

<b>Modification proposal</b>	Customer Protection Code of Practice Change Proposal – CP0007 – amendment to customer protection measures during Covid-19 pandemic
<b>Decision</b>	The Authority has decided to accept this change proposal
<b>Publication date</b>	28 May 2020
<b>Implementation date</b>	1 June 2020

## 1. Background

In March 2020, the UK Government issued guidance and imposed legislative measures to help reduce the spread of Covid-19 by requiring that, unless exceptions apply, businesses and premises should be closed and people should stay at home where possible. This was expected to have a material impact on water consumption in some sectors, with a consequential impact to those operating in the business retail market.

In recent days, the Government has announced its intention that all non-essential shops should reopen from 15 June 2020, provided they follow Government guidelines and rules on social distancing. However, the Government also announced that schools, workplaces and businesses could face ‘local lockdowns’ in future to control the spread of Covid-19 in particular communities.

### 1.1 Interim measures introduced by Ofwat

In March 2020, Ofwat put in place interim measures to address this sudden reduction in overall consumption and to temporarily defer the payment by Retailers of some wholesale charges through changes to the Wholesale Retail Code (the “WRC”). These interim measures were:

- [CPW091 Temporary change to vacancy](#) which enabled retailers to temporarily apply the vacancy flag in the Central Market Operating System (“**CMOS**”) so that (most and in some cases all) charges do not apply for those premises that have closed down due to Covid-19; and
- [CPW093 Interim deferral of wholesale charges](#) which enabled Retailers to temporarily defer up to 50% of wholesale charges for the months of March,

April and May 2020<sup>1</sup>.

## **1.2 Customer Protection Code Change Proposal CP0006**

To build on the protections for Non-Household Customers in the CPCoP, in light of the Covid-19 pandemic and the interim measures that were put in place for Retailers under the WRC, Ofwat consulted on a [proposal to amend the Customer Protection Code of Practice](#) to introduce interim protections for Non-Household Customers. Following a consultation and consideration of responses, we issued a decision document which can be viewed [here](#). CP0006 introduced the following protections for Non-Household Customers:

- Protection from disconnection;
- Suspension of debt enforcement; and
- Suspension of interest and late payment charges

## **1.3 Change Proposal CPW096**

Following the implementation of the interim measures to provide temporary support to Retailers through CPW091 and CPW093, Ofwat and MOSL worked together to develop more enduring solutions to the liquidity challenges and increases in bad debt issues which had arisen in the non-household retail market as a result of Covid-19. Proposals to address the identified issues were consulted on and following consideration of the responses, we published our [decision document](#). CPW096 was implemented via this decision document following engagement with the industry Codes Panel.

CPW096 made provision for the availability of liquidity support for Retailers to be extended until the end of July 2020 by allowing Retailers to defer a proportion of their wholesale charges. Where Retailers choose to defer a proportion of their wholesale charges, Wholesalers are able to apply interest to the deferred amount. Within the decision document, we also set out our position regarding how bad debt resulting from Covid-19 will be managed.

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<sup>1</sup> The provisions included in CPW093 relating to May were a backstop only. This has since been superseded by CPW096, see section 1.3 below.

In response to the liquidity and bad debt consultation, a number of Retailers expressed concern that the provisions that had been introduced into the CPCoP to protect customers during the current crises would affect their ability to effectively recover and manage debt. In addition, some Retailers highlighted an inconsistency in the application of interest. As a result of our decision on CPW096, Wholesalers are able to charge interest where a Retailer chooses to defer a proportion of its wholesale charges. In contrast, the current provisions of the CPCoP prevent Retailers from charging interest to customers who are late in paying their bill.

Following implementation of CPW096, the Authority developed this Change Proposal.

## 2. The Change Proposal and reasons for the proposed changes

We raised this Change Proposal to ensure that Non-Household Customers that are seriously affected by Covid-19 (**‘Covid-19 Affected Customers’**) continue to be afforded the protections that are currently in place in the CPCoP. However, we recognise that there are some Non-Household Customers who have not been affected by Covid-19, or have been affected to a lesser extent. The primary aim of our Change Proposal is therefore to ensure that customers who are seriously affected by Covid-19 continue to be protected from the prospect of disconnection, enforcement of debt and interest and late payment charges when the ‘blanket’ protections expire on 31 May 2020. Non-Household Customers who are operating normally and can pay should be subject to normal debt recovery processes.

We outlined in our consultation that for the purpose of this Change Proposal we considered that there were three categories of customer as described in the table below. We were clear in our consultation that we expect Retailers to take the necessary steps to differentiate between Non-Household Customers who genuinely need support and those who should be expected to pay and to tailor their approach accordingly.

Customer category	How Retailers will be able to identify these customers
<p><b>Non-Household Customers that are seriously affected (i.e. Covid-19 Affected Customers)</b> by Covid-19 because all of its premises are not open or available to workers, the public or visitors or it has seen a significant decrease in its usual activities (significant being a reduction of 95% or more) and all of whose premises Retailers have been flagged as Vacant in accordance with section 3.1.6 of CSD 0104</p>	<ul style="list-style-type: none"> <li>• A vacant flag is applied for all of the relevant customers premises in CMOS in accordance with section 3.1.6 of CSD 0104 of the WRC</li> </ul>
<p><b>Non-Household Customers that are affected</b> by Covid-19 because they are experiencing difficulties paying or have</p>	<ul style="list-style-type: none"> <li>• A Non-Household Customer has contacted the Retailer to advise of payment difficulties and has provided evidence to the Retailer where this is reasonably requested; or</li> <li>• There is evidence of payment difficulties or an unforeseen reduction in consumption as a result of Covid-19</li> </ul>

<p>experienced an unforeseen reduction in consumption as a result of Covid-19</p>	
<p><b>Non-Household Customers that are <u>not affected</u></b> by Covid-19 because they continue to require water or sewerage services at the same (or higher) level as prior to Covid-19 and are not experiencing payment difficulties as a result of Covid-19</p>	<ul style="list-style-type: none"> <li>• Premises remain open; and</li> <li>• There is no evidence of an unforeseen reduction in consumption as a result of Covid-19; and</li> <li>• The Non-Household Customer has not indicated that they are experiencing payment difficulties</li> </ul>

## 2.1 Protections for Covid-19 Affected Customers

For Non-Household Customers where all of their premises have been designated vacant in accordance with section 3.1.6 of CSD 0104 of the WRC (the ‘**Covid-19 Vacant Flag**’), we proposed that the following protections continue to apply for all debts, including those that were incurred prior to Covid-19:

### 2.1.1 Disconnection

We proposed retention of the current restrictions on Retailers in relation to disconnections, but only for Covid-19 Affected Customers. This means that, for the period set out in the CPCoP, Retailers will not be able to request disconnections by Wholesalers for the non-payment of charges by this sub-set of customers.

Retailers will be required to include in their Terms and Conditions of Supply that amounts owed by these customers shall not be considered ‘due’ or treated as ‘due’ by the Retailer for the purposes of a disconnection under section 61(1ZC)(b) of the 1991 Act. This restriction will not affect the requirement on Non-Household Customers to pay amounts owed to Retailers in accordance with their Terms and Conditions of Supply, but should alleviate an additional pressure on Covid-19 Affected Customers from the threat of disconnection.

For all other Non-Household Customers, including those with multiple premises where the Covid-19 Vacant Flag has only been applied to some of these premises, it is proposed that before seeking to pursue disconnection, Retailers must take reasonable steps to enable the relevant Non-Household Customer to pay where they can.

### **2.1.2 Enforcement of debt**

Our consultation proposed retention of the suspension of enforcement activity, but only for Covid-19 Affected Customers. For all other Non-Household Customers, including those customers with multiple premises where the Covid-19 Vacant Flag has only been applied to some of these premises, we proposed that before seeking to enforce a debt, Retailers must take reasonable steps to enable the relevant Non-Household Customer to pay where it can.

For customers that are not affected by Covid-19 and have historic or current debts which remain outstanding, to reduce potential for non-payment by the customers and align with our decisions relating to liquidity and bad debt, we consider that Retailers should be able to enforce those debts, subject to offering reasonable repayment plans as required by the current provisions of the CPCoP.

### **2.1.3 Charging interest and late payment fees**

We proposed an amendment to the CPCoP which retains the suspension of the application of interest and late payment charges for Covid-19 Affected Customers.

For all other Non-Household Customers, including those customers with multiple premises where the Covid-19 Vacant Flag has only been applied to some of these premises, it is proposed that before determining whether to charge interest or impose late payment charges, Retailers must take reasonable steps to enable Non-Household Customers to repay where they can. These steps should be set out in the Retailers' Covid-19 Repayment Scheme, discussed further below.

## **2.2 Protections for all other customers**

We propose that the following protections will be included in the CPCoP for all other Non-Household Customers.

### **2.2.1 Covid-19 Repayment Scheme**

Our consultation proposed that the protections set out above will only be applicable to Covid-19 Affected Customers. For all other Non-Household Customers, Retailers will be required to take necessary steps to differentiate between Non-Household Customers who genuinely need support and those who should be expected to pay,

and to take reasonable steps to enable Non-Household Customers to repay where they can.

We proposed in our consultation that Retailers should be required to set out, in a Covid-19 Repayment Scheme, the reasonable steps it will take to enable Non-Household Customers to pay where they can, over a time period that they are able to afford and the information or evidence that they will take into account.

Our expectation as set out in the consultation is that Covid-19 Repayment Schemes are available to all Non-Household Customers who do not fall within the definition of a Covid-19 Affected Customer, but for the protections included within it to be tailored and proportionate, depending on whether and how seriously the customer has been affected by Covid-19.

It is our view that Non-Household Customers that have not been affected by Covid-19 must continue to pay their water and wastewater bills and we would expect this to be reflected in the Retailers' Covid-19 Repayment Scheme.

Our proposal was that Retailers will be required to set out:

1. the steps it will take to consider a Non-Household Customer's circumstances, particularly the Non-Household Customer's reasonable ability to pay outstanding amounts, including interest on those amounts and / or late payment charges, as a result of Covid-19;
2. the specific terms and conditions of the different repayment plan offerings it will make to take account of those different circumstances;
3. contact details that a Non-Household Customer should use to contact its Retailer where it disagrees with the Retailer's assessment of its circumstances, and the type of evidence it may provide to assist the Retailer in any re-assessment.

Retailers would not be required to submit their Covid-19 Repayment Schemes to Ofwat for approval. Our view is that it should be the Retailer's responsibility to determine what it considers to be reasonable and in the best interests of its customers.

### **2.2.2 Website information**

Our consultation proposed further changes to the CPCoP to require Retailers to include clear contact information on their websites, which should include at least one electronic way of contacting the Retailer (for example a form that enables their

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customers to leave contact details for a call back or an email address) and a dedicated telephone number.

We also proposed that Retailers will be required to include a notice in a prominent position on their website which specifies that, where a customer is a Covid-19 Affected Customer, they will not be:

- a) served disconnection notices for the non-payment of bills or invoices;
- b) subject to default interest or late payment charges for the non-payment of invoices issued from 1 June 2020; and
- c) subject to enforcement proceedings for the non-payment of invoices.

Retailers should be clear in this notice that these measures will only be applicable for Covid-19 Affected Customers and that when their customers cease to fall within that category they shall be eligible for the Retailer's Covid-19 Repayment Scheme. Included in this notice must be a clear definition of those Non-Household Customers that are Covid-19 Affected Customers, the circumstances in which a Non-Household Customers' premises will be considered vacant due to Covid-19 and how the Non-Household Customer can obtain a copy of the Retailer's Covid-19 Repayment Scheme.

## **2.3 Customers with multiple premises**

We proposed that where a Non-Household Customer has multiple premises, only some of which have been designated Vacant Premises, that customer does not fall under the definition of a Covid-19 Affected Customer. If a customer is operating across multiple sites, and some of these sites have been marked as vacant, then the customer will benefit from lower bills. If, despite this, the customer faces payment difficulties, then the Retailer will need to take reasonable steps to establish the specific circumstances of the customer and to enable the customer to pay where it can as well as considering the appropriate protections to offer, where appropriate.

## **2.4 Self-Supply Retailer protection from disconnection**

We proposed that the amendment to Part I13 of the Operational Terms of the WRC to include a time limited restriction that prevents the service of a disconnection notice

under section 61(1ZA)(b) of the Water Industry Act 1991 by a Wholesaler to a Self-Supply Retailer<sup>2</sup> is no longer required.

## 2.5 Proposed date of implementation

We proposed an implementation date of 1 June 2020. We considered that it was necessary for the Change Proposal to be implemented by 1 June 2020 to ensure continuity of the customer protections that were put in place by CP0006 which in some cases will cease to apply on 31 May 2020.

## 2.6 Evidence considered

Our [consultation](#) was published on 15 May 2020 and closed on 20 May 2020. There were 13 respondents (nine Retailers, two Wholesalers, the Consumer Council for Water (“**CCW**”) and the National Farmers Union).

We set out at Appendix 1 of this document the consultation questions, a summary of the responses we received and our reply to these responses. We discuss below key comments and themes from the responses, including those that have resulted in a change from the proposal and the drafting amendments to the CPCoP.

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<sup>2</sup> CPW094 – Temporary change to disconnections

### **3. Our decision and reasons for our decision**

The Authority has decided to accept this Change Proposal to ensure all Covid-19 Affected Customers continue to be protected against the threat of disconnection, enforcement of debt, interest and late payment fees as a result of non-payment of bills due to the impact of the Covid-19 pandemic.

The legal drafting can be viewed in Appendix 2 of this document, with changes made following consideration of the consultation responses marked up.

#### **3.1 Protections for Covid-19 Affected Customers**

This decision has been made to extend the temporary measures that were introduced into the CPCoP following implementation of CP0006. We have decided that it is appropriate for these measures to be targeted at Covid-19 Affected Customers. We note comments that were made in response to the consultation that the ability to use the Covid-19 Vacancy Flag is due to expire on 30 June 2020. We have written to stakeholders to notify them that we are minded to extend the use of the Covid-19 Vacancy Flag until 31 July 2020. This in turn will increase the time that these measures are available to Covid-19 Affected Customers. We will consult in July 2020 on next steps regarding the liquidity measures that have been put in place and will at that point consider the extent to which further use of the Vacancy Flag is necessary.

The protections for Covid-19 Affected Customers will apply for both pre and post Covid-19 debts. As outlined in our consultation on this Change Proposal, we consider that where a Non-Household Customer falls within the definition of being a Covid-19 Affected Customer, the protections that apply should be applied to both current and historic debt. The reason for this is primarily because the premises of Covid-19 Affected Customers are closed. Therefore, those customers will be unable to respond to debt recovery activity so it would not be fair or proportionate for enforcement of pre Covid-19 to take place. This restriction is a temporary measure only and, as detailed above, we have included an additional section in the CPCoP (section 9.6) to make clear that the restrictions do not constitute and should not be interpreted as a waiver by the Retailer of its contractual rights, which the Retailer will be able to exercise again once the Covid-19 Vacant Flag has been removed and in line with the terms of their covid-19 Repayment Scheme.

Where Non-Household Customers have multiple premises, all of their premises will need to have a Covid-19 Vacancy Flag applied for them to be classed as a Covid-19 Affected Customer and benefit from the additional protections. We acknowledge the

concerns that have been raised regarding this position in response to the consultation. However, where a premises has been marked with a Covid-19 Vacant Flag in CMOS, the relevant Non-Household Customer will benefit from reductions in bills for the affected premises. Where one of a portfolio of premises is operational that premise will begin to incur charges which are payable and the Non-Household Customer in this position would likely be able to demonstrate that they are impacted by Covid-19 and therefore access a Covid-19 Repayment Scheme rather than all outstanding amounts becoming due immediately. It is our view that if a multi-site Non-Household Customer were classed as a Covid-19 Affected Customer on the basis of any of their premises having a Covid-19 Vacant Flag applied, this would result in a lower threshold for multi-site Non-Household Customers to access the additional protections than smaller Non-Household Customers that do not operate across multiple sites, which we do not consider to be appropriate.

## **3.2 Protections for all Non-Household Customers**

### **3.2.1 Covid-19 Repayment Scheme**

For Non-Household Customers that are not defined as a Covid-19 Affected Customer, we have decided that they should be able to access a Covid-19 Repayment Scheme so that they receive appropriate protections based on their specific circumstances. We expect Retailers to adopt a careful approach before determining that a Non-Household Customer is not impacted by Covid-19 and therefore not eligible for a Covid-19 Repayment Scheme. Retailers must be confident that a Non-Household Customer is not eligible for a Covid-19 Repayment Scheme before they consider beginning any debt recovery activity.

We have decided that Covid-19 Repayment Schemes will be available until 31 March 2021 to align with the date that Retailers will be required to have repaid all Wholesale Charges that they have deferred using CPW093 & CPW096.

We have not codified the form of each Covid-19 Repayment Scheme as to do so would preclude Retailers from providing tailored schemes which take account of each Non-Household Customers' individual circumstances. After considering points made in response to the consultation, we have however developed a set of principles that apply both to the way in which Retailers go about developing and implementing their Covid-19 Repayment Schemes and the Schemes themselves. These principles – which aim to ensure business customers benefit from appropriate protections – are set out below.

- **Transparent** – including about availability, timescales for repayment and the evidence required for eligibility. Each Retailer must publish examples of the

different payment offerings available within its Covid-19 Repayment Scheme and the criteria for eligibility to demonstrate transparency.

- **Tailored to the Non-Household Customer** – to have a range of options within its Covid-19 Repayment Scheme which are tailored to take into account individual Non-Household Customer circumstances and ability to pay.
- **Clear** – the terms of the Scheme must be clear, for example the duration of the various repayment offerings, repayment amounts and available repayment methods.
- **Accessible** – information about the Covid-19 Repayment schemes and the way in which Non-Household customers can access these should be set out in a prominent place on the Retailer’s website and in language that customers can easily understand. Customers should also be able to easily contact their Retailer regarding these schemes.
- **Regularly reviewed** – Retailers should regularly review their Covid-19 Repayment Scheme offerings with Non-Household Customers to ensure that customers’ changing needs are understood and accommodated where possible.

### 3.2.2 Website information

It is important that Non-Household Customers are made aware of these changes, and we strongly believe that Retailers are best placed to provide visibility of the availability of these protections. The requirement on Retailers to include clear and accessible information on their website should ensure that Non-Household Customers are informed about the measures that are in place if they are affected by Covid-19. As highlighted in our consultation, we will work with CCW to monitor Retailer compliance with the website requirements.

We remind Retailers of the General Principles set out under section 4 of the CPCoP, one of which is that communication with Non-Household Customers shall be in plain and clear language and therefore, they must ensure that the information included on their websites is clear and transparent. Retailers must ensure their websites describe these protections in such a way that their customers will easily understand. We have amended the legal drafting to add clarity that it is not a requirement to use the exact wording of the code to achieve this.

We have decided not to require Retailers to have a dedicated contact telephone number specifically for Non-Household Customers that have been impacted by

Covid-19. We have amended the legal drafting to reflect this decision. We recognise that having a dedicated telephone line might result in additional resource and financial implications. Whilst we are not mandating a dedicated phone line, Retailers must make clear on their websites and in other communications with Non-Household Customers what methods of contact are available to them. This must include both a telephone number and either a web form or an email address, or both.

The temporary nature of the measures that are being extended and introduced means that Retailers rights are not waived. Non-Household Customers who are able to pay their bills must do so. We consider that the measures that are being implemented are proportionate to address the unprecedented impact of Covid-19.

Further information about how we consider that the Change Proposal is consistent with our statutory duties and the General Principles of the CPCoP can be viewed in Appendix 3 of this document.

### **3.3 Implementation date**

We have decided that the implementation date for this Change Proposal will be 1 June 2020. We note that consultation respondents were mostly supportive of this date. Implementation on 1 June 2020 will also align with expiration of the current provisions that were put in place in response to Covid-19 to ensure continuity of these protections for Covid-19 Affected Customers. We will publish an updated version of the CPCoP on our website.

### **3.4 Self-Supplier protection from disconnection**

We have decided not to extend the protection for Self-Supply Retailers from disconnection (which was introduced into the WRC by CPW094) beyond 31 May 2020. This is primarily because Self-Supply Retailers are able to add Covid-19 Vacant Flags in CMOS for premises that are closed or experiencing a 95% reduction in its usual business activities themselves and this will consequentially result in a reduction of its bills. We are also aware that Self-Supply Retailers are not intending to utilise the payment deferral scheme and as such do not require additional protections.

## **Decision notice**

In accordance with paragraph 5.2.4 of the CPCoP, the Authority accepts this change proposal.

**Georgina Mills**  
**Director, Business Retail Market**

## Appendix 1: Summary of consultation responses

**Question 1: Do you think the Change Proposal will achieve the following policy aims:**

- (a) Covid-19 Affected Customers should continue to be protected,**
- (b) Customers who are operating normally and can pay should be subject to normal debt recovery processes,**
- (c) Retailers should take the necessary steps to differentiate between those customers who genuinely need support and those who should be expected to pay.**

The majority of respondents considered that the Change Proposal will achieve the policy aims set out above.

Two Retailers suggested that the definition of Covid-19 Affected Customers is fairly clear, however highlighted that defining customers that are affected but not seriously affected might be more difficult and could potentially lead to discrepancies between Retailers. One Respondent suggested that Ofwat should issue a broad framework within which Retailers should operate. We considered these responses and note the concerns regarding the potential difficulties of distinguishing between the various categories of Non-Household Customer. However, we consider that Retailers are in a better position to make this distinction, having access to consumption levels (pre and post Covid-19 lockdown) and payment trends that may indicate when a customer has been affected by Covid-19. Some Non-Household Customers will have been in touch with their Retailer to highlight problems they are having. This experience will assist them in forming a view as to the type of evidence they may reasonably require to confirm this. Equally, however, we would expect Retailers to remain open to discussions with customers about this.

The Consumer Council for Water (“**CCW**”) suggested that customers that are affected but not seriously should have an extension of the provisions in CP0006 until 30 July 2020. Its view is that this would give Retailers time to identify customers that fall into the category of being affected by Covid-19 and give Non-Household Customers that will no longer benefit from the provisions introduced by CP0006 time to prepare for enforcement activity to resume. We expect that Retailers will likely already be in a position to identify which of their Non-Household Customers may fall into each of these categories. Whilst we recognise the aim of this suggestion, we consider that only Non-Household Customers that are seriously impacted by Covid-19 (and fall into the definition of Covid-19 Affected Customer) should continue to benefit from the additional protections. Other customers will still be operational in some form and as such they are more likely to be able to pay at least some of their water bill. We

incorporated the Covid-19 Repayment Scheme into this Change Proposal to seek to address this concern whilst ensuring that the additional protections are targeted at those that require them most. We expect Retailers to adopt a careful approach before determining that a Non-Household Customer is not impacted by Covid-19 and therefore not eligible for a Covid-19 Repayment Scheme. Retailers must be confident that a Non-Household Customer is not eligible for a Covid-19 Repayment Scheme before they consider beginning any debt recovery activity.

Further CCW stated that Non-Household Customers have been impacted differently by Covid-19 – some businesses will have closed to the public but will still continue to use more water than a 95% reduction in consumption. It highlighted the importance of bespoke repayment plans for these Non-Household Customers. We agree and have set out above our decision that Non-Household Customers that are affected must be able to access a Covid-19 Repayment Scheme, where appropriate, and this should take account of their individual circumstances.

In its response, CCW urged Ofwat to take action against any retailers that are failing to correctly abide by the policy aims (for example in relation to Covid-19 Repayment Schemes) and urge Ofwat to revisit the CPCoP if there is evidence that the policy aim for customers falling into the category of affected customers is not being met. We acknowledge the comments made by CCW and confirm that where it comes to our attention that the policy aims are not being adhered to we will consider all options available to us to address any issues, inclusive of revisiting the CPCoP as suggested. We will be working with CCW to monitor compliance with the obligations within the revised CPCoP.

In response to this question, two Retailers suggested that the additional protections for Covid-19 Affected Customers should not apply to pre Covid-19 debt. It was highlighted that these Non-Household Customers are not currently being billed and therefore they currently benefit from a billing protection. As outlined in our consultation, we consider that where a Non-Household Customer falls within the definition of being a Covid-19 Affected Customer, that the protections that apply should be applied to both current and historic debt. The reason for this being that it is likely that Non-Household Customers who are Covid-19 Affected Customers premises are closed. Therefore those customers will be unable to respond to debt recovery activity so it would not be fair or proportionate for enforcement of pre Covid-19 to take place. This restriction is a temporary measure only and, as detailed above, we have included an additional section in the CPCoP (at section 9.6) to make clear that the restrictions do not constitute and should not be interpreted as a waiver by the Retailer of its contractual rights, which the Retailer will be able to exercise again once the Covid-19 Vacant Flag has been removed and in line with the terms of their covid-19 Repayment Scheme.

**Question 2: What is your view of the proposal that the protections relating to disconnection, suspension of enforcement, late payment and interest charges will only automatically apply to Covid-19 Affected Customers?**

The majority of respondents agreed with the proposal that the additional protections should only automatically apply for Covid-19 Affected Customers.

One Retailer recommended that Retailers should be able to charge interest to these customers, as prohibiting this puts Retailers in a position of supporting customer debts. This respondent suggested that the interest and late payment fees that Retailers incur from Wholesalers where Retailers are utilising liquidity support through the Wholesale payment deferral should be mirrored. We disagree. Allowing Retailers to charge interest to Covid-19 Affected Customers would not align with our policy aim of continuing to provide support to these Non-Household Customers. However, Retailers are able to apply interest to all other customers provided it is clearly set out in its Covid-19 Repayment Scheme.

A Wholesaler suggested that the guidance set out in the consultation document should be aligned with drafting of CSD0104. It highlighted that the consultation says that a customer will be a Covid-19 Affected Customer where there has been a reduction of 95% of business activities, but that CSD0104 links the reduction to consumption of water and wastewater. Use of the Covid-19 Vacancy Flag is linked to a reduction in business activities which impacts on the consumption of water and waste water therefore, the Change Proposal and CSD0104 are aligned in this regard.

One Retailer highlighted that it is unclear when normal debt recovery provisions will apply following expiry of the vacant flag period. It suggested that the flags should start to be lifted as contact is made. However, if a Retailer is unable to make contact with a Non-Household Customer to agree a Covid-19 Repayment Scheme, it does not believe that it would be reasonable to wait until March 2021 when the availability of Covid-19 Repayment Scheme end before proceeding with the normal debt recovery process. It highlighted that this will increase the risk of bad debt. Following expiry of the Covid-19 Vacancy Flag or removal of the flag by the Retailer, Non-Household Customers may still be affected by Covid-19 and therefore, a Covid-19 Repayment Scheme should be made available. If a Non-Household Customer does not agree a Covid-19 Repayment Scheme and does not respond to repeated attempts at contact by the retailer over a sustained period then they would be subject to the 'normal' debt recovery provisions.

Another Retailer highlighted that use of the Vacancy Flag for Covid-19 purposes is due to expire on 30 June 2020. It pointed out that this would mean that no customer

could be considered as a Covid-19 Affected Customer after that date. A Wholesaler suggested that Non-Household Customers should be considered to be Covid-19 Affected Customers until such time that Retailers are able to contact them to assess their individual circumstances. This Wholesaler recognised that contact at present might be difficult and resource intensive. We have reviewed this issue and have notified stakeholders of our intent to extend the vacancy flag provisions in CSD0104 to 31 July 2020. If this proposal is implemented it would extend the timeframe in which Covid-19 Affected Customers will be able to benefit from the additional protections set out in the CPCoP.

CCW and one Retailer considered that multi-site Non-Household Customers should benefit from protections for individual sites and felt that a blanket approach should not be applied as it may unduly affect some Non-Household Customers. An example included in the response was of a pub chain where the head office remains open but the pubs themselves are closed. The Retailer has suggested using a metric of percentage of properties within the portfolio that are closed instead. We acknowledge the concerns that have been raised. We acknowledge the concerns that have been raised regarding this position in response to the consultation. However, where a premises has been marked with a Covid-19 Vacant Flag in CMOS, the relevant Non-Household Customer will benefit from reductions in bills for the affected premises. Where one of a portfolio of premises is operational that premise will begin to incur charges which are payable and the Non-Household Customer in this position would likely be able to demonstrate that they are impacted by Covid-19 and therefore access a Covid-19 Repayment Scheme rather than all outstanding amounts becoming due immediately. It is our view that if a multi-site Non-Household Customer were classed as a Covid-19 Affected Customer on the basis of any of their premises having a Covid-19 Vacant Flag applied, this would result in a lower threshold for multi-site Non-Household Customers to access the additional protections than smaller Non-Household Customers that do not operate across multiple sites, which we do not consider to be appropriate.

One Retailer suggested that the additional protections should be reward based, with those that have good payment history being eligible. We do not consider that customers should be penalised in this way for historic payment issues which may have occurred for any number of reasons, including error. The approach suggested by this Retailer would not align with the principles for Covid-19 Repayment Schemes as set out above as they must be tailored to the Non-Household Customers circumstances and ability to pay. This Retailer also proposed that Non-Household Customers with pre Covid-19 debt should be excluded from the additional protections. We do not consider that this would be reasonable given that there could be varying degrees of pre Covid-19 debt which might result in a significant proportion

of Non-Household Customers not being eligible for the additional protections when they require these because of factors beyond their control.

**Question 3: What do you think should be included in a Covid-19 Repayment Scheme? Do you have any examples of similar schemes that you have offered and/or have considered as a result of Covid-19? Please provide details.**

Respondents made the following suggestions regarding what they consider should be included in a Covid-19 Repayment Scheme:

**Eligibility and evidence to support this**

There were fairly wide ranging suggestions from consultation respondents regarding the evidence that a Non-Household Customer should provide to prove that their business has been negatively affected by Covid-19, including:

- Agreements for up to 3 months requiring no evidence
- A prerequisite for eligibility should be whether or not the customer has accessed or tried to access government support in the first instance?
- Schemes should only apply to Non-Household Customers that are affected, but not seriously affected. Some Non-Household Customers may be able to start paying in the period up to March 2021. It was proposed that once some Non-Household Customers are able to begin to start paying that schemes are closed to new applicants from that date. This respondent suggested a review of the Covid-19 Repayment Scheme three months after implementation.
- One Retailer suggested a more detailed assessment of a Non-Household Customer's situation before taking decisions on payment terms including other ongoing or future liabilities, assessment of current debt, projected cashflow. This Retailer also indicated that it would like to see evidence of attempts to access government funding alternatives.
- Another Retailer suggested fixed payment plans with payment reductions – There should be a standard offer requiring no evidence with a reduction in payments for up to three months. It was stated that longer agreements would require further evidence of inability to pay including, management accounts, credit scores and bank statements.

**Payment history and method**

A number of respondents suggest that repayment schemes should be only available to those signing up to direct debit as per current arrangements that they have in place.

CCW suggested that customers moving from being Covid-19 Affected Customers to being in the 'affected' category should have a grace period (suggested one month) before beginning repayments.

A Retailer suggested that Non-Household Customers with debt prior to Covid-19 should only be given access to six-month repayment terms.

### **Duration & Review**

There was a general consensus amongst respondents that repayment terms that spanned between six and 12 months would be appropriate.

CCW water suggested that terms should be reviewed regularly by the Retailers with their Non-Household Customers.

A Retailer suggested that Covid-19 Repayment Schemes should allow 28 days from the date of invoice before any payments are made to enable the value of outstanding debt to be paid over nine months.

A Retailer suggested those customers who have had access to government funding and whose costs have been lower should be eligible for 12 month maximum repayment schemes whereas other customers and those with outstanding debt prior to Covid-19 should be eligible for a maximum six month scheme.

Another Retailer suggested that schemes should specifically include the process for how retailers will manage contact in relation to payments. It suggested that schemes should set out payment arrangements available and timescales dependant on payment history and be in a simple format.

### **Flexibility**

One Retailer suggested that all agreements should be flexible dependant on the Non-Household Customer's circumstances within a 12 month period. They don't however believe that Non-Household Customers should be automatically eligible to access new schemes should their circumstances change and they are not able to pay.

Another Retailer suggested that their collection teams should be given flexibility to agree terms with customers, with longer term agreements authorised by department heads.

### **Clarity**

CCW water and others suggest there should be a clear commitment to not enforce debt recovery whilst the agreement is in place. It was stated that any repayment schemes should set out in a clear and transparent way, the terms and support available to Non-Household Customers. Including clarity around repayment timescales and costs (interest charges).

### **Other comments**

One Retailer suggest that in extreme cases where there is a real risk of poverty it would like Wholesaler and Retailers to develop a support scheme to provide relief on all elements of the bill as provided in the HH market.

### **Examples of schemes offered and/or have considered as a result of Covid-19**

Some Retailers stated that they have payment plans in place for Covid-19 Affected Customers. These plans range from 6 or 12 month durations. One Retailer confirmed that it is offering payment deferral for up to 3 months as well as flexible repayment schemes.

We have taken account of the responses received to this question and have used these to develop the principles that we think should apply both to the way in which Retailers go about developing and implementing their Covid-19 Repayment Schemes and the Schemes themselves. These principles are set out in the ‘Decision and reasons for our decision’ section of this document.

### **Question 4: What are your views on our proposals to require Retailers to clearly provide a method of contact on websites?**

In general, all respondents agreed with the proposals to provide contact methods on websites and there are a number who agree that electronic methods of contact are important as well as telephone contact. There was however, consistent feedback around offering a dedicated Covid-19 related telephone line and whether this is appropriate or required. We have considered the responses regarding the requirement to have a dedicated phone number and have decided that Retailers must provide methods of contact to include both a telephone number and an email address. However, the telephone line will not necessarily need to be a Covid-19 dedicated telephone number, as long as that this is clearly signposted and easily accessible to Non-Household Customers. We have amended the legal drafting to reflect this.

### **Question 5: What is your view of the legal drafting for the Change Proposal (see appendix 1)?**

One Wholesaler stated that the guidance set out in the consultation document regarding categorisation of Covid-19 Affected Customers should affirm that a customer could be classified as a Covid-19 Affected Customer under the Code of Practice but could still be in an “occupied” status premise under CSD0104. To confirm, Covid-19 Affected Customer is defined by reference to section 3.1.6 of CSD0104 therefore, it is not just closed premises that are included but also those that have seen a significant decrease in its usual activities which have an impact on the customer’s consumption of water and / or sewerage.

One Retailer suggested that the disconnection provision for Covid-19 Affected Customers should expire when the Wholesale deferral period ends. The availability of the protections in general, including against disconnection, for Covid-19 Affected Customers will fall away when the Covid-19 Vacancy Flag can no longer be used. Currently the Covid-19 Vacancy Flag is due to expire on 30 June 2020. We have notified stakeholders of our intent to extend this provision until 31 July 2020.

One Retailer suggested the wording for repayment schemes should be changed for customers moving from being Covid-19 Affected Customers to being ‘affected customers’, for example when they reopen. This Retailer suggested that the drafting is amended so that it states that Non-Household Customers ‘may’ be eligible rather than ‘shall’ be eligible for a Covid-19 Repayment Scheme. It also stated that the legal drafting would be clearer if it were expressed as ‘must take account of any offer of, and uptake by, the Customer of their Covid-19 Repayment Scheme’. This Retailers stated that the revised drafting would make it clear not only that where a Non-Household Customer had agreed a Covid-19 Repayment Scheme they would not generally be subject to disconnection proceedings; but also that where they had ignored or declined to do so such proceedings would apply. This Retailer suggested that the same language could usefully be applied to the last clause of section 9.5.2. We disagree that any change is required. The drafting envisages one scheme but various options available within it tailored to the specific circumstances of the relevant customer. These must be offered to all customers. If the offerings comply with the overall requirements to be tailored to need but individual customers do not chose to take advantage of any of them, the scheme can specify that normal credit rules apply, It can similarly specify the circumstances in which customers’ ability to pay has demonstrably not been affected by Covid-19 so that such customers are not eligible for any of their Covid-19 offerings.

One Retailer suggested that a definition of ‘enforcement’ should be included in the legal drafting. We concluded in our decision document for CP0006 that a definition of ‘enforcement’ was not required, and we have not seen evidence to suggest that our view should change. To be clear, enforcement in this context means any exercise by a Retailer of its rights for the non-payment of bills and invoices under its Terms and

Conditions of Supply. This would therefore include the issue of letters which threaten further action, and any escalation of action from there.

CCW suggested that Covid-19 Affected Customers should be redefined to 'Covid-19 Seriously Affected Customers' to prevent confusion. We have considered this recommendation but as none of the other categories of Non-Household Customer have been defined in the legal drafting, we do not consider that this amendment is necessary or that the current definition will result in confusion.

One Retailer highlighted a typographic error in section 9.4.1 which has been amended. This Retailer recommended the drafting of section 9.4.2 and 9.5.2 were reordered to make them clearer. We have amended the legal drafting following this recommendation.

A Retailer highlighted that it was not clear what the justification was for the end date of availability of Covid-19 Repayment Schemes being 31 March 2021. It suggested that these schemes should be available for an initial period of a few months and extended as appropriate. We have selected this date because our decision on CPW096 provided this as the date that Retailers are required to have fully repaid all deferred Wholesale Charges.

**Question 6: Do you consider that the Change Proposal promotes and facilitates the General Principles of the CPCoP (section 4 of the CPCoP)?**

The majority of respondents agreed that the Change Proposal promotes and facilitates the General Principles of the CPCoP. It was stated by one respondent that it is important that the policy aims behind the requirements to include specified information on websites and Covid-19 Repayment Scheme are delivered. One Retailer also indicated that the Change Proposal does not closely align with the principles but the provisions are being made in extreme circumstances while the General Principles are intended to guide protections in normal operating conditions.

CCW agree with some aspects but proposed additional changes to better promote the General Principles. It urged Retailers to ensure all information is shared with Non-Household Customers in a timely manner, and the information must be complete, accurate and not misleading. CCW do not agree that protections should be removed for Non-Household Customers that are affected (but not seriously affected) on 1 June 2020 as detailed above.

**Question 7: What is your view on our assessment that the impact of implementing the changes on Retailer's systems will be low? What is your view of the proposed implementation date of the Change Proposal being 1 June 2020?**

## **Impact on Systems**

The majority of respondents agreed with Ofwat's assessment that the impact of implementing the changes on Retailers systems will be low. However, several highlighted that there will be an additional resource/administrative burden as a result of implementation of the Change Proposal.

One Retailer expressed concern that effective implementation would not be without cost and that there is the potential for Non-Household Customers to become confused by different messages. As such, it considers that Retailers should be allowed a reasonable degree of flexibility in the implementation of the change and the associated communications. It was also suggested by this Retailer that there would be a need of significant resource commitment and an impact on its cash flow when broadening the application of its repayment schemes.

Another Retailer did not agree with the assessment that the systems impact would be low, although it did not provide further explanation for this.

A Wholesaler queried whether there might be unintended consequences of setting the proposed protections in place indefinitely for customers categorised as Covid-19 Affected Customers. It also noted that there may remain a significant amount of inaccurate data (for example, showing premises as temporarily Vacant) that does not reflect the reality of a Non-Household Customers' circumstances over the longer term. It recommend Ofwat, working with MOSL and Retailers, takes stock of the level of Vacant premises and Covid-19 Affected Customers (by Non-Household Customer nationally and by region) to determine if the data in the market systems supports the continuation of the debt management protections and the associated processes that Retailers may have put in place and need to maintain. We are proposing to extend the use of the Vacancy Flag until 31 July 2020 so it will not be an indefinite categorisation in CMOS. We will consult in July 2020 on next steps regarding the liquidity measures that have been put in place and will at that point consider the extent to which further use of the Vacancy Flag is necessary.

## **Proposed implementation date**

Most respondents agreed with the proposed implementation date. One noted that consideration should be given to Retailer staffing positions which may have changed as a result of Covid-19. Another suggested that a decision by Ofwat as early as possible will be beneficial in order to provide time for implementation ahead of 1 June 2020. A Retailer highlighted that some of the changes will be more challenging to implement as there will be an administrative burden which creates the risk that some retailers will simply decide to continue with the existing measures for all Non-

Household Customers, which will increase their bad debt risk. We acknowledge this point however, we expect Retailers will make appropriate decisions, whilst adhering to the provisions of the CPCoP, to manage the risks of bad debt.

CCW disagreed with all of the changes proposed taking effect from 1 June 2020, and believed that the protections for Non-Household Customers that are affected (but not seriously affected Covid-19 Affected Customers) should be extended to 31 July 2020. CCW stated that it strongly believes that removing the protection from disconnection; the inability to charge interest or late payment fees; and the inability to apply debt enforcement procedures for all Non-Household Customers other than Covid-19 Affected Customers, is too soon. It said that removing this protection any earlier for customers that fall into the category of affected Non-Household Customers will leave them vulnerable to payment collection activities when their revenue may well be significantly decreased. This comment has been addressed above (see question 1). CCW does however, agree that the protections for Covid-19 Affected Customers should be retained.

One Retailer raised queries about how Non-Household Customers falling into each of the categories might be identified. It asked how a Retailer would know whether a Non-Household Customers premises has remained open if it is not one of the types that have been ordered to close, no meter reads have been provided and the customers has not contacted the Retailer. If the Retailer is unable to make contact with Non-Household Customers we would expect the Retailer to use a cautious approach. If a Retailer is unable to make contact at this time it should consider whether the relevant Non-Household Customer might be a Covid-19 Affected Customer or whether they might be affected and offer a Covid-19 Repayment Scheme as appropriate.

This Retailer also queried what type of evidence a Non-Household Customer could produce to evidence payment difficulties caused by Covid-19, it suggested a successful application for one of the government schemes might be sufficient. The evidence that Non-Household Customers could provide will be dependent on their individual circumstances. Retailers will need to consider these and tailor its approach for each Non-Household Customer.

**Question 8: Do you consider that the amendment to Part I13 of Operational Terms is still required to protect Self-Supply Retailers from disconnection?**

Around half of respondents provided no views. Of those that responded a majority agreed with the proposal to allow the protection against disconnection for Self-Supply Retailers to elapse.

CCW did not support the proposal and said that it is likely that a number of Self-Supply Retailers premises will currently be vacant so it may not be reasonable that these business premises will lose protection against disconnection when this will endure for Covid-19 Affected Customers. CCW stated that it was interested in the views from self-supply retailers and their representatives, as to whether or not they concur with CCW position for Self-Supply Retailers not to lose this protection. All Self-Supply licence holders that responded to the consultation (via Waterscan) are continuing to pay in full and are utilising the temporary vacancy flag or estimation adjustments within CMOS to reflect activities and provide settlement accuracy.

## Appendix 2: Legal drafting

### Section 1: Definitions and interpretation

New Definitions:

**Covid-19 Affected Customers:** means a Non-Household Customer for whom all of its premises have been designated as Vacant Premises by the Retailer in accordance with section 3.1.6 of CSD 0104 of the Wholesale Retail Code, unless the exception applies. The exception is where a Retailer can provide robust evidence that the Non-Household Customers' ability to pay is unaffected by Covid-19. Where a Non-Household Customer has multiple premises but only some of which have been designated Vacant Premises, this definition does not apply.

**Covid-19 Repayment Scheme:** means the scheme produced by a Retailer that set out the reasonable steps it must take to enable Non-Household Customers to pay where they can, and over a time period that they are able to afford.

**Vacant Premises:** has the meaning given in the Wholesale-Retail Code

### Section 7: Provision of information by a Retailer to its Non-Household Customers

#### New section 7.1.6: Covid-19 Repayment Scheme<sup>3</sup>

Until 31 March 2021, or such other date as the Authority may notify in writing to Retailers, Retailers must have in place a Covid-19 Repayment Scheme.

This scheme must set out:

- (a) the steps a Retailer will take to consider a Non-Household Customer's circumstances, particularly the Non-Household Customer's reasonable ability to pay outstanding amounts, including interest on those amounts and / or late payment charges, as a result of Covid-19;

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<sup>3</sup> Section to replace current section 7.1.6

- (b) the specific terms and conditions of the different repayment plan offerings it will make to take account of those different circumstances; and
- (c) contact details that a Non-Household Customer should use to contact its Retailer where it disagrees with the Retailer's assessment of its circumstances, and the type of evidence it may provide to assist the Retailer in any re-assessment.

No repayment plan under a Covid-19 Repayment Scheme may be less generous to Non-Household Customers than those offered by the Retailer from 1 January 2020 onwards in accordance with a Reasonable Repayment Plan for an Outstanding Debt.

#### **New section 7.1.7: Disconnection<sup>4</sup>**

- (a) For Covid-19 Affected Customers, Retailers shall include a clause in their Terms and Conditions of Supply that shall remain in effect until they cease to be Covid-19 Affected Customers that specifies:

“No amounts owed by the Non-Household Customer to the Retailer are “due” or shall be treated as “due” by the Retailer for the purposes of a disconnection notice under section 61(1ZC)(b) of the 1991 Act, and for these purposes only. All other rights and obligations under these Terms and Conditions of Supply are unaffected by this clause [Retailer to insert relevant clause number]”.

- (b) For all other Non-Household Customers, until 31 March 2021 or such other date as the Authority may notify in writing to Retailers, prior to the issue of a disconnection notice, Retailers must ~~take account~~ comply with ~~of~~ their Covid-19 Repayment Scheme.

#### **New section 7.1.8**

Retailers must include in a prominent position on their website from 1 June 2020 a notice that ~~specifies~~ explains that where a Non-Household Customer qualified as a Covid-19 Affected Customer the Non-Household Customer will not be:

- (a) served disconnection notices for the non-payment of bills or invoices;

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<sup>4</sup> Section to replace current section 7.1.7

- (b) subject to default interest or late payment charges for the non-payment of invoices issued from 1 June 2020; and
- (c) subject to enforcement proceedings for the non-payment of invoices.

Retailers must be clear in this notice that the measures at (a) to (c) will only apply to Covid-19 Affected Customers to extent they fall within that category, and that when that ceases to apply they shall be eligible for the Retailer's Covid-19 Repayment Scheme.

The notice shall include:

- (a) a clear definition of those Non-Household Customers that are Covid-19 Affected Customers;
- (b) the circumstances in which their premises may be classed as Vacant Premises due to Covid-19; and
- (c) how a Non-Household Customer can obtain a copy of the Retailer's Covid-19 Repayment Scheme.

Retailers must provide a clear method in a prominent place on their websites for Non-Household Customers to be able to contact them, by way of:

- (a) a form that enables Non-Household Customers to leave their name, address, email address and phone number to enable a call back from Retailers; or
- (b) a contact email address; and
- (c) a contact ~~dedicated~~ telephone number.

## Section 9: Billing

New section 9.4: Interest and late payment charges<sup>5</sup>

- 9.4.1 Notwithstanding their contractual right to do so, Retailers may not charge~~s~~ any default interest or impose late payment charges for the

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<sup>5</sup> Section to replace current section 9.4

non-payment of any bills or invoices issued to Covid-19 Affected Customers from 1 March 2020 until they cease to be Covid-19 Affected Customers.

- 9.4.2 ~~For all other Non-Household Customers, until 31 March 2021 or such date as the Authority may notify in writing to Retailers, may apply interest or late payment charges in accordance with their Covid-19 Repayment Scheme. Retailers may, for all Non-Household Customers other than Covid-19 Affected Customers, apply interest and/or late payment charges in accordance with their Covid-19 Repayment Scheme.~~

### **New section 9.5: Enforcement<sup>6</sup>**

- 9.5.1 Notwithstanding their contractual right to do so, Retailers may not seek to enforce non-payment of invoices against Covid-19 Affected Customers whilst they remain Covid-19 Affected Customers.
- 9.5.2 ~~For all other Non-Household Customers, until 31 March 2021 or such date as the Authority may notify in writing to Retailers, when determining whether to take enforcement action, Retailers must comply with their Covid-19 Repayment Scheme. Retailers must, for all Non-Household Customers other than Covid-19 Affected Customers, comply with their Covid-19 Repayment Scheme when determining whether to take enforcement action.~~

### **9.6 No waiver**

The prohibitions in sections 9.4 and 9.5 do not constitute and should not be interpreted as a waiver by Retailers of their contractual rights other than as required for the limited period prescribed by the prohibitions. Retailers will be able to exercise their contractual rights again once the Authority has removed relevant prohibitions from this code.

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<sup>6</sup> Section to replace current section 9.5

## Appendix 3: Reasons for our decision

We set out below our views on how the proposed change is in line with our statutory duties and which of the applicable Code Principles are better facilitated by the modification proposal.

### Statutory duties

Under section 2 of WIA91, as amended, we must carry out our prescribed powers and duties including:

- the granting of water supply and sewerage licenses (under sections 17A and 17BA of the WIA91); and
- the enforcement of a licence (under section 18 of the WIA91)

imposed on us as an economic regulator in the way we consider will best:

- further the consumer objective to protect the interests of consumers, wherever appropriate by promoting effective competition
- secure that water companies (meaning water and sewerage undertakers) properly carry out their statutory functions
- secure that water companies can (in particular through securing reasonable returns on their capital) finance the proper carrying out of their statutory functions
- secure that water supply licensees and sewerage licensees properly carry out their licensed activities and statutory functions
- further the resilience objective to secure the long-term resilience of water companies' water supply and wastewater systems as regards environmental pressures, population growth and changes in consumer behaviour; and to secure that they take steps to enable them, in the long term, to meet the need for water supplies and wastewater services to consumers.

Subject to our main duties above, we must also regulate in the way we consider will best:

- promote economy and efficiency by water companies in their work
- secure that no undue preference or discrimination is shown by water companies in fixing charges
- secure that no undue preference or discrimination is shown by water companies in relation to the provision of services by themselves or by water supply licensees or sewerage licensees

- secure that consumers' interests are protected where water companies sell land
- ensure that consumers' interests are protected in relation to any unregulated activities of water companies
- contribute to the achievement of sustainable development

We must also have regard to the principles of best regulatory practice. These include that regulatory activities should be transparent, accountable, proportionate, consistent and targeted.

We consider that the proposed changes to the CPCoP comply with our statutory duties for the reasons detailed in the 'decision and reasons for our decision' section of this document.

The Authority considers that the Change Proposal is consistent with the CPCoP General Principles as detailed below.

## **CPCoP General Principles**

### **Retailers shall be fair, transparent and honest; while putting the customer at the heart of their business**

This Change Proposal puts customers to the forefront by ensuring that Non-Household Customers that are seriously affected by Covid-19 continue to benefit from the measures that were introduced by CP0006 which ensured that premises are not disconnected, interest and late payment charges are not imposed, and enforcement action is not taken for the non-payment of charges during these extraordinary times.

We have however refined the measures in the CPCoP and also determined a new category of customers, those that are affected customers. The affected customers will be able to access a Covid-19 Repayment Scheme so that they are able to repay amounts owed in instalments as agreed with their Retailer.

### **Communication with Non-Household Customers shall be in plain and clear language**

Drafted in plain English, the Change Proposal explicitly states what changes should be made to Retailers websites to ensure that information regarding the protections that the CPCoP provides for customers that are affected and seriously affected by Covid-19. In addition, the requirement for Retailers to include specified contact methods on their websites and adhere to the principles for Covid-19 Repayment Schemes will further this General Principle.

**Any information provided to Non-Household Customers shall be complete, accurate and not misleading**

This principle is supported by the requirement for Retailers to ensure that complete and accurate information about how they are required to act in response to this Change Proposal will be publicly available in a prominent position on Retailers' websites.