



Customer Protection Code of Practice – consultation on proposed Authority amendment – CP-0007

Covid-19 – impact on debt, interest and disconnection

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.

Yes, we are supportive of this proposal which appears to offer an appropriate balance for business customers during the Covid-19 crisis.

We understand that Wholesalers may not be ready to fully resume responding to requests for disconnections following the implementation of this change, particularly where the meter is internally fitted. We expect this capability to develop over time (subject to Covid-19 safety measures).

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?

We are supportive of this proposal. We think this provides a more appropriate balance than the current arrangements. We agree that additional support should be focused on customers who most need it through being closed due to Covid-19 and that there should be some responsibility on customers to notify Retailers of their position.

The part of the proposal which isn't clear is the timing of when normal debt recovery procedures apply to premises which have been made temporary vacant due to Covid-19, but have not made contact up until the point when the temporary vacant flag period expires (currently 30 August 2020). We have set out below our understanding of how we think it should work. If we have misunderstood any aspect then it would be helpful if Ofwat could include clarification within its Decision Document and the legal drafting, where necessary.

Our understanding is that Retailers will start to lift temporary vacancy flags as customer contact is established and customers notify their Retailer that they have reopened. For

those flags that remain in place on 30 June 2020 (unless extended by Ofwat), Retailers will have two months to try and make contact with their customers and process lifting of the temporary vacancy flags. After the two months has passed, no customer will meet the definition of 'Covid-19 Affected Customers' and this higher level of protection falls away. Customer protection is then replaced by the Covid-19 Repayment Scheme where contact is made with a customer and an arrangement agreed.

Where a Retailer is unable to make any contact with their customer and the two months has expired, then a repayment arrangement has not been agreed. In this circumstance, if payments have not been received from the customer, Retailers should implement normal debt recovery processes. It would not be appropriate to wait until 31 March 2021 (when the Covid-19 Repayment Scheme expires) before proceeding with normal debt recovery processes as this would unnecessarily increase the risk of bad debt which would be inconsistent with Ofwat's expectations under CPW096. It also fairly puts the onus on the customer to tell their Retailer that they are having problems rather than the Retailer having to second guess or apply a blanket treatment.

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.

We agree that it should be the Retailer's responsibility to determine what it considers to be reasonable and in the best interests of its customers. We would expect a Covid-19 Repayment Scheme to include the process for how a Retailer will manage contact with its customers in relation to payments. We would also expect it to set out what payment arrangements are available to customers who meet a variety of criteria including, closed due to Covid-19, their payment history etc along with reasonable timescales. This will ensure clarity for customer facing staff and a consistent approach across a Retailer's customers. This should be presented in a simple to follow format and be available to customers if requested.

4. What are your views on our proposals to require Retailers to clearly provide a method of contact on websites, as set out in section 4.3?

We are supportive of these proposals. It would be helpful to clarify what is meant by a "dedicated" phone number. Does that mean dedicated to payments or dedicated to Covid-19 or something else? The key requirement should be that the website includes details of multiple contact methods including a phone number customers can use to make contact and discuss outstanding payments. Therefore, removal of "dedicated" would add clarity.

5. What is your view of the legal drafting for the Change Proposal (see appendix 1)?

We are supportive of the legal drafting but think it would be useful to include the definition of "enforcement". This suggestion was raised in the previous consultation on CP0006 when Ofwat concluded that inserting a definition was not required. Ofwat did, however, clarify in its Decision Document that "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." This definition is useful in providing additional clarity, both for customers and Retailers, and therefore it would be more transparent to include it in the legal drafting.

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

Yes.

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?

We support an implementation date of 1 June 2020. Implementation will require amendments to websites, terms and conditions, debt paths, interventions (for example customer letters) and the creation and implementation of a Repayment Scheme, including appropriate training for customer-facing staff. A decision by Ofwat as early as possible will be beneficial in order to complete these ahead of 1 June.

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

We don't operate in the self-supply market and therefore we don't have a strong view on this.