

FINANCIAL AND COMMERCIAL

5th May 2017

Financial and Commercial

Why

The Financial and Commercial standard is an integral part of Severn Trent wholesale operations and provides further clarification in respect of the policy.

Who

All Financial and Commercial within Severn Trent will be managed in accordance with this standard and its supporting processes, practices and procedures. The standard applies to, and is the responsibility of all employees.

Scope

The objective of this standard is to set out the company's approach to Financial and Commercial. We need to ensure we understand the requirements for Financial and Commercial, regularly measure and report compliance and ensure that corrective actions are established and delivered where the desired level of performance is not present.

Standard

1 Market Codes

Latest version of Market Codes can be found on www.mosl.co.uk/open-water/codes (30/09/15)

Severn Trent will comply with the service level agreements as set out in the Market Codes.

1.1 Debt Management

Severn Trent will report to the Authority, The Water Industry Commission for Scotland and the Market Operator any failure by the retailer to pay primary charges, reconciliation of primary charges and/or non-primary charges by the due date, within two business days of becoming aware of the failure.

Severn Trent will notify the retailer of the value required for any updated or replacement Letter of Credit following the expiry of term of the current Letter of Credit, no earlier than the date falling six months prior to the expiry date.

Severn Trent will enforce its rights under the

- (a) Guarantee;
- (b) Deposit Account Agreement;
- (c) Escrow Account Agreement; and/or
- (d) Letter of Credit, in each case as relevant.

Severn Trent will issue notice to a retailer if they fail to pay an amount due of more than £5000 (exclusive of VAT) within 10 business days from payment due date.

Severn Trent will issue further notice to a retailer if they fail to pay (remedy) an amount due within a further five business days on receipt or deemed receipt of our initial notice.

Severn Trent will issue notice to the retailer when they have failed to pay the amount due under terms within their contract on three or more occasions in a 12 month period.

Following the issue of notice, Severn Trent will activate the Interim Supply Code arrangements to switch customers and deem the retailer as a Defaulting Trading Party.

1.2 Guaranteed Standards of Service (GSS)

Severn Trent will submit; where applicable, a daily payment notice to the Retailer. This notice will be sent on a J form via our Swim-pool portal as soon as it is identified that a GSS payment qualifies.

Retailers are required to retrieve these notifications and process them within the agreed timescales and notify Severn Trent once completed. Severn Trent will reimburse the retailer monthly.

GSS Regulation	GSS Payment	Late Penalty Payment
	Non Household Customers	Non Household Customers
Appointments not made properly	£20	£10
Appointments not kept	£20	£10
Incidents of low water pressure	£25	-

Incorrect notice of planned interruptions to supply	£50	£50
Supply not restored – initial period*	£25	£50
Supply not restored – each further 24 hours*	£50	£50
Written account queries and requests to change payment arrangements not actioned on time	£20	£10
Written complaints not actioned on time	£20	£10
Properties sewer flooded internally	Payment equal to annual sewerage charges (minimum payment of £150; maximum of £1,000)	£50
Properties materially affected sewer flooded externally	Payment equal to 50% of annual sewerage charges (minimum payment of £75; maximum of £500)	£50

2 Finance and Commercial

This section refers to standards Severn Trent hold above the Market Codes

2.1 Credit Card Payment

Severn Trent does not accept credit card as a method of payment for primary and non-primary charges.

2.2 Refunds

2.2.1 Non-primary

Any errors occurred after a billing cycle; identified by either Severn Trent or the retailer and agreed by both parties, Severn Trent will resolve the over charge by raising a credit on the accounts receivable ledger. Likewise, any under charge will be raised as a debit on the accounts receivable ledger.

2.2.2 Primary

Any error where the invoice does not match the settlement report, Severn Trent will resolve the over charge by raising a credit on the accounts receivable ledger. Likewise, any under charge will be raised as a debit on the accounts receivable ledger.

2.3 Back Billing

Severn Trent will not bill or invoice a retailer for or recover charges in respect of water supplied or sewerage services provided for any period for which Final Settlement Report has been provided by the Market Operator.

2.4 Standby Tariff

The Stand-by Tariff is applicable when a premises is capable of receiving more than 10,000m³ per year of water from an alternative supply (e.g. borehole or river abstraction) and has the appropriate license from the Environment Agency. Full details of the Standby Tariff are available in our Wholesale Scheme of Charges, a link to which can be found at: <https://www.stwater.co.uk/businesses/retailers/>

Severn Trent will establish the maximum flow rate for each premise and these will be published by 1st February each year. The retailer is required to submit a booking form with a peak and off-peak booking by 1st April each year. Booking forms can be found here <https://www.stwater.co.uk/businesses/retailers/> and should be submitted to WMU@severntrent.co.uk

Failure to submit a booking form will result in the premises automatically qualifying for a zero booking and all consumption will be charged at premium charges.

Requests for capacity in excess of the maximum flow rate can be made by submitting a developer enquiry or new connection application and are assessed on a case by case basis.

2.5 Service Request

Any service requested from the Wholesale Scheme of Charges¹ must be submitted by a retailer using a recognised communication method (i.e. bilateral form sent in electronic or manual format), any standard request accepted by Severn Trent will be deemed authorised by the retailer, and grants authority to Severn Trent to complete any works necessary and any relevant cost charged to the retailer. Where the work is non-standard a quotation will be provided prior to the work being completed. Service requests made over the phone will not be accepted.

2.6 Bilateral Forms

Severn Trent's preferred format for submitting bilateral forms is via Swim Pool. All forms in Swim Pool are set out in accordance with wholesale-retail code part 6: Forms Associated with the Operational Terms. Swim Pool can be used by accessing the link on Severn Trent's website and logging into the portal, or via API connection.

Severn Trent will, in addition, accept MS Word version and MS Excel version of the forms, provided the items of information requested are as set out in accordance with wholesale-retail code part 6: Forms Associated with the Operational Terms. PDF versions of bilateral forms will be accepted.

2.7 Appointments

When a Retailer is looking to make an appointment on a customer's behalf, we will offer an appointment slot to the Retailer, we are unable to hold appointment slots so the Retailer may have to secure this appointment at the time the offer is made. If the time is unsuitable, the appointment can be rearranged. If the appointment is missed by the customer or the Retailer, will consider this an abortive visit which is chargeable². In the event of an appointment being missed due to Severn Trent, and the Customer requires compensation for this, the GSS standard will apply.

2.8 Property Eligibility

2.8.1 Property Classification

Severn Trent deems a household to be a premises where the principle use is that of a home. Where it is not readily apparent, liability for business rates or council tax may provide a first approximation.

¹ Please refer to our Wholesale Scheme of Charges

Where there are premises that are not liable for either Council Tax or business rates, other information may be requested in order to assess principal use. Where mixed-use premises are involved and it is not readily apparent which use is the "principal" use, they may be appropriately considered to be non-household premises if the household part of the premises is dependent in some way upon the non-household part.

Definition of 'dependent' is that the existence of the household part is linked to the function of the non-household part of the premises.

In the event of a multi-supply situation (different water and sewerage service providers) for a single premises, the water services provider and sewerage services provider may assess eligibility separately

2.8.2 Eligibility Challenges

Severn Trent will deem the property as a business based on information found via VOA, Council Tax and Google.

Severn Trent will consider property eligibility if provided with evidence to suggest the property is not a business.

2.9 Accredited Entities

Severn Trent are working towards establishing an accredited entities scheme with Lloyds register.

2.10 Cross Border Meter

For border sites with the sewerage services in the market and the water not, the water meter will still be required to be entered into the market so Severn Trent as the sewerage wholesaler, can calculate the sewerage bill. In the market, this new meter will be termed a Cross Border Meter

It is the responsibility of Severn Trent as the sewerage wholesaler to upload and maintain the Cross Border Meter data. This is to be done via an agreement with Welsh Water (wholesaler to wholesaler agreement). Severn Trent as the sewerage wholesaler will have responsibility for the quality of the data uploaded.

It is the responsibility of the sewerage retailer to obtain and upload meter readings to the MO. This is to be done via a separate agreement between the retailers and Welsh Water, which Severn Trent is no party to (retailer to wholesaler agreement).

2.11 Pipes

By law, the owner is responsible for maintaining the pipes running under their property, garden or driveway that supply their property. They are also responsible for the pipes within their property. This means that if there is a leak from any pipes within the property boundary, the responsibility for making a repair falls to the property owner. There is a requirement to complete the repair within 28 days should the repair not be completed within a timely manner we have the option to enforce repair.

2.12 Data Protection

Any requirement on Severn Trent to disclose information or data to the retailer shall not apply if such information or data constitutes sensitive personal data; as such term is defined in the Data Protection Act 1998.

2.13 Historical Data Requests

Severn Trent will provide historical data on non-household customers going back no more than 6 years. Severn Trent will only accept requests from a retailer on a bilateral form and it must be accompanied by a signed Letter of Authority from the non-household customer.

In terms of requests for copies of vesting certificates, there is no requirement on an undertaker to retain documentation giving rise to the inclusion of an asset on its sewer records and Severn Trent does not routinely retain copies of vesting certificates. However, in cases where we do hold copies of vesting certificates we will provide these on request.

To request a copy of any vesting certificate we hold follow process F4 – General Enquiries, using form F/01. Severn Trent will provide the requested data within 20 business days.

2.14 Retail Account Management

- Severn Trent will prepare and issue for signature a Wholesale Contract within 5 days of receipt of the retailers' completed Schedule 2 details. We will sign and return the contract within 5 business days following receipt of signed copies from the retailer. We will not establish contracts on CMOS until contract signature has been completed by both parties
- Severn Trent will provide a named Retail Account Manager (RAM) to each contracted retailer along with contact details in the form of an e-mail address and telephone number and a nominated deputy in the case of absence of the specified RAM
- Severn Trent will provide a Retailer induction pack and an induction meeting (which may be face to face, via video conferencing or telephone conference call)
- Severn Trent will hold regular reviews of performance, including KPI and SLA compliance data, with commentary on progress and current situation (frequency of these reviews to be proportionate to the level of interaction with the retailer concerned)

Number of SPIDs in ST area (inclusive)	Frequency of reviews
1 – 20,000	Annual formal performance review
20,000 – 40,000	Twice Yearly formal performance reviews
40,000 – 80,000	Quarterly formal performance reviews
80,000 - 400,000	Weekly operational reviews & Monthly formal performance reviews
400,000 or more	Weekly operational reviews & Monthly formal performance reviews

* NB: this table is for guidance only and will be subject to change

- Severn Trent will provide system access to a Retailer within 10 business days following a signed wholesale contract and following provision by the retailer of user details (e.g. user names and email addresses)
- Severn Trent will provide the initial induction training in the use of SWIM pool for the master user
- Severn Trent will organise user set up and training on the use of the Planned/Unplanned Portal (PUP)
- The Retailer master user can raise a ticket to Severn Trent's internal support desk when SWIM Pool and the PUP portal issues are being experienced
- Severn Trent will provide clarity on services provided, service levels and the wholesale scheme of charges where required. All queries are to be sent to the WMU in box (WMU@severntrent.co.uk) or via your Retail Account Manager. The initial response to these queries will be within 5 business days