

Our Ref: PK/LAT/Ofwat

Your Ref:

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Dear Ofwat

### **Response to the Consultation on Charging Innovation**

Many thanks for this opportunity to respond to the above consultation on addressing the affordability aspect of charging during this challenging time with respect to the cost of living crisis.

Please see our response to your consultation attached.

Yours faithfully



Paul Kerr  
Group Chief Financial Officer

## **SES Water response to discussion paper consultation**

**Q1. Do you agree that companies should be looking at how they can introduce charging innovation to support affordability, as well as support environmental goals?**

### **Response**

We agree that companies should look at how to introduce charging innovation to support affordability and environmental goals. Given the severity of the current cost of living crisis, which does not appear to be dissipating in the near future, all aspects of affordability should be considered to aid economically vulnerable customers. Our focus to date has been on social tariffs and payment plan activity, but we consider that this should be extended to wider tariff innovation.

**Q2. Do you have any comments on our regulatory framework for protecting customers, in the context of charging innovations?**

### **Response**

We have no substantial comments on the regulatory framework with respect to charging innovations. Certain aspects of the framework – in particular the Priority Services Register – have been championed by SES Water in the past and remain effective measures for the protection of the most vulnerable customers.

**Q3. Do you have any comments on our proposed principles for good practice charging trials?**

### **Response**

We agree with the proposed principles for good practice charging trials noted in the consultation. As detailed in Section 3 of the consultation, there are a variety of tariff setting alternatives across other sectors and countries, and while all have their advantages and disadvantages in our opinion, there needs to be effective and bespoke trials within each water companies' customers to determine an appropriate outcome. In particular, consideration of a robust framework for evaluation should be planned early in such trials given the overriding concerns on cost reflectivity.

**Q4. Do you have any comments on Ofwat's role in supporting good practice charging trials?**

### **Response**

We have no further comment in this area other than other pressures on companies in the coming year should be considered when Ofwat support such trials, in particular the delivery deadlines for PR24.

**Q5. Do you have any comments on the discussion regarding our charging rules and related regulatory compliance?**

### **Response**

We have no further comment in this area – companies should continue to adhere to the charging rules and other aspects of regulatory compliance as part of the trials.