

Thank you for giving Business Stream the opportunity to respond to your consultation on the Guaranteed Standards Scheme, please find our responses below.

As Business Stream is a retailer in the non-household market, our comments are focused on those areas of Ofwat's consultation.

Arrangements for when supply is not restored

Q1. Adjusting the levels of compensation for supply not being restored under the GSS arrangements.

a) Should the levels of compensation for supply not being restored under the GSS arrangements be maintained or increased?

Whilst we are unaware of any cases where a customer has informed us that they are unhappy with GSS payment for interruption to supply, we do agree that consideration should be given to increasing payments, given that the amounts haven't risen. Should there be an increase it is important that the associated payments from a wholesaler to a retailer as stated in the Wholesale Retail Code are all increased.

b) Could an increase in the minimum level result in companies paying less compensation to customers than they currently do by encouraging them to not exceed a higher minimum? If so, how could this be addressed?

We feel that increasing the higher minimum will ensure fairness for all customers, as we are concerned about the potential for different customers to receive different levels of compensation depending on where they live and who is their water company / retailer.

We are uneasy that by encouraging companies to set different levels above the higher minimum, Ofwat maybe creating a 'postcode lottery' for compensation.

Given the fact that within the nHH market, the retailer bears the administrative costs for the wholesalers' failures, and indeed often has to pay GSS payments to customers before reclaiming them back from the wholesaler, it is important that GSS remains easy and cost effective to administer. We are worried that by encouraging different levels of GSS payments this will increase market complexity, which in turn will increase retailers cost to serve, which could reduce the savings that could be passed to customers.

Q2. Payment thresholds and exemptions for supply not being restored.

b) Should compensation increase by a larger amount the longer disruption lasts (i.e. exponential)?

We believe that in certain circumstances (such as bad weather or time without supply) there should be a tiered increment dependent on the circumstance.

Q3. Other areas to consider relating to compensation for supply not being restored.

a) Should GSS be expanded beyond supply interruptions to cover supply restrictions, such as temporary use bans?

We feel that GSS should be expanded to include temporary use bans, as these should be managed as part of the water companies resilience plans. We feel that it is important that supply interruption

through events within water companies control that forms part of their resilience plans, should be included in GSS.

Arrangements for all payments under the GSS

Q4. Adjusting all payments under the GSS by inflation.

- a) **All payments could be increased by inflation retrospectively from 2001 when the levels of compensation were last changed. Would this approach be reasonable and proportionate?**

Whilst we agree that GSS payments should be increased, we are wary of using inflation as the benchmark for these increases.

We feel that retrospectively increasing GSS levels should reflect the cost of water. Given the changes in water bills during this period, we feel that a more equitable method would be to take the 2001 GSS payments as a percentage of the average water bill in 2001 and rebase this to 2018, ie rebase the GSS level to the average 2018 water bill.

- b) **All payments could be price inflated automatically in future. Would this approach be reasonable and proportionate?**

We consider that going forward there is a reasonable and proportionate argument to increase GSS payments. We would recommend that GSS increases form part of the five year price review cycle when they can be reviewed relative to water bill increases and inflation. This would allow a more reasoned approach to be taken (ie comparison to average water bills and not just inflation), and also minimise the administrative burden that annual GSS increases would cause.

Q5. GSS arrangements for different types of customers.

- a) **Should the arrangements differentiate between compensation for businesses of different sizes (e.g. big businesses and SMEs)? If so, what approaches could be adopted in order to do differentiate fairly?**

We don't feel that the size of the business should be taken into account as we need to be seen to be treating all customers fairly and consistently. We also feel that there is not always a correlation between the size of the business and its dependency on water.

Furthermore, we have worries about who would be responsible for administering and identifying any additional information required to identify different businesses, and the costs this would entail. Given the fact that within the nHH market, the retailer bears the administrative costs for the wholesalers' failures, it is important that the GSS scheme remains easy to administer to help keep retailers cost to serve down so that retailers can pass on savings to customers+9.

- Q6. **Are there any other changes to the arrangements we should consider relating to all compensation payments under the GSS to ensure that customers receive fair, fast and free from hassle compensation?**

We do not feel there are any further changes required.