

Interim Supply: A consultation on process amendments

Response of Castle Water

Consultation questions

Do you have any comments on the proposed changes to the ISC, WRC and/or MAC, either in terms of our reasons for the changes or the legal drafting?

Amendments to Election process

a. To enable the backdating of Election following a Relevant Cessation of Supply?

b. To codify the informal process that Ofwat and MOSL have in place to inform Licensees that an interim supply event is imminent?

c. To highlight in CSD 0004 the obligations on Licensees to provide a Scheme and Statement to Ofwat in the specified circumstances.

d. To align the Suspension process within the ISC and WRC.

No comment.

2. Statements of Interim Supply Capacity

a. To insert reference to Alternative Credit Support and Alternative Payment Terms into the Statements?

b. To amend the manner in which Statements are submitted so that they are provided by reference to CSD 0006 rather than directly to an Ofwat inbox.

No comment.

3. Offers process: enabling areas to be split across different Eligible Licensees

a. To give Ofwat the discretion to determine whether IDSPs in one Area, or a relevant combination of Areas, should be Allocated to more than one Eligible Licensee?

Customers face increased administrative costs and are frequently confused when water and sewerage SPIDs are allocated to different suppliers. Allocation following the Offers process should be subject as a priority to the requirement (as should be imposed on MOSL for allocation following the Allocator process, see below) to award SPIDs so that associated water and sewerage SPIDs go to the same retailer.

4. Allocation and Registration of Licensees who have Elected to be Eligible Licensees

We propose an important addition to the modifications proposed for CSD 0004 to promote customer interests in the allocation process.

Customers find it costly and confusing for water and waste SPIDs to be allocated to different retailers. It is neither necessary nor efficient for either party. We propose that the predominant consideration should be to ensure that they are allocated - consistently with the taxonomy of the Water Industry Act - on the basis of the premises, and hence the customer, to which they refer.

The Allocation Principles in Section 4.1.5 and the High Level Methodology in Section 4.1.8 currently apply this principle only 'so far as is practical' (Section 4.1.5) and 'As far as possible' (Section 4.1.8).

These qualifications should be deleted and the order of precedence adjusted so that they override the 'random' principle in Section 4.1.4 and the 'equal distribution' requirement in Section 4.1.9.

a. To explicitly reference the Offers process in CSD 0004?

b. The process diagrams for the Interim Supply Offers process and the Interim Supplier Allocation Process are reflective of the proposed amendments?

No comment.

5. Interim Supplier Allocation Methodology

a. To clarify that the methodology cited in CSD 0004 only applies to the Allocator process?

b. That an Eligible Licensee's Statement on capacity should be taken into account under the Allocator process.

No comment.

6. Timetabling for the Allocator process

a. To align the obligations on MOSL and Ofwat to provide and approve a timetable for the Allocator process?

No comment.

7. Cessation of Supply

a. To extend the circumstances in which Ofwat may invoke interim supply to include where a Licensee has consented to the revocation of its License?

No comment.

b. To clarify that revocation will take precedence over Wholesale Contract termination for the purposes of interim supply.

It is unclear what is meant by 'take priority'. The drafting could be clearer and simpler. More importantly, where licence revocation is not with consent, proceedings may be on foot to contest it. It is not clear whether and how the drafting caters for this.

c. To amend the Business Terms so that all Wholesale Contracts that a Licensee has are automatically terminated when its License is revoked?

As (b) above.

8. Provision of information to Affected Customers

a. To enable Ofwat to extend the timeframe in which Interim Licensees must provide information to Affected Customers?

No comment.

9. Other proposed changes

a. To amend the reference from Wholesale Tariff to Wholesale Charges?

b. To clarify that Eligible Licensees will be able to use information provided with the Notice of Relevant Cessation of Supply to inform the contents of their Interim Supply Offer?

c. To make minor drafting changes to CSD 0004 and the MAC?

No comment.

10. Customer right to switch away

a. How long does it generally take to on-board a customer? Is this timeframe different where the customer has voluntarily moved to the Licensee in comparison to under the interim supply provisions, or gap site provisions? If yes, please provide details.

There is no single answer as to the time required to put customers onto our systems to provide billing and service.

[Redacted]

b. Do you have any experience of Affected Customers switching away having been Allocated following an interim supply event? If yes, please provide details.

N/A.

c. If you have one, does your current Interim Supply Scheme provide details to Affected Customers of how they can switch Licensee? If yes, please provide details.

[Redacted]

d. Do you think the ISC should state when a new Licensee is able to continue the supply of services from the Interim Licensee? Do you consider that there are potential advantages and disadvantages (both for customers and Licensees) of codifying this requirement?

Given a competitive market and customer freedom to switch, Castle Water would not wish to limit when customers are able to exercise this choice, preferring to rely on its customer service to encourage customers to stay.

11.Submission of Transfer Reads following an interim supply event

a. What is your view of the current timeframes for submission of Transfer Reads (set out in section 5.1.10 of CSD 0004)? In providing views on this, please set out what you consider to be an appropriate timeframe, the reasons for this, and any perceived customer detriment where this is an extension to the current limitations.

The current timescales are feasible for a relatively small number of customers and meters (say, 10,000 meters). It is, however, well documented in the context of recent and current code change proposals that there are significant constraints in the meter reading market in terms of capacity and availability of trained meter readers. We suggest that for events where more than 10,000 meters are involved the timescale should be doubled.

[REDACTED]

12.Do you consider that the proposed changes to the WRC and the MAC further the principles and objectives of the WRC and MAC?

Yes, subject to confirmation / clarification of the above points, in particular those made in answer to Questions 3 and 4 above.

Castle Water Limited

6 August 2020