

Annex B: Questions relating to the Business Retail Market

Ofwat consultation question 1

- As the provider of wholesale services in the business retail market, what action do you take to understand the experiences of end customers in consuming these services? (For example, concerning the ease and speed with which end customers may - including via their retailer - request and receive meter installation, meter repairs, data logging services, decisions on leakage allowances, non-return to sewer allowances, permissions and permits concerning water supply and trade effluent services, disconnection or change of tenancy notification).

CW experience is that Wholesalers do not in general consider themselves to be 'in' the retail market; that their focus is on their own process and interests (e.g. market performance measures), whether or not this obtains the right outcome for the customer; and that the experience of the end customer is therefore overlooked.

Ofwat consultation questions 2, 3 and 4.

The Panel has failed to deliver its objectives as set out in the Codes and on the MOSL website. Panel members and their sponsoring organisations, nearly 80% of whom represent vertically integrated companies, are clearly unwilling and unable to address this – the lack of any proper effectiveness review despite intervention by Ofwat and widespread market and customer dissatisfaction is clear evidence of this. The structure, organisation and voting of the Panel need to be amended to give it a chance to be successful. Whilst there is no magic wand, it would significantly improve the representative nature of the Panel it should be amended to take aspects of the existing model in Scotland, with all market participants entitled to attend and vote; and votes passed on a majority of those attending (subject to usual protections around notice and quora).

To date, there have been 94 papers submitted to Panel. Of these papers, only one paper will demonstrably improve the customer experience, and a further eleven may benefit the customer. 76 would have no impact and 4 are demonstrably detrimental.

9. Please explain any collaborative work you have initiated with retailers to improve the quality of market data in relation to: long unread meters; faulty meters; and vacancy.

There is only now emerging among some Wholesalers a will to engage in collaborative working to mitigate and resolve them, but it has for the most part had to be initiated by the Retailer.

10. Please describe any processes you have in place to improve the quality or coverage of data in CMOS that relates to your activities and responsibilities as a wholesaler (for example, to ensure meter location data is complete and accurate). How long have any such processes been in place?

Castle Water's experience is that certain Wholesalers have relied overmuch on the existing Code processes, as a substitute for their own quality assurance and monitoring processes, and any additional efforts have been both modest and long overdue.

11. Please describe any processes you have in place to take into account information received from retailers or end customers concerning incomplete or inaccurate data held in your systems or in CMOS. (For example this could relate to: meter location; customer or retailer meter readings; change of tenancy; or disconnection). Please also set out the process that a retailer would need to follow in order to inform you about incomplete or inaccurate data and your process and timetable for responding to this.

Castle Water is concerned that Wholesalers are relying on Retailers to provide quality assurance on their own processes, and have no adequate monitoring, analytical or inspection processes. The Codes bilateral processes are not designed to operate in this way and for this purpose.

14. Wholesaler policies: Please set out (and where appropriate provide relevant supporting evidence): (a) what action you take to help ensure your wholesaler policies (including: i) the charges /charging structure; and ii) any SLAs or KPIs; associated with the provision of wholesaler services to retailers) are readily accessible and understood by all relevant retailers? (b) what, if any, unilateral action you have taken since 1st April 2017 to simplify or otherwise refine your wholesaler policies to the benefit of retailers? (c) what - if any - changes have you made since 1st April 2017 to the services you provide, the charges / charging structure for these, and/or any associated SLAs or KPIs associated with the provision of these services? If you made changes, what were the reasons for these changes?

SLAs for bilaterals are consistently missed.

18. There is currently a gap in the protections available to customers under the Alternative Dispute Resolution (ADR) provisions insofar as non-household customers cannot get a remedy which is binding on the wholesaler. What, if any, unilateral actions have you taken to address the ADR gap in relation to compensation from wholesalers?

Customers, and CCWater, typically do not understand the limitations of a Retailer's ability to correct data or remediate Wholesaler errors. As a Retailer, there is no effective remedy we can offer in cases of a Wholesaler failure to comply with statutory responsibilities, or to fulfil their obligations under the Codes. There appear to be two alternative solutions: more interventionist direct enforcement of the Codes by Ofwat pursuant to licence obligations; or a new structure to bring a rapid dispute resolution process into play. The Codes dispute process for non-trading disputes is clearly not fit for purpose in this regard, as it requires formal arbitration, which would take in excess of a year and be prohibitively expensive in most cases.

19. In 2018/19, how many requests did you receive from, and how many separate payments did you make to, retailers under the Guaranteed Standards Scheme? How many, if any, of the requests were subject to dispute between you and the relevant retailer(s)? How many, if any, of the payments made were subject to dispute between you and the relevant retailer(s)?

This is not an area where we have experienced problems. Castle Water's interpretation of the Codes is that we are responsible for making GSS payments, and are entitled to net GSS payments from

Wholesale charges. Where we have made GSS payments but these were not previously able to be agreed by Thames (this happened on one occasion with bulk payments), Thames has nevertheless subsequently agreed that the payments are merited.