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Dear All,

CCW Consultation – GSS Call for Evidence – ESPW Response.

Thank you for the opportunity to respond to your request for evidence. I can confirm that this response is not confidential. As you know, ESP Water Limited (ESPW) is a new NAV having been appointed in July 2022 for our first development. We are growing quickly and have already been appointed to 28 NAV sites across England and our portfolio of future projects is similarly growing rapidly.

ESPW supports this review of the Guaranteed Standards Scheme (GSS) and agree they need updating to reflect the current water sector and customers' expectations. In particular, we believe a review will ensure the standards are consistent and transparent to customers, making it fair for all. This review should take place periodically with the price review process. We have copied your questions in bold below and our answers are included beneath.

1. Within the current standards what works well and why?

As a NAV we review schemes across England to ensure customers are "no worse off" with ESP Water, we believe the standards that have clear definitions are easier to understand for customers and implement. They also drive improved performance such that companies minimise the payments they need to make.

2. Should the standards be refreshed and, if so, how?

Yes, standards have not been formally updated for several years and not all companies adopted the 2018 recommendations. It may be worth undertaking a process of identifying good practise across comparable sectors such as energy, by setting up working groups for stakeholders to develop draft GSS, which could be issued for consultation. Also, consistency across companies is key otherwise customers could be faced with a "post code lottery". Our preference would be for one common set of standards across all incumbents that is fair and transparent.

3. What needs to be changed and why?

As explained above, consistency across regions, and transparency of standards is the key requirement. But also, GSS payments need to be focussed not only on recompensing customers but also on changing company behaviour ensuring customers are at the centre of the company's culture. The review should also consider ease of communication and payment options to suit evolving expectations of customers.

4. Are there new standards we should add, are there others that are out of date and need revising?

We are supportive of the suggestions for improvements you include in Section A of your paper, such as payments for repeated incidents, and recognition that many customers would choose to use other forms of communication. The GSS payments associated with water quality across the incumbents vary, and we would be supportive of a single water quality measure, boil water notices for example, which is consistently applied across all companies to try and simplify messaging for customers.

5. Should payments better reflect the impact of service failures on customers considering both the direct financial costs and the inconvenience?

We feel that fixed payments are easier i.e., less costly, less time consuming, less open to dispute, than trying to identify financial loss. Any payment needs to be easy to administer and avoid, where possible, a legal process where customers need to provide evidence or water companies must spend time seeking evidence of value of damage etc. A quick resolution would be beneficial to both parties.

As NAVs operate the networks for predominantly new housing developments, events upstream in incumbent water companies' assets can impact downstream NAV customers. Currently the bulk supply / discharge agreement between incumbents and NAVs has a clause around compensation for downstream effects caused by upstream issues however, we do not believe this is mandatory or consistently applied. Furthermore, to ensure all customers are treated equally, we believe compensation should be paid to each NAV customer, rather than seeing the NAV network as one customer. This will allow for fairness and consistency for all water customers and should be clarified in any changes to the GSS.

6. Should different service standards apply for customers who need extra help or who have been identified as needing extra help, especially those on the priority services register?

We don't believe that customers in the most part should be treated differently as this could cause reverse discrimination and be difficult to administer. If the protections are already there for those that need 'extra help' then compensation for processes that go wrong should be the same.

7. Has your company asked customers for their views on GSS and, if so, what did they say? Can you share the research with us?

No. As a new NAV we have not undertaken this type of research yet.

8. How do you use GSS data internally to drive performance?

Currently we only have experience with GSOP and GSOS for Electricity and Gas and monitoring these payments does drive improvements in our levels of service. We would expect the same to happen with water.

9. All companies have, at some point, voluntarily enhanced their GSS. What triggered this decision for your company?

As a NAV we must ensure our customers are "no worse off" and therefore we offer, as a minimum, the same GSS standards as the incumbents we take a supply from. As they vary considerably we often choose to include some of the bespoke GSS standards that incumbents offer in their standards in ours, particularly where we believe it is a good standard that we would seek to offer our customers.

10. Faced with the changes arising from climate change, how should we consider the issue of 'extreme weather'?



We would argue that exemptions due to extreme weather are no longer required as companies should take climate change into consideration in their planning and therefore networks should be invested in to mitigate expected issues. It may not drive the correct behaviours if there was the possibility of exemptions in our view.

Finally, we would agree that GSS standards for business customers also needs a review, although this again should be consistent and fair to all, but take into account the different type of businesses when considering each standard.

Please do not hesitate to contact me on catherine.fearon@espug.com should you wish to discuss our response or have any further questions.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'C. Fearon'.

Catherine Fearon
Head of Regulatory Compliance (Water)