

Defra
Water Bill Team
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Dear Water Bill Team

Consumer Council for Water response to Charging Principles

Thank you for offering the opportunity to comment on your Charging Principles.

We broadly welcome and support the Charging Principles. Our comments are outlined below:

Principle 1

We are particularly supportive of your first Principle that -

“Household customers must continue to be protected through the price control process. They will not subsidise the development of competitive markets for business customers.”

This picks up the vital principle that customers who are ineligible to switch retailer should not be disadvantaged by competition.

Principle 2

We also support your second Principle, and the statement that *“all customers”* should *“face predictable and stable bills”*, as this reflects customers’ views.

We presume your intention is that all customers segments face predictable and stable bills. If, alternatively, Ofwat decided to make its assessment across customers as a whole, this approach could ignore a disproportionate bill impact on some customer segments.

The implementation of compulsory metering showed that while it could produce benefits for consumers as a whole, there could be a disproportionate impact on different customer segments which needed to be considered and managed.

We presume you intend for Ofwat to develop a robust methodology for identifying any customer segments whose bills could be impacted by competition, and to demonstrate the significance of that impact in each case. We would be happy to work with Ofwat to help them develop the process and monitor impacts.

Charges Schemes

We have already said elsewhere that to ensure the best protection for customers, the Consumer Council for Water should be consulted by each company¹ on its charges scheme and any changes to it before they are implemented to prevent potential customer detriment.

We therefore welcome the Minister’s statement of 17 December 2013 in the Bill Committee, where he said he was *“happy to make a commitment to the Committee that the charging guidance produced by the Government will ensure that consumer groups continue to be properly consulted on charging schemes in the future.”*

¹ Incumbents or new retailers into the market to ensure business customers are being given protection across the piece.

We believe the Guidance should explicitly state the need for water companies to consult with the Consumer Council for Water on their charges schemes.

Ensuring CCWater must be consulted by water companies on their charges schemes² will allow us to continue to find and fix issues that could otherwise cause detriment to water customers.

We look forward to seeing how these issues will be addressed.

Regards

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² As recommended in the Defra/Welsh Government Review of Ofwat and CCWater