and/or Water Supply and Sewerage Licence standard conditions. It is important that this obligation is made clear and within a set timescale.
<b>Condition G</b>	We note that Ofwat no longer plans to amend Condition G at this time. The proposal is to review it as part of a separate project to simplify and streamline loAs. In the interim the intention is to rely on appointees being reminded through the process of consultation that the Condition applies to business customers as well as residential customers. It is vital that CCWater is involved in the process to simplify loAs where there are customer service and protection provisions.
<b>Derogations</b>	We believe that derogations should ensure that all companies can operate fairly in the market. We, therefore, welcome Ofwat’s statement that, “...any derogations should not provide a company with a competitive advantage, but rather recognise that the relative burden placed on various sizes must not be unduly onerous”. We support a series of workshops taking place to discuss possible derogations and the proposals being discussed with Interim Code Panel representatives.

### 3. Enquiries

Please send questions about this consultation to:

**Christina Blackwell**  
 Policy Manager  
 Consumer Council for Water  
[christina.blackwell@ccwater.org.uk](mailto:christina.blackwell@ccwater.org.uk)  
 0121 345 1082