

Sarah.Thomas@ccwater.org.uk

13th October 2023

Dear Sarah,

Guaranteed Standards Scheme: Call to Evidence

Thank you for providing us an opportunity to provide feedback and insight in to the CCW review of the Guaranteed Standards Scheme. As highlighted in the Call for Evidence Documentation, we note that the proposals included have a primary focus on Domestic Customers.

As the largest Licenced Retailer in the Non-Household ("NHH") Market, Water Plus have significant experience and insight in to both our large Business Customer base as well as the market mechanisms that drive customer outcomes. We have reviewed the documentation provided by CCW and believe that there are several aspects of the NHH market that would need to be considered whilst reviewing the GSS.

- **Aligning Standards to Responsibility** - Due to the design of the Non-Household Retail Market, many activities will require the involvement of both the Retailer and the Wholesaler. Using as an example the handling of a customer complaint related to a network issue, a Retailer will be required to act as an intermediary raising the issue with the relevant Water Company by raising a Bilateral. In this circumstance, following the raising of the Bilateral communication with the Wholesaler there is limited ability for a Retailer to expedite an outcome and therefore it would not be appropriate to penalise them for any undue delay in complaints resolution. For any proposed GSS to be effective for the market, it is critical that any incentives or penalties included are aligned to the party that has control.
- **Existing (natural) Incentive structures** – Whilst the Domestic element of the Water Industry remains operated as a series of regulated monopolies, the deregulation of the Non-Household Retail Market in April 2017 has enabled businesses to 'vote with their feet' and switch their retailer where they are dissatisfied with the level of service received. The ability for customers to switch to an alternative retailer provides a natural incentive for Retailers to improve their performance, which remains absent for Wholesalers within the Non-Household market and in relation to Domestic customers. It is our view that these natural incentives and competitive pressures reduce the justification for inclusion within the GSS, or any such scheme, which could be better focused on monopoly providers.

To resolve the above two considerations, it is our view that CCW should consider options to ring-fence proposals for GSS obligations to Water Companies and their respective Wholesale involvement.

When considering the potential for additional standards in relation to Complaint Resolution, the model proposed for the Domestic Market would not neatly map to the NHH Market as the level of responsibility for delay or dissatisfaction are not consistent. It is our view that any approach to directly align penalties to the party responsible would be complex and not cost effective, as this can differ on a case-by-case basis. We propose that Complaints Resolution timeliness should be assessed on Wholesaler response times, which can be more accurately and consistently assessed (e.g through Bilateral transactions) whilst still addressing the gap in existing incentives.

In addition to the above, we have two further comments we would like to raise about the consultation more widely:

- **“Vulnerable Customers”** – There is a clear distinction to be made between what constitutes a vulnerable customer in the Domestic and Non-Household Markets. When considering if *different service standards apply for customers who need extra help, or who have been identified as needing extra help*, we would recommend a more focussed approach on Domestic Customers only.
- **Clarification on ability for Customers to “Opt out”** – Within our portfolio of customers, several customers have identified that additional payments such as GSS lead to increased complexity in their accounting and would prefer not to receive them. We would appreciate consideration of how any such circumstance should be handled, including giving customers the ability to opt out.

We are keen to remain engaged with CCW to ensure that any proposed amendments to the Guaranteed Standards Scheme address the unique needs of Non-Household Customers and incentivise the appropriate outcomes in the Business Retail Market.

If you wish to discuss any aspect of our response in greater detail, do not hesitate to contact me or the Water Plus Regulation team at Regulation@water-plus.co.uk.

Thank you and regards,

David Morris

Regulation Manager

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