

Proposal to amend Customer Protection Code (CP0011)

Severn Trent Water response

October 2021

WONDERFUL ON TAP



Proposals to amend a Customer Protection Code (CP011) – assessed charges

We welcome the opportunity to respond to this consultation and support Ofwat's decision to reject the code change proposal. Because we operate a selective metering policy for non-households, we do not think that there should be any customers who are forced to remain on a Rateable Value charge. As such, we do not think any change to Ofwat rules or our charging policy ought to be required.

Responses to the individual questions are set out below.

1. What are your views on our proposal to reject the Change Proposal?

We agree that the proposal should be rejected. The proposal would not add to customer protections; it would only protect Retailers against claims of unfair charging. As Ofwat notes, there is nothing to prevent Retailers charges based on Rateable Value, and we do not think that a Retailer could be accused of being unfair if is reflecting the underlying wholesale charge.

2. We would welcome views and information from Wholesalers on their current policies and approaches where customers request either a metered supply or to move from an RV to an assessed charge, and any plans Wholesalers may have to amend their current approach.

Our policy is to selectively meter all non-household customers because this is the fairest way to charge customers, based on the amount of water they use. This means that for all remaining unmetered customers we have already considered whether it would be practical to install a meter and offered the option of an assessed charge where it was not. Since the initial rollout of non-household metering, we have periodically reviewed whether changes in technology would enable a meter to be installed.

It would not be possible to charge non-households for meter installation where we had required the meter. The only circumstance where installation would involve some expense to the customer would be where we had determined that there was excessive cost; in these circumstances we will install if the customer can alter their pipework to make meter installation practical. We would not charge for the installation of the meter itself.

The change proposal cites the example of a tenant that is not entitled to request a meter and – by extension – unable to apply for an assessed charge. For this to be an issue in our area, two things would need to be true:

- The tenant would need to have moved in after we last looked at selectively metering the property.
- The nature of the business would need to be different to the previous occupant, such that the decision to remain on a Rateable Value charge was no longer the best option.

We are not aware of any pent-up demand to shift from RV-based charges to assessed. Unmetered non-households are now a very small proportion of the overall base and due to our history of proactive installation this is probably not surprising.

We don't think it is necessary to amend our current policy to provide a customer with a right to an assessed charge without requesting a meter; we will proactively meter non-households whether they request a meter or not. In the scenario described above, we don't think it would be necessary for a tenant to have a landlord's consent in order to ask for a review and – if meter installation was still impractical – there would then be an opportunity to change the basis of the charge at that point.

3. We would welcome views on any other alternative approaches that could potentially help to address the concerns raised by the Proposer.

Wherever it is possible to meter non-households, this should be the preferred option because it is the fairest way of charging customers. We think that Ofwat should be hesitant to create any rule which has the inadvertent effect of making assessed charges an alternative option in place of a metered charge. If wholesalers have a selective metering policy for non-households, then we do not think the problem of customers being “trapped” on a Rateable Value charge should arise as illustrated in our response to Q2.