

15 February 2019

Review of the Retail Exit Code  
Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham  
B5 4UA

Dear Ofwat

### **Retail Exit Code: Proposals for non-price protections beyond March 2020**

We have reviewed the proposals for non-price protections beyond March 2020 and are pleased to have the opportunity to respond.

One of the key purposes of a competitive market is to provide choices to customers so that if they are unhappy with their supplier, they have the freedom to switch. However, we recognise that the market is not sufficiently developed and attractive enough to encourage SME customers to engage and therefore it is important that these customers are protected.

Therefore, we support the principle that customers who have not actively selected to engage in the market should be protected from non-voluntary changes which lead to customers being worse off. We thought that the Retail Exit Regulations were clear in their intentions that customers who had transferred through the Retail Exit process should generally be no worse off than if the transfer had not occurred. The Explanatory Memorandum which accompanied the Retail Exit Regulations and quoted on page 7 of Ofwat's consultation supports this, notably "the Regulations are designed to minimise disruption to transferred customers and help ensure that they are made no worse off as the result of the exit". The Retail Exit Regulations also state "an acquiring licensee's scheme under this regulation must provide for each transferred customer to be billed by the same method, and pay by the same method, as immediately before the exit date." Therefore, it was surprising to learn that some retailers appeared to be breaching these requirements by putting customers on prepayment terms without their knowledge and/or blocking transfer requests by including non-payment of an advance bill as outstanding debt.

In principle we think that Ofwat should have taken action against those breaching the existing requirements rather than imposing an additional regulatory burden on all retailers. Additional layers of regulation add time and cost when retail margins are already extremely tight.

That said, we do not object to the introduction of a new 'no worse off' principle. In our view, this confirms what the Retail Exit Regulations and Explanatory Memorandum already say.

We agree that it is important not to prevent changes that may benefit customers. By way of example, we are part way through the integration of our two trading parties into a single (joint venture) trading party. As part of this we will combine the two existing non-price terms and conditions into a single set of terms and conditions. This will necessitate some changes but will

A joint venture between

business low energy drop  
anglianwater

 NWG  
Business

**Registered Office**  
Northumbria House, Abbey Road  
Pity Me, Durham, DH1 5FJ

**Registered in England and Wales**  
Company Number 03017251  
Anglian Water Business (National) Ltd

offer a clear overall benefit to customers through the efficiencies and clarity this brings. Furthermore, we continue to communicate with our customers to clearly explain the impact and the benefits as they are affected by any changes we make. We would be concerned if the new proposals prevented this type of activity.

Additionally, customer prepayment can be a valuable option bringing benefits to both customers and retailers and therefore this choice should not be taken away when the customer is aware and in agreement. Likewise, direct debit payments offer similar benefits.

We understand that, if implemented, the proposal will come into effect from 1 April 2020 and that the time until then can be used to make any necessary amendments.

We hope that you find our comments useful. Do let me know if you would like to discuss our comments in more detail.

With regards



Wendy Monk  
Director of Regulation and Compliance