

## The Consumer Council for Water Suggested modification of Clauses to the Water Bill

1. The Consumer Council for Water (CCWater) proposed the highlighted amendments to the EFRA Committee in November 2012 to ensure upstream reforms do not lead to regional de-averaging of prices; to ensure household customers are not disadvantaged by competition, and so customers are not disadvantaged by changes in charging schemes.
2. Our Aims for the proposed modifications to Clauses on market reform are:
  - 2.1 To ensure that household customers are not disadvantaged by competition.
  - 2.2 To ensure that the introduction of upstream reforms does not lead to further geographic de-averaging of prices within an undertaker's area.
3. We have outlined potential changes to one Clause - highlighted in yellow below - to ensure these aims are achieved, but it is likely that the principles we outline also apply in other areas of the Bill, such as on the charges for bulk supplies at 40E. The proposed Clause changes would need scrutiny and development by lawyers.

### Clause (CCWater proposed changes highlighted)

Page 139 - For section 66E (costs principle) of the Water Industry Act 1991 there is substituted - **66E Rules about charges**

- 1) The Authority must issue rules about charges that may be imposed by a water undertaker under section 66D agreement.
- 2) The rules may in particular make provision about:
  - a. the types of charges that may be imposed.
  - b. the amount or the maximum amount, or methods for determining the amount or maximum amount, or any type of charge.
  - c. principles for determining what types of charges may or may not be imposed.
  - d. principles for determining the amount of any charge that may be imposed.
  - e. publication of the charges that may be imposed.
- 3) The rules will in particular include principles in the rules to:
  - a. ensure household customers and other ineligible premises are no worse off from increases in charges resulting from the introduction of a competitive market in water and/or sewerage services.
  - b. ensure access charges are set to protect household customers and other ineligible premises from further de-averaging within an undertaker's area, due to their geographical location, as a result of upstream competition.

#### 4. Proposed modification to Clause on Rules about Charges Schemes - Clause 14

4.1 The potential change could require water and sewerage undertakers to consult CCWater about their draft charges schemes.

4.3 The aim is to allow CCWater to conduct timely challenges on water and sewerage undertakers' draft charges schemes to avoid the risk of customers experiencing problems when bills arrive.

**CCWater proposed changes highlighted. Page 53**  
Section 16 Charges Schemes

##### **143B Rules about Charges Schemes**

(2) Rules under this section may in particular—

- (a) make provision about the types of charges that may be imposed;
- (b) make provision about the amount or maximum amount, or the methods for determining the amount or maximum amount, of any type of charge;
- (c) make provision about the principles for determining what types of charges may or may not be imposed;
- (d) make provision about principles for determining the amount of any charge that may be imposed;
- (e) require particular schemes of charges to be available in specified cases;
- (f) make provision about the timing of payment of charges;
- (g) require charges schemes to be published;
- (h) make provision about how charges schemes are to be published.

**(3) The rules under this section will require water and sewerage undertakers to consult with the Council on their draft charges scheme.**

This would affect the numbering of the current number 3 onwards.

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