

CPCoP CFI Response
Ofwat
City Centre Tower
7 Hill Street
Birmingham B5 4UA

26 June 2023

By email: CPCOPcodechange@ofwat.gov.uk

Dear Sirs,

Thank you for allowing Affinity Water the opportunity to contribute a response to the important topic of future consumer protections.

We welcome a review of the protections to ensure they are fit for purpose going forward and to address any areas interested parties believe there is material cause for concern. Given the length of time the market has been open, it is an appropriate time to review the Code for Customer Protections (CPCoP) to ensure it is operating effectively.

While we recognise that it is outside the scope of this review, we also see merit in considering the wider question of whether the boundaries of the market have been drawn in the most optimal way, such that only those who will be best served by the market are within it? We would encourage Ofwat to consider including this element in any further reviews. We are also keen to ensure that the current review safeguards customers of the future and considers the types of protections customer segments may need in 5 or 10 years from now.

The CFI document outlines some key market frictions which could potentially lead to unnecessary costs and poorer customer outcomes. We share some of your concerns but believe that through the numerous and far-reaching non-household industry working groups (either MOSL or RWG-led or on a bilateral basis between trading parties) that these issues are receiving the heightened levels of attention they deserve and are being methodically addressed. In our view it is important that stakeholders work through these issues together as they lead to inefficient and ineffective service and as such unnecessary costs – so in all our interests to resolve.

We have attached responses to the questions in the annex. We would be happy to discuss any of the points in more detail if helpful.

Yours faithfully,


Matthew Turner
Head of Commercial

Annex - Response to CFI questions

1. What views do you have on the adequacy of the current requirements as they stand. Do you think they could or should be strengthened, and if so do you have views on how they might be amended and any costs that may be incurred by doing so?

No response.

2. Do you think the General Principles of the CPCoP should be modified to ensure a stronger focus on the interests of customers, and if so how?

Current General Principles are sufficient, it is difficult to see how they could be improved materially,

3. What views do you have on the CPCoP offering differing levels of protection to customers as described above?

We consider the existing protections for customers of different sizes are sufficient, if they were not then we would anticipate that complaint levels would be higher. Engagement in the market cannot rely on push notifications alone, there must be pull from customers also. Small customers want simplicity and fast response times on financial discrepancies.

4. What views do you have on extending additional protections to particular vulnerable customers, and what extra protections do you think it would be appropriate to consider adding to the CPCoP for these customers?

No response.

5. What views do you have on whether the CPCoP should include protections for customers with critical infrastructure?

We believe that supply emergency arrangements (available to the wholesaler, see response to question 6 below) and accurate bills should be sufficient for customer and stakeholder purposes.

6. What views do you have on how the CPCoP could be strengthened to deal with emergency events?

There are challenges in the relationship between the wholesaler and NHH customer which can create communication issues during an incident. The focus of the Retailer is understandably on billing, however operational contacts and considerations may not always be at the forefront as a result. In order to help the flow of communications, it would be helpful if retailers were required to retain a more granular level of information on customers, particularly those in vulnerable circumstances, to support the prioritisation of emergency responses (e.g. the provision of bottled water). A clearer understanding of what type of information, how it should be stored and shared would be beneficial.

7. Do you have any thoughts on how the CPCoP could be strengthened to improve customer experience?

No response.

8. Do you think the CPCoP could be strengthened to improve how Retailers provide customers with information relating to the end of their contract and terms of supply?

We believe this question is more relevant for retailers, but 30 days' notice does seem a little short for any business regardless of size, and so suggest that a 60+ period would be more appropriate.

9. Are there any service areas that are missing from the current CPCoP that we could consider for inclusion when updating it?

No response.

10. Is there is scope to update or standardise the existing Letter of Authority arrangements?

We would encourage and welcome any form of standardisation as we believe this would be helpful and would make it clear to all parties involved.

11. Should any changes to the CPCoP falling under questions 7 to 10 be differentiated by size or type of customer?

No response.

12. Do you have any views or suggestions as to whether and how the CPCoP might be used to improve customer awareness and engagement in the market?

In our view, 50% awareness level in the short time that the market has been open is very good. We are cautious about the suggestion to include information about switching on customers' bills. Our research with household demonstrates that customers prefer a limited amount of information on bills to avoid 'cognitive overload' so we would be keen to test any new information on non-household bills to ensure clarity of messaging and understanding.

13. Do you have views on whether and how the implemented changes have impacted your business and delivered on the intended aims. To what extent do you consider that these changes have resulted in a noticeable difference in customer awareness in terms of credit balances or alternative payment options available?

No response.

14. Do you consider there are merits of introducing any of the options described above (further protections for smaller customers, ringfencing credit balancing, obliging Retailers to provide annual letter/notifications or obliging Retailers to refund customer credit balances on an annual basis) and why? Please provide your views of possible pros and cons on any options, including any possible implementation challenges, costs, or unintended consequences that Ofwat would need to consider.

No response.

15. Are there are any other options we could consider or anything we can learn from other sectors or markets on this issue? If so, please provide your views on possible pros and cons on any suggested alternative approaches, including implementation challenges, costs, or unintended consequences that Ofwat would need to consider.

No response.

16. Missing from CFI document.

17. Do you agree that a similar process to the WRC/ MAC changes, should be introduced to replace the current CPCoP change process?

The revised process in the WRC/MAC is yet to be tested fully, we would encourage Ofwat to wait to see if it proves to be effective before considering changing CPCoP approach.

18. Do you consider that the current CPCoP has redundant or unnecessarily complex elements? If so, do you have any suggestions to reduce complexity or redundant elements of the CPCoP?

No response.

19. Do any definitions contained within the CPCoP need updating or amending?

No response.

20. Do you have any views on whether we could protect customers better by taking further steps to increase our assurance that Retailers are compliant with their obligations as set out in the CPCoP and if so what in your view is the most effective way to do this?

We would encourage further work to define requirements to bill on actual meter reads, or an accurate YVE and how this links to settlement in CMOS.

21. Do you have any views on any areas that have not been considered by this CFI that you believe could improve or strengthen the CPCoP?

n/a