

Clear Business Water Limited's response to CP0009

1. Do you think the amended change Proposal will achieve the following policy aims (and if not, what changes would you suggest making to ensure that it does)?

a. That those customers adversely affected by Covid-19 are provided with appropriate levels of support and protection.

Yes

b. Customers who are able to pay should be incentivised to pay in a timely manner.

Yes

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

2. In addition, we would welcome the views of respondents on:

a. The costs and associated risks of implementing the amended change proposal within the proposed timeframe;

We note that, due to the changing nature of the government restrictions, any change proposal regarding Covid-19 must be dealt with on an urgent basis and the implementation period should reflect this. However, we believe the action required to deliver this change proposal in a short timeframe will result in increased costs for Retailers because the administrative burden of managing the proposed change will be challenging and time consuming. Under the Temporary Vacancy Scheme, Retailers used an established industry data item to classify the affected customers so that they could make the relevant amendments to invoices or debt recovery practices. Under the current proposal, there is no way to identify the affected customers in the industry data. Retailers will therefore need to implement an alternative method to identify customers in their own systems at the outset and then to add or remove protection measures as customer circumstances change.

b. The scope and operational impact of the amended change proposal;

We believe that the change to the definition of "Covid-19 Affected Customers" and the requirements on Retailers to engage with their customers at all stages of repayment plans and/or debt recovery action is sensible and will benefit customers. The change in definition of "Covid-19 Affected Customers" will have the largest operational impact because of the need to introduce new data to Retailer systems as set out above.

We question whether the inclusion of additional debt recovery information on Retailers' websites is within the scope of this change proposal. It is not clear how this contributes to the protection of customers affected by Covid-19 or what customer harm this is trying to prevent. This part of the change will also create additional work for Retailers on an ongoing basis which is against the proportionality of the proposal.

c. Whether the respondents consider that the proposal is in line with the principles of the code and our statutory duties.

We believe that the proposals are in line with the principles of the code and Ofwat's statutory duties.

3. Do you have any comments on our proposed implementation date?

We note that the consultation document considers that the impact of the change proposal should be relatively low. For the reasons set out in our response to 2.a above, we do not agree with this assessment. We believe that an implementation date of 3 working days from the decision date will mean that Retailers with fewer resources may not be able to implement the changes in time. We do not anticipate that the change proposal will take a significant period to implement, but we believe that an implementation period of 10 working days will allow Retailers of all sizes to implement the change proposal in full within a reasonable timeframe.

4. Do you have any other comments on our proposed change to the CPCoP as set out in Appendix 1?

We have the following additional comments:

- We note that the current definition of “Covid-19 Affected Customers” includes an exception when Retailers can provide robust evidence that the customers’ ability to pay is unaffected by Covid-19. We expect that the customers to whom the exception applied during the Temporary Vacancy Scheme will be similarly affected by the latest national and regional restrictions. Therefore, we propose that the exception should also be included in the revised definition of “Covid-19 Affected Customers”;
- The legal drafting confirms that the proposals will remain in place until 31 March 2021. However, by the implementation date many customers will already have reopened their businesses following the second national restrictions. It is not clear from the legal drafting if Retailers will therefore be required to backdate the protections for customers whose premises were closed during the second national restrictions, or if these will apply only from the implementation date. We would be grateful if Ofwat could provide clarity on this in their final decision.