

Peabody is a housing association that has nearly 160 years of history, experience and expertise. With over 67,000 homes, Peabody is one of the largest housing providers in London and the South East. We deliver services to 155,000 residents, 16,000 care and support customers, as well as the wider communities in which we work.

Peabody has a large water portfolio across its estates in London, the East and South East. The challenges that Peabody face include:

- the large volume of different water providers that we must deal with, each of which have a slightly different approach
- the mixed-use buildings across our portfolio that straddles the domestic and non-domestic water market for hundreds of different water supplies.
- Many of our supplies were deemed to be 'non-domestic' when the water market was deregulated and put out to open market.
- We have found at least one wholesaler who has made unilateral decisions to take back 'random' supplies off the 'non-domestic' contract without consultation or responding to queries that we have around the rest of the portfolio.
- We are concerned that our other supplies might end up being deemed to be domestic, but without being able to discuss this quickly at portfolio level with the wholesaler, it is very difficult to manage suppliers effectively, and consolidate billing.
- Where we have residents that have taken over a supply, it can take a while for metering to be set up, and bills to arrive (sometimes over a year). Sometimes that will be in our name, and others in the residents (current or previous). This takes time to unpick, and put into the right name, and ensure:
  - the right person is paying the right portion of the bill;
  - the bill continues going to that person; and
  - where there is a large residential debt – which stretches years- we don't push the resident into further poverty by forwarding it to them, when it wasn't send to us in a timely manner.

Peabody has also undergone several mergers over the past few years. The changes in the utilities' portfolio have been challenging however addressing issues with the gas and electricity metering and billing has been much easier than the water portfolio simply because of the way the market is structured. This is despite water being the smallest of our utility payments.

Ofwat trying to provide clarity around identifying domestic and non-domestic sites is welcomed.

### **1. Do you have any concerns about our proposed changes?**

Peabody agrees that changes are needed but we don't believe that the proposed changes go far enough to provide clarity, especially around mixed-use providers.

**2. Is there anything in respect of eligibility for the business retail market that the proposed updated guidance does not cover that you consider would be useful? If so, please provide details of why this would be useful.**

We note **the guidance does not deal at all with premises that transition from commercial to domestic or vice versa** and what customer expectations on this should be (for example, when a new build site is transferred from a developer to Peabody). Our experience is that this can take many months, which delays bills reaching the right people in a timely manner. The guidance should also deal with such matters.

In addition, there are several fundamental changes that need to be made to make it easier for organisations such as ourselves manage our water more effectively and efficiently:

1. Domestic water meters should have SPIDs
2. A national water meter database is needed that lists all water meters – domestic and non-domestic – this will enable a national understanding of which organisations have which meters, their ‘sizes’, location (if known) and how they are split between different water companies. This in turn will enable Ofwat to take a more comprehensive approach to water management and quickly see patterns and any bottleneck issues that would otherwise be missed in the current arrangements. Organisations should be able to update information on the database with supporting evidence instead of having to go through water companies.
3. Wholesale water providers’ and retail water providers’ roles and responsibilities need to be clarified, as well as an agreed timescale within which responses are provided to customers with penalties associated.
4. Any organisation with more than 10 supplies with the same water company (regardless of whether they are domestic or non-domestic) should be afforded an account manager – or at the very least be offered the opportunity to consolidate bills.
5. Where an organisation crosses several water authorities – regardless of whether it is domestic, or non-domestic – they should have the ability to easily consolidate their portfolio under one water provider. This would make it easier to manage and enable the focus to be on water efficiencies as opposed to constantly managing bills. Currently, getting hold of the right person to speak to within a water company – unless it is debt collection – is challenging; organisations should not have to spend hours trying to get hold of the right person to discuss these issues, or be forced to chase for basic support from water companies. Whilst there might be an Ofwat process in place for this, unless water companies engage with organisations, it is very hard to put into practice.

A comparison could be made with the electricity market - the meter numbers providing information on the size of the system, the meters being registered on the ECOES database, and organisations being able to easily consolidate all their bills under one provider regardless of whether they are domestic or non-domestic.

**3. Are the scenarios provided in the updated guidance comprehensive enough? Are there any missing that would be helpful, or are there some scenarios that are no longer required? If so, please provide details of why you believe this to be the case.**

The scenarios aren't helpful given the housing associations mixed usage.

Ofwat appears to be moving from a position whereby housing associations are eligible for inclusion in the non-household market if there is a sufficiently large non-household element on the premises (see p15 in the 2016 Supplementary Guidance) to a starker position where housing associations should not be considered eligible for the market (see p28 of the proposed guidelines). This raises several issues for Peabody:

a) Currently, water supplies used for communal purposes on most of our sites (e.g. for watering of communal garden areas/cleaning communal areas) are in the market. **Please clarify if Ofwat's position in the proposed new guidelines would mean these communal supplies have to come out of the market and be treated as domestic.** We note that in the electricity and gas markets, the equivalent communal supplies are treated as commercial. However we also point out that due to the complexity of the water market, the mixed-use nature of our premises and Peabody's own growth/mergers, it has been too difficult/time consuming for us to take advantage of the water market by consolidating our sites under a single retailer. We have not been able to ascertain what benefit switching would give us and therefore do not know whether Ofwat's proposal for housing associations to be treated entirely as out of the market (if that is your proposal) would be harmful or beneficial for us.

b) If Ofwat is proposing to take all housing association premises that are currently in the market out of it (the majority of our sites were put into the market in 2017), this will impose a huge administrative burden on us. Considering that, **we would urge Ofwat to ensure any such transfers are required to be managed at a portfolio level rather than site by site.** We have recently had the experience of one of our sites that was in the market being taken out of the market by one of our water wholesalers. Our retailer had to refund us all of our payments back to 2017, so the wholesaler could issue charges for our (now domestic) consumption dating back to market opening. This was administratively complex and time consuming, and if replicated across all of our sites individually would be impossible to cope with and entail millions of pounds changing hands.

c) If Ofwat is proposing to take all housing association premises that are currently in the market out of it, we would also **urge Ofwat to require wholesalers to engage openly in two-way communications with housing associations to manage the transfer.** During our recent experience with a wholesaler regarding the site transfer out of the market mentioned in the preceding paragraph, they did not respond to our requests for engagement, and we were (and remain) left in the dark as to why that particular site was being taken back into the domestic arena. There was nothing to distinguish that site from the many others we manage and that remain in the market.

Clarity of process and the roles and responsibilities as part of that process, for wholesalers and retailers, will be helpful if they are properly incentivised. It is very difficult to manage water without properly understanding the location of meters, or the installation of AMR metering to provide accurate information on usage. Using this information organisations can identify 'significant usage' to help justify if the consumption should be deemed to be domestic or non-domestic. The water companies need to do more to validate usage, as it should be in their interests to ensure sites are

correctly assigned a domestic or non-domestic status. England should consider taking Wales's approach of using a volume (50ML) as a metric to define domestic and non-domestic usage.

By having an accurate, timely consolidation of bills, organisations are in a better position to allocate resources towards identifying water saving opportunities. It would save both the water company and the organisation's resources which could be better used to implement water saving measures instead of the heavy focus on billing management we see currently.

We would welcome further engagement with Ofwat if they would like to know more about Peabody's situation.