

CPCoP consultation – CP0007
Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

By email to: CPCOPcodechange@ofwat.gsi.gov.uk

20 May 2020

Dear Sir/Madam,

Re: Covid-19 and the Business Retail Market: Proposal to accept a Customer Protection Code Change Proposal – CP0007 – a Consultation

Thank you for providing Yorkshire Water with the opportunity to contribute to the consultation published on 18 May 2020 on proposed changes to the Customer Protection Code of Practice (under change ref: CP0007).

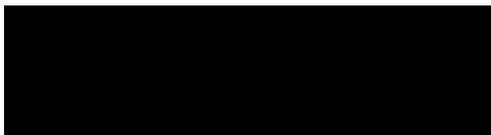
The impacts of Covid-19 are being felt across the whole of the UK economy and we have been working in collaboration with Ofwat and trading parties in the business retail market to put in place support for businesses in our region and their retailers affected through this period.

With that in mind we have reviewed the latest proposals openly and with reference to the views we gave in response to Ofwat's earlier change proposal CP0006 and the subsequent decision to make the temporary changes the Customer Protection Code of Practice (CPCoP).

Our responses to the questions asked in this latest consultation are appended to this letter.

If you wish to discuss the content of our response in more detail, please do not hesitate to contact my colleague on the email address above.

Yours faithfully,



Colin Fraser
Regulatory Strategy Manager
Yorkshire Water

Responses from Yorkshire Water to Proposal to accept a Customer Protection Code Change Proposal (CP0007) – a Consultation

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.

We are supportive of the change proposals to the Customer Protection Code of Practice (CPCoP) and we believe it will meet the policy aims referenced above. During the period when the proposed interventions are to be in place, we consider there may be practical matters or some circumstances that may impact how far a retailer can pursue its normal debt recovery processes through to disconnections for non-payment.

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 note the temporary protections put in place through change CP0006 are time limited and will expire on 31 May 2020. We also acknowledge the protections in place extend to all business customers.

As we advised in our response to Ofwat's April consultation for change CP0006, we believe in accordance with the CPCoP Code Principle 4.1.3 that the Code should *"...state more assertively that where a business customer is able to continue to pay any due amount, the Retailer should actively communicate and encourage the customer to do so. The Retailer should continue to actively bill and collect all collectable revenue to support payment of Wholesale charges due."*

We agree that the changes now proposed will make a distinction between business customers who are materially affected by Covid-19 (under the Ofwat definition within this proposal) who have the debt management related protections introduced by change CP0006 extended to them, and other business customers where those protections remain temporary and cease from 1 June 2020.

Where retailers can again instigate their debt management procedures for customers not in the Covid-19 Affected category, having considered those customers situations in relation to their respective Covid-19 Repayment Scheme, there may be a need for disconnections for non-payment to recommence. Physical service disconnections require one or more visits to the customers premises and the wholesalers' meters. As such, these activities may be subject to significant adjustments or may even be currently suspended to ensure the safety of the wholesalers' or accredited entities' people and/or the customer.

Similarly, cyclical and ad-hoc meter reading services on behalf of retailers may be appreciably impacted for many weeks or months to come.

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.

As a wholesaler we have no specific views or feedback on potential features of a retailer Covid-19 Repayment Scheme.

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?

In general, we think this proposal seems sensible and helpful for customers but have no specific views or feedback on details of the proposal.

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

We have not reviewed in detail the legal drafting as presented in the consultation and have no feedback to make.

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

We are of the opinion that the change proposal does facilitate the Code Principles in section 4 of the CPCoP.

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?

As a wholesaler we are not in a position to comment on the potential impact of implementing the proposed changes on retailers' systems or processes.

We do wonder about any unintended consequences of setting the proposed protections in place indefinitely for customers categorised as Covid-19 Affected. Of course, we cannot confidently predict the course of the pandemic and the impacts on business customers, retailers, and our ways of working as a wholesaler, and how long such impacts may last.

Although we would like to be completely confident that data recorded in the central market systems showing premises as temporarily Vacant will be diligently managed by retailers and MOSL, we envisage there may remain a rump of inaccurate data that does not reflect the reality of a business customers' circumstances over the longer term.

We would recommend Ofwat, working with MOSL and retailers, takes stock of the level of Vacant premises and Covid-19 Affected Customers (by business customer nationally and by region) at one or more future milestones, in order 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.

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

We agree with Ofwat's proposal that the current protection for self-supply retailers preventing the service of a disconnection notice under section 61(1ZA)(b) of the Water Industry Act 1991 by a wholesaler should discontinue after 31 May 2020.

Any self-supply retailers that have temporarily closed premises due to Covid-19 should set these as Vacant within the central market system. This action will lead to the relevant wholesaler adjusting usage charges based on the change in water and/or wastewater services. We believe this will provide suitable bill protection to self-supply retailers.

We acknowledge a self-supply retailer who has numerous premises across multiple wholesale areas will receive such protection from disconnection in practice only where they have set premises to Vacant in the central market systems. In a similar way to business customers who are not universally affected by Covid-19 (and therefore not categorised as Covid-19 Affected Customers within the proposed Code change) and have not requested their retailer sets all premises to Vacant, the self-supply retailer may be subject to wholesaler debt management procedures resulting in temporary disconnection activity being pursued in regions where not all premises have been set as Vacant.

End