

Water Resources (Scotland) Bill:

Response by the Water Industry Commission for Scotland

The Commission welcomes the proposals in the Water Resources (Scotland) Bill regarding non-household water and sewerage customers. In Scotland, non-household customers have been benefiting from the competitive retail services market since its opening in 2008. Two-thirds of these customers have already benefitted by switching supplier or renegotiating with their current supplier. Customers are seeing lower prices, better, more tailored services or, more often the case, a combination of both price and service.

The Bill's proposals will help ensure that non-household customers continue to benefit from the competitive market while offering additional protections by making provision for deemed contracts to exist between owner/tenants of non-household premises and a licensed provider for water and wastewater services, where no formal contract exists.

We agree that the contractual relationship between non-household customers and their licensed provider must be clear to both parties. The introduction of deemed contracts is a legal and administrative tool to ensure that the legal relationship between the licensed provider of water and wastewater services and non-household customers is clear.

A scheme that sets out the terms and conditions to be incorporated into any deemed contract will allow customers to take advantage of the market's existing customer protection measures, such as the default tariffs and service levels, as well as avoiding unnecessary duplication.

We also welcome the new provisions that would require landlords to notify licensed providers when the occupancy status of their property changes. Effective record management is vital to ensuring that charges can be collected effectively for the benefit of all water and wastewater customers. The licensed providers have told us that maintaining accurate information about non-household occupancy is one of the most difficult data issues for them.

Section 45 of the Floods Management Act 2010 in England requires household landlords to notify water companies with certain information about their tenants. We welcome the proposal to introduce a similar provision in the Bill for non-household landlords in Scotland. Such a provision would greatly assist licensed providers in Scotland when recovering charges as it would reduce the likelihood of 'gaps' in customer details. Such gaps can often result in tenants in rental premises receiving unexpected or backdated bills.

Based on the experiences of customers and licensed providers of the non-household market, we would recommend including an additional measure in the Bill that will help ensure that all customers who are receiving water and wastewater services contribute towards the cost of operating and maintaining the public water and sewerage network. This measure would be an assumption that each customer takes an equal share of the water and sewerage services from the supply in question in situations where:

- more than one customer is connected to the same supply; and
- individual meters have not been fitted that would allow each connected customer's consumption to be calculated separately; and
- there is no specific agreement otherwise.

At present, customers who are on a shared supply that is not metered in a way that allows the consumption for each of them to be calculated separately cannot be disconnected. This is because disconnection that would adversely affect another customer is prohibited. Non-household customers who are on shared supplies and refuse to pay are therefore subsidised for the services they use by those customers who do pay.

If such a provision was included in the Bill it would allow charges to be recovered from non-paying customers by allocating them an equal share of the total consumption. It should also incentivise non-household customers on shared supplies to adopt meters or reach an agreement with their neighbours about how the supply should be allocated between them.