

MOSL's response to the consultation on Customer Protection Code of Practice (Tranche 2 Changes)

As the operator of the business water retail market, MOSL welcomes the opportunity to respond to the [consultation](#) on 'Strengthening protections for customers in the Business Retail Market: Customer Protection Code of Practice (CPCoP) Tranche 2 Changes'.

We are supportive of this review, given how the market has evolved since it opened in 2017, and the recent changes to market governance that seek to ensure the interests of customers are considered in all decision-making. We feel this is a timely review in light of these changes.

There is a need to ensure the review of the CPCoP aligns with the work MOSL is undertaking with Ofwat and market participants on the Market Performance Framework (MPF) Reform. There are some activities that may sit outside the scope of the new MPF on the basis that the CPCoP is a better place to deal with them than the market codes.

Key points raised in this response:

- We are supportive of the proposed changes to principles that seek to ensure the interests of current and future customers are a key consideration - this aligns with recent changes to the principles for the market codes
- We believe all customers have a right to appropriate protections in competitive markets but feel this must be balanced to enable the market to function most effectively, thus offering greater benefits to customers in the long run
- We stress the importance of Ofwat updating the Open Water website and believe it should take priority over any plans for retailers to increase customer awareness
- We do not support the proposed extension of additional protections to all small businesses without more evidence and believe more work is needed before the market introduces any additional protections for vulnerable customers given there are important differences between household and non-household customers
- We agree there is a pressing need for coordinated requirements on how the market responds to drought and other unplanned events but also a need to consider other work in progress to avoid unintended consequences or duplication of effort
- We support plans to improve the transparency of the complaints process(es) as we don't think all complaints processes are as clear or as transparent as they could be - we also believe improving turnaround times needs to be a key area of focus going forward
- We support the principle to require retailers to issue two accurate bills per year but question the need for this requirement in the CPCoP due to existing requirements in the codes.

Please see below our answers to specific consultation questions. We have only answered the questions we believe we can provide valuable input. We look forward to working with Ofwat as the amendments to the CPCoP are finalised. If you have any questions on this response, please email comms@mosl.co.uk.

1. What are your thoughts on our plans to rename the General Principles of the CPCoP, introduce a Primary Principle and Supporting Principles, and amend the change process?

As set out in our [response](#) to the April 2022 CFI, we are supportive of changes to the principles that seek to ensure the interests of current and future customers are a key consideration.

These changes will better align with [amendments](#) made to the Market Arrangements Code (MAC) and Wholesale Retail Code (WRC) in July 2021, to introduce a "Primary Principle" and "Supporting Principles" to underpin all changes to the codes. The change proposals introduced "a primary principle focused on the delivery of improved customer outcomes, and eight supporting principles which comprise a non-exhaustive list of how the primary principle may be furthered."

For the WRC, the principles, and particularly the primary principle, do underlie Code Change Committee (CCC) discussions whether changes should be recommended to Ofwat for implementation. The principles are also built into the acceptance and prioritisation criteria which CCC use to assess if a change should be accepted and when it is progressed.

2. What are your thoughts on extending the protections currently offered to micro-businesses in the CPCoP to all small businesses (i.e. those with fewer than 50 employees)?

Without further evidence being provided, we do not support extending the protections to all small businesses at this time. The proposals would mean a significant change, as around a fifth of customers in the market have fewer than 50 employees and would therefore be covered if taken forward. We echo the response we gave to last year's CFI that it's important to ensure the CPCoP only imposes appropriate levels of regulation where there is evidence of a need to correct retailer behaviours.

We believe evidence from retailers is key to determine whether it is more appropriate to form part of the CPCoP rather than the REC. We wouldn't want to see it form part of the CPCoP simply due to there being some time until the next REC review.

5. What are your thoughts on our plans to introduce additional protections for vulnerable customers? How should the issue of customer identification be approached?

We believe more work and thinking is required before the market introduces any additional protections for vulnerable customers given there are important differences between household and non-household customers in terms of vulnerability and its assessment.

If introduced, there would be a need for clarity in terms of which non-household customers should be classified as vulnerable (and when given they can go in about out of being in vulnerable circumstances). If pursued it may be appropriate to only restrict this to the smallest customers in the market who may be overly impacted by a single person serious illness, for example.

We would like to note there is a sensitive customer flag in the Central Market Operating System (CMOS) which could be used. If an alternative method is used it is important for there to be alignment. It will be

important to make it clear what the difference is between 'sensitive' and 'vulnerable' and, if there is a material difference, another solution may be needed.

We note in the household water and energy markets vulnerable customers self-identify so we believe there may be challenges identifying many of the businesses who may be in vulnerable circumstances. As a result, building up a comprehensive picture of vulnerable customers would take some time although there may be opportunities to speed this up if there was a requirement to include information on how to self-identify on retailer websites, bills etc.

There would also be a need to understand more about what the plans would actually mean in practice. If vulnerable customers were introduced to NHH market - what would that mean for retailers in a market with limited margins and price caps – would it increase the cost to serve?

7. What are your thoughts on our plans to amend the General Principle regarding accessible communications?

We are generally supportive of this proposal in line with our Sustainability Plan commitment for our own communication channels to be 'accessibility friendly' and available to all.

8. What are your thoughts on our plans to update the CPCoP to improve information-sharing in advance of emergency or unplanned events?

With extreme weather events becoming more common, we agree there is now a pressing need for coordinated requirements on how the market responds to drought and other unplanned events, what the likely impacts will be – economically and environmentally – and importantly how trading parties communicate with business customers and MOSL's role as market operator. However, there is a need to see how potential changes to the CPCoP fit in with wider work in progress for planned and unplanned events to avoid unintended consequences or duplication of effort.

Current obligations for wholesalers to communicate with retailers do not appear to be mirrored for retailers communicating with customers during urgent or unplanned events – meaning critical information may not be reaching business customers in a timely manner. We therefore believe there is merit in updating the CPCoP in this area but further clarity is needed on what the requirements would be on retailers and ensuring that they are proportionate and not duplicated elsewhere e.g. in the codes.

CPW137 was approved by Ofwat and implemented in October 2023. It improves the availability of customer data to a retailer acting as an interim supplier in the Interim Supply Allocation process. The solution requires standardised customer contact and billing data (i.e., billing contact name, address, email and telephone number) to be submitted on a monthly basis by retailers to MOSL. This could be passed on to an interim supplier if needed. MOSL must store this information in a secure SharePoint environment. This solution could be expanded or enhanced to support unplanned events. If pursued it may need to be explored whether the use of a monthly SharePoint file is sufficient.

At our recent CEO forum we heard from both wholesalers and retailers on this topic which raised questions around whether all current responsibilities with respect to communicating unplanned events sit in the right place. For example, should an incident occur at night (out of retailer working hours) is it a) reasonable to expect retailers to be resourced to respond and communication to all affected customers and b) whether direct communication from the wholesaler dealing with an event is preferable as they have real-time updates and can provide further information if needed.

9. What minimum information should Retailers be required to collect from (1) all customers, and (2) sensitive customers?

One of the suggestions from discussions at our CEO forum was to ensure contact details are held for operational/business continuity not just a central number for the business.

11. What are your thoughts on our plans to improve the transparency of the complaints process?

We support this as we don't think all complaints processes are as clear or as transparent as they could be. Customer awareness of the market and complaints processes are an important part of customers' confidence and experience in the market. These areas will form part of the Strategic Panel's upcoming roadmap to a flourishing market.

It is important business customers can trust speed, reliability, transparency and efficiency of retailer and CCW complaints processes. We have highlighted in our response to CCW's draft strategy and forward plan 2024-25 that we believe there is a need for greater focus from CCW on reducing the time taken to resolve customer complaints as we understand customers can face long waits through this process when they do face issues.

We believe further clarity is required in terms of what constitutes a complaint versus dissatisfaction and what channels are included in the complaints handling and reporting. We believe CCW is looking to include, for example, complaints raised to retailers via social media and webchats in its next business customer complaints report. If this is to be implemented, clear guidance must be provided as to how those processes work and are reported on, for consistency as well as transparency.

It is also important to ensure retailers and CCW are resourced to support a turnaround in complaints that is aligned with the Strategic Panel's desired market outcome for 'Customer Service Excellence'.

12. What are your thoughts on our plans to increase customer awareness through requiring Retailers to include switching information on bills and their website?

We are supportive of these proposals, however, stress the importance of Ofwat updating the Open Water website, which it committed to do as part of the December 2022 decisions on the Retail Exit Code (REC) review.

The Open Water website should be the central platform through which existing and future business customers can find out more about the market, how to switch and which retailers are operating. However, the Open Water has not been materially updated since market opening. The content is out of date which may have the impact of deterring customers, rather than encouraging them to engage in the market.

We believe the work to update the Open Water website should take priority over any plans for retailer to increase customers awareness as it would be sensible to direct customers to the website via a link on their bills. This would ensure consistency in communications about the market (to avoid any potential bias) and would be updated centrally.

We believe Ofwat has an equal role in raising awareness about the market and its benefits.

Once completed, we would support the requirement for retailers to include switching information on bills and their websites. As highlighted in our response to the April 2023 CFI, we also propose an additional obligation for retailers to tell customers they can switch away when taking a customer through a gap site or direction to supply.

13. Should any of the current Minimum Information Requirements for bills be removed or amended? Please give reasons for your answer.

We do not have any specific requirements to suggest for removal but would suggest an annual view of consumption would be helpful, to provide customers with a view of their usage versus the previous year. An annual consumption view helps contextualise usage and encourage greater awareness of water consumption year on year which is an important part of changing customer behaviour.

In the future - with improved market data and segmentation from the Data Assurance Review, being led by MOSL, and Project Discovery which has received funding through the Market Improvement Fund - a view of usage compared to similar customers will be an important inclusion to encourage awareness of consumption and action to save water.

14. What are your thoughts on our plans to require Retailers to only work with TPIs which operate in line principles of good practice set out in the CPCoP?

We agree with the principle of ensuring the actions of TPIs are aligned with delivering the right outcomes from customers in the market, specifically that TPIs are providing accurate, transparent and unbiased price comparisons. Our understanding is that retailers already only work with TPIs they trust and have a good reputation as there is no value add for them working with bad TPIs.

We are therefore not entirely clear on how the proposals would differ from the current ones. We would welcome clarity on how Ofwat sees this working – would Ofwat hold a list of verified TPIs or expect retailers to verify the compliance of each TPI with the principles in the CPCoP? Our view is that Ofwat should take responsibility to ensure TPIs operating in the market operate in line with principles, rather than retailers given the level of resource this may require if put onto retailers.

18. What are your thoughts on our plans in relation to automatic contract renewals?

We support the proposal that NHH customers are required to request or consent to the automatic renewal of Terms and Conditions of Supply. To avoid this being a one off and then customers never being further reminded of the opportunities to switch or renegotiate it may be helpful for this to be a recurring requirement, perhaps every year to provide a clear opportunity for customers to consider engaging with the market.

21. What are your thoughts on our plans to increase our assurance of compliance with the CPCoP?

We believe this is a question for retailers but any requirements need to be proportionate.

22. What are your thoughts on amending 9.3.3 to require refunds be made to customers as soon as possible?

We support the principles of this proposal but it must not put retailers at a disadvantage. We know they have issues with cashflow and credit - so it needs to be balanced by ensuring retailers' financial stability is not compromised.

23. What are your thoughts on our plans to allow Retailers to extend the Reasonable Repayment plan period for a back-bill to 24 months at their discretion?

We believe this sounds like a sensible proposal in line with the ability for retailers in some limited circumstances, to back-bill customers up to 24 months.

24. What are your thoughts on amending the CPCoP to require Retailers to issue two accurate bills per year? Please support your answer with evidence where possible.

We strongly support the principal of this proposal as there is a strong link between timely accurate billing and reduced complaints as well as providing opportunities to spot leaks and support water efficiency. However, we question whether there is a need for this requirement in the CPCoP as 98% of meters in the market are already required under industry codes to be read twice per year.

We also question whether making this a requirement in the CPCoP is a proportionate requirement for all customers – it may be that for low, consistent usage sites one accurate bill a year is enough.

Consideration needs to be given to ensure the CPCoP aligns with work to reform the Market Performance Framework (MPF) to recognise retailers can only read meters where it is possible to do so.

25. What are your thoughts on our plans to require Retailers to supply customers with a short-form version of the CPCoP upon issuing a new contract or renewing an existing one?

We believe this sounds like a sensible proposal.