

## The Water Bill Briefing from the Consumer Council for Water

The Consumer Council for Water (CCWater) is the independent statutory representative of household and non-household water consumers in England and Wales.

### Support for the Water Bill

We welcome the Water Bill as it addresses a number of issues we have been working on for water customers, and includes proposals that aim to deliver what customers have been asking for, such as:

1. Delivering the choice of water retailer in England that business and other non-household customers want<sup>1</sup>, potentially allowing customers to reduce their bills or negotiate a better service.
2. Reflecting the consumer priority of having a reliable water supply, by raising the profile of 'resilience' of supplies.
3. Giving customers more protection by extending the time period during which Ofwat can levy a financial penalty on water companies;
4. Giving Ofwat more discretion over what dispute cases it formally reviews to help customers get a faster resolution.
5. Making the best possible use of water resources by exploring cost-effective bulk supplies and water trading between companies and with new entrants.

### The Consumer Council for Water's suggestions to benefit customers

These suggestions have been presented to the House of Commons Public Bill Committee on the Water Bill, the EFRA Committee and, where relevant, the National Assembly for Wales' Environment and Sustainability Committee.

#### ***1. Household customers should not be disadvantaged by market reform***

It is a vital principle that customers who are not eligible to switch retailer should not be disadvantaged.

Including the principle that '*household customers should not be disadvantaged by market reform*' in legislation, or at least statutory charging guidance, would help shape regulatory decisions and market arrangements relating to the third party access pricing regime<sup>2</sup>, price de-averaging<sup>3</sup> and other issues that could otherwise disadvantage customers who cannot switch between retailers.

We support Defra's Charging Principle that "*Household customers ... will not subsidise the development of competitive markets for business customers*". We also support the Principle that all customers should

---

<sup>1</sup> CCWater Research -The views of large business customers – page 10 – In separate research the views of Small & Medium Sized businesses – Page 6.

<sup>2</sup> Which allows new entrants access to regional monopoly water suppliers' networks.

<sup>3</sup> Where some cross-subsidies between customer groups are removed as a consequence of a pricing framework designed to support upstream competition.

*“face predictable and stable bills”*, as this reflects customers’ views. But we remain unclear of the possible scale and impact of de-averaging on different customer segments.

The implementation of compulsory metering, in some parts of south east England, 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. The same could happen with market reform, and customers who can not or do not switch retailer need safeguarding against it.

## ***2. The Consumer Council for Water should be consulted on each water company’s charges scheme***

The Consumer Council for Water should be consulted by each company on its charges scheme and any changes to it before they are implemented.

This provision should, as a minimum, be included in statutory guidance. It is needed to stop customers potentially suffering detriment due to a change in a charges scheme that may comply with Ofwat’s rules but which can nevertheless have a big negative impact on some customers, or might be viewed as unfair by customers.

Customers want their bills to be fair<sup>4</sup>. This is particularly important given water is an essential service delivered by monopoly suppliers.

The Consumer Council for Water currently reviews draft charges schemes and has been very successful in influencing water companies and Ofwat when major changes are proposed. One such example was the representations we made ahead of the current highly sensitive compulsory metering programme in the south east of England. The Consumer Council for Water successfully pressed for research into customers’ views and analysis of impact on different types of customers to shape company implementation plans.

We welcome the Minister’s statement of 17 December 2013 in the House of Commons Public 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.”*

We believe the Guidance should explicitly state the need for water companies to consult with the Consumer Council for Water on their charges schemes<sup>5</sup>. This would allow us, the independent, statutory water consumer body, to continue to find and fix issues that could otherwise cause detriment to water customers.

**If you would like to discuss this, please contact:**

Tony Smith, Chief Executive on 0121 345 1080 or [tony.smith@ccwater.org.uk](mailto:tony.smith@ccwater.org.uk) OR

Jenny Suggate, Policy Manager on 07768 276 290 or [jennifer.suggate@ccwater.org.uk](mailto:jennifer.suggate@ccwater.org.uk).

---

<sup>4</sup> Expectations of CCWater research 2012 – Research conclusions - 10.5.2 CCWater.org.uk

<sup>5</sup> As recommended in the Defra/Welsh Government Review of Ofwat and CCWater