

Self Supply Community Consultation Response

Guaranteed Service Standards

The self-supply community is keen to ensure efficient market operations and as such does not want to unnecessarily burden Wholesalers with excessive financial compensation for unplanned events; however it does support recognition of the varying impact that poor notification and loss of supply has to their business operations.

For all self-supply licence holders availability and quality of water is critical to their business operations with significant financial impact across the manufacturing and hospitality space where businesses often have to compensate their own customers financially, the value of which far exceeds that offered under the current GSS within the water industry.

Further works above the GSS scheme should be undertaken to provide transparency and visibility with regard to maintenance and planned works to reduce emergency works.

1. Arrangements for when supply is not restored

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?

Increased they are insufficient at present.

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?

Any metric that allows the Wholesaler to reduce compensation by improving service delivery could be very effective and drive better behaviours. If the penalties are increased it supports more preventative measures being implemented, which would meet the desires of the self-supply community. The key is consistency of supply, excellent communication and swift response to supply restoration.

We have seen the impact of penalty and reward mechanisms across many industries if the levels are right this can be a huge incentive to improve efficiency with a phased increase the longer it takes for the supply to be reinstated reflective of the financial impact on the customers.

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

a) Should these thresholds be changed in any way (e.g. brought forward, reduce the length of time between graduations)? If so, how and why?

The length of time between graduations at 24 hours is too long, if stepped increases at an hourly or four hourly rate were applied it would encourage swifter resolution. Many businesses are 24-hour operations and the impact far more granular than to residential customers.

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

Absolutely – time driven penalties will deliver time driven solutions for example having replacement pumps/parts available as recently experienced by a self-supply licensee (Whitbread) who had to wait a day for delivery to reinstate a supply.

c) Should there be any changes made to the current exemptions to the GSS for supply not being restored?

The exemptions seem appropriate although some are subjective and further clarification would be useful.

3. 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?

As previously expressed the self-supply community are not interested in penalising Wholesalers for circumstances beyond their control but would encourage increased engagement to help understand and prevent the need for temporary use bans. The reward /penalty mechanism works both ways where business are water efficient and work collaboratively with the Wholesalers to reduce the demand on their network could a system be applied to the application of temporary use bans i.e. those who are wasteful are subject to the ban first?

b) Are there any other changes to the arrangements we should consider relating to payments for supply not being restored to ensure that customers receive fair, fast and free from hassle compensation?

Timeliness is key here so ensuring Trading Parties have adequate teams in place to respond.

4. Arrangements for all payments under the GSS

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?

It is not unreasonable as inflationary increases are included in all other price review considerations so why not this? This is reasonable; proportionality is subjective depending on the sector in which the customer operates.

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

This is reasonable, proportionality is irrelevant if you address all other key areas raised in this Consultation.

5. 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?

There are a number of ways of doing this a ratio could be applied based upon SIC code and charges levied against the SPID; as this would provide some insight into the size of business operation. There should be a link to consumption or YVE, as a site that uses more water will be impacted more severely by an outage than one that uses comparatively little water.

b) Should there be different compensation arrangements for customers in vulnerable circumstances? If so, what approaches could be adopted in order to do differentiate fairly?

Customers in vulnerable circumstances are a priority for all Wholesalers and this should be less about financial compensation but support and alternative water supply availability.

6. 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?