

OFWAT
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

5th August 2020

Emailed to: interimsupply@ofwat.gov.uk

Dear Sirs,

Response to Interim Supply: A Consultation on Process Amendments

Many thanks for the opportunity to provide feedback on this consultation. As this is a process that does not directly impact the Self Supply Community but is critical for an efficient competitive market, we are submitting a single combined response.

[REDACTED], to enable efficiency in your review of the consultation responses. Please see detailed below:

- 1. 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.**
All of these amendments are logical in their alignment, provide much needed transparency and will encourage more Licensees to opt into the process which will be beneficial to the overall market. The improvements to the process will enable Licensees to assess their ability to deliver to the affected customers prior to committing which should eradicate concerns which may have previously prohibited Licensees opting in.
- 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.**
Any efficiency in the process can only be viewed as a positive step, given the speed required to address and limit potential customer impact. It is logical to include all options in the statement, both for removing limitations but also providing improved transparency as this will encourage more Licensees to participate and improve the information to enable effective assessment and allocation recommendations.
- 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?**
As per previous responses this flexibility will encourage more Licensees to opt-in and also prevent limiting the Allocation based solely on capacity, which may not be in the best interests of the customer, in the event of a larger Trading Party exit.

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

Yes, the Offers process should be explicitly referenced for clarity and the proposed amendments appear to capture all the required elements covered in the consultation paper.

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.

This will be an interesting test of the allocation methodology as an equitable distribution of supply points, as referenced in the consultation document may not be possible, or appropriate. The detailed methodology will need to be both transparent and clearly documented with the flexibility to be adapted to varied circumstances otherwise it is likely to be subject to challenge.

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?

This is logical however we would expect Ofwat to challenge any perceived inefficiencies if they feel timetabling is not in the customers best interests

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? b. To clarify that revocation will take precedence over Wholesale Contract termination for the purposes of interim supply. c. To amend the Business Terms so that all Wholesale Contracts that a Licensee has are automatically terminated when its License is revoked?

These amendments are appropriate and create efficiencies and clarification to the existing process.

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?

We would presume this is derived from learnings of previous Interim Supply events and agree that it makes sense to allow a flexible approach based upon volume.

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?

As per other responses this consultation has taken a very logical approach and all proposed revisions provide greater clarification and process efficiencies.

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

[Redacted]

With regards to the challenges raised by not applying an 'earliest date' from which an Affected Customer can switch from the Interim License we would not support restricting the ability for an Affected Customer to switch. Whilst we accept an Interim Licensee may have allocated resource for onboarding limiting the freedom for the customer to choose, due to an event beyond their control, does not feel appropriate. The challenges suggested are part of operating in a competitive market and Trading Parties should be cognisant of that.

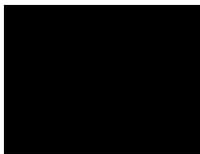
11. Submission of Transfer Reads following an interim supply event a. What is your view of the current timeframes for submission of Transfer Reads (set out in section 5.1.10 of CSD 0004)? In providing views on this, please set out what you consider to be an appropriate timeframe, the reasons for this,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

In keeping with the flexibility of other aspects of this process it feels appropriate to have the option to agree an alternative timetable for the submission of Transfer reads, particularly given the commencement of timeframes from the Designated Date. The timetabling should be relative to volume with the default position based upon CSD 0202 wherever possible, as referenced in clause 5.1.9 of CSD0004. Billing accuracy and pro-activity are critical to the customer experience and any delay in providing a transfer read is likely to have a detrimental impact.

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

Absolutely.

Yours faithfully,



Claire Yeates
Strategy Director