Dear Sarah,

Guaranteed Service Standards Call For Evidence

We are writing in response to CCW's Call For Evidence (CFE) on the Guaranteed Service Standards (GSS). We understand that CCW's review of and proposals for improving GSS have so far focused on household customers only. However, we would like to take this opportunity to provide our high-level views on improving the GSS and how improvements could apply to the non-household market.

1. **Wholesaler-Retailer Interdependencies**

   1.1. GSS in the household market are clear – the water company is responsible for maintaining the GSS and, where standards are not met, they are also responsible for making GSS payments to customers. However, in the non-household market, there is a tri-partite relationship for many standards involving the customer, the Wholesaler and the Retailer, even where the Retailer is not responsible for upholding the standard.

   1.2. This creates an additional level of complexity for both trading parties and customers in understanding where responsibilities and liabilities lie in upholding the standards and making payments where standards are not met.

   1.3. Any updates to the GSS should include clear information about the party responsible for taking action so that customers understand who is responsible for maintaining the standard and, where standards are not met, which party the GSS payment is ultimately claimed from and how this is passed on to customers.

   1.4. For the non-household market, the GSS should also include a process for determining liability between Wholesalers and Retailers where this is disputed. The current GSS regulations set out the process for customers disputing payments with the relevant undertaker. However, there is no provision for disputing liability for payments where standards could be the responsibility of either or both of the Wholesaler or Retailer.

2. **Proposed New Standards**

   2.1. We agree that it is important to address common complaints in the industry; however, the common complaints identified by CCW (disputed liability for measured bills, debt recovery and incorrect account information) are often complex and for the non-household market, as discussed in section 1, can involve interdependencies due to Wholesaler and Retailer responsibilities. We have addressed some of the challenges with introducing standards in these areas below:

Disputed liability for measured bills

2.2. As specific reference has been made to measured bills, we assume that these disputes refer to estimated meter reads being used for billing. Under the Customer Protection Code of Practice, Retailers are required to use an actual meter read once annually for billing and under the Market Codes, trading parties are required to take a meter read either monthly or bi-annually, depending on the meter type.

2.3. Should a Retailer fail to take a meter read in line with the relevant SLA for the meter type, they are issued with market performance penalties. Improvements are already being made in this area through the Market Performance Framework (MPF) Reform to incentivise trading party performance for obtaining meter reads.

2.4. Any standard introduced in this area should not go above and beyond what is set out in the Market Codes. The customer impact that the standard is trying to address should also be clear, liabilities should be clearly set out and there should be exemptions for circumstances outside of trading parties' control that would prevent them from obtaining meter reads (e.g. customer refused access).

Debt recovery

2.5. It is important that debt recovery action is proportionate and that all reasonable steps are taken to resolve payment difficulties with customers. However, even where all reasonable steps are taken, customers can remain unhappy about debt recovery processes.

2.6. It is unclear as to what standards could be introduced to address this area of concern. Any proposed changes should consider the customer impact that any standard in this area is aiming to address ensure that the standard is within the relevant trading party's control.

Incorrect account information

2.7. There are known issues with the market data in the non-household market from before market opening which are currently being addressed through the Data Cleanse Project. Improvements are also being made through the MPF Reform to incentivise trading parties to ensure complete and accurate data.

2.8. Introducing a new standard in this area should be proportionate and should be mindful of existing programmes of work that are already working to improve data accuracy in the market.

2.9. The standard should also not only refer to account information, but market data more generally, where appropriate. For the non-household market, this would ensure that there is good data available for switching customers and that responsibilities are clearly set out for maintaining data accuracy of different data items through the Market Codes.

3. Improvements to existing standards

3.1. We agree that existing standards should be reviewed to ensure that they remain appropriate for today's market. However, for both the household and non-household market, some of the improvements suggested will introduce additional complexity. We have addressed these below:

Repeat service issues

3.2. Where service failures occur, these should be reasonably easy to record and report on to establish repeat service failures within a certain timeframe. However, for repeat errors (e.g. errors identified through the complaint investigation) any standard needs to carefully consider how such errors could be recorded and reported on (i.e. are they measurable?) and allow companies a reasonable amount of time to implement process or system changes to address the errors identified.

Changes to appointment times

3.3. In our experience of the non-household market, appointment arrangements are made directly between the Wholesaler and the customer. The Retailer would have no control over the appointments that are offered by the Wholesaler in this scenario. As such, the standard in its existing form and any improvements made must clearly set out the responsibilities of all trading parties involved and who any GSS payment would be ultimately claimed from where the standard is not met.

Standardising late payment penalties

3.4. For the non-household market, some standards remain the sole responsibility of the Wholesaler, e.g. premises flooding. However, these GSS payments still have to be passed through to the customer by their Retailer. In our experience the process for this is manual and can result in trading parties being liable for late payment penalties. The period for payments being passed on to customers should take into consideration processing time between Retailers and Wholesalers.

4. A focus on customer outcomes

4.1. Whilst the GSS can be a useful tool for holding trading parties to account for certain standards in the market, the aim of any changes to the GSS must be clearly mapped to improved customer outcomes and ensure that the GSS is the most appropriate tool for addressing the areas that most affect the customers and the market.

4.2. Customer outcomes in the GSS must be measurable to ensure that payments are applied fairly and consistently. As identified by the MPF Reform Programme, it is not always possible to introduce measurable

metrics for complex issues (e.g. handling of unplanned events). The appropriateness of standards must therefore be carefully considered.

4.3. We must also ensure that there is not a duplication of resources to address issues that may not be a significant area of concern in the near future (e.g. incorrect account information which may be addressed through the Data Cleanse Project, meter read improvements through the MPF Reform reducing the number of estimated bills issued to customers).

Should you have any questions regarding our response or wish to discuss further with us, please do not hesitate to contact me at rachael.spencer@verastar.co.uk.

Yours sincerely,

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