

## 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>, which could allow them 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 more discretion over what dispute cases Ofwat formally reviews to help customers get a faster response.
5. Making the best possible use of water resources by exploring cost-effective bulk supplies and water trading between companies and with new entrants.

### CCWater's Suggestions to benefit customers

These suggestions have been presented to 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. This should ideally be reflected in legislation, although we welcome statements on this in the Charging Principles that Defra recently released for consultation.

Household customers need safeguarding against any potential negative effects caused by reforming the market for the benefit of business and other non-household customers in England.

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.

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<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.

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 "*face predictable and stable bills*", as this reflects customers' views. But we remain unclear of the scope of this protection and the possible scale and impact of de-averaging on different customer groups.

## **2. CCWater should be consulted on each water company's charges scheme**

CCWater 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.

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

Ensuring CCWater continues to have a role in examining charges schemes<sup>5</sup> will allow us to continue to find and fix issues that could cause detriment to water customers.

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

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<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