

WHOLESALE-RETAIL CODE CHANGE PROPOSAL

Change Proposal Reference <i>(To be completed by the Panel Secretary)</i>	CPW094	Version No	1.0
Type of Change Proposal: <i>(delete as appropriate)</i>	Authority Timetabled Change Proposal		
Submission Date	30 March 2020		
Title: of Change Proposal/Charging Change Proposal	Temporary Change to Disconnections		
Summary: of Change Proposal/Charging Change Proposal <i>(40 to 50 Words Maximum)</i>	This change will temporarily prevent Wholesalers from disconnecting Self-Supply Retailers for the non-payment of charges.		
General Details of the Proposer			
Name of Proposer	Dan Mason		
Capacity (to submit Change Proposals and Charging Change Proposals – on behalf of a Party, as a Panel member, as the customer representative, or the Market Operator or on behalf of the Authority; or Charging Change Proposals – on behalf of a Wholesaler).	On behalf of the Authority		
Contact Email	Daniel.mason@ofwat.gov.uk		
Telephone Number	07458 125 674		
The Proposer recommends that this Change Proposal/Charging Change Proposal should initially:	Proceed to Recommendation		
Is the change Urgent (Yes/No)? If yes, please provide reason for urgency (if applicable)	Yes. The systematic closure of businesses resulting in the imposition of legislation on 26 March 2020 making restrictions on opening enforceable by law means that businesses may be affected by cash flow problems. Those businesses that are permitted to remain open may have to operate with reduced staffing due to illness affecting output and cash-flow. The extraordinary measures taken by the UK government to address the spread of the		

	coronavirus, and the speed at which these measures have been imposed mean that action needs to be taken to ensure that Self Supply Retailers (as end customers in themselves) are not under threat from disconnection.
Related Documents	
Reference of any associated Code Panel Change Proposal/ Charging Change Proposal	Customer Protection Code of Practice
Documents Accompanying Form	N/A
Change Proposal/ Charging Change Proposal Details	
Description of (i) the issue or defect which this Change Proposal seeks to address, or (ii) the modified or new charging method or charging structure required pursuant to this Charging Change Proposal, as required under the Market Arrangements Code Section 6.2.1(b).	
<p>Sections 61(1) and 61(1ZA) of the Water Industry Act 1991 (the “Act”) enable undertakers (Wholesalers) to disconnect a service pipe, or otherwise cut off a supply of water to any premises in prescribed circumstances. Schedule 4A of the Act prevents the disconnection of certain types of premises. Otherwise, the circumstances are where the occupier of the premises is liable to pay charges to the undertaker in respect of the supply of water to those premises and has failed to do so within the specified timeframe.</p> <p>The outbreak of Covid-19 and its spread within the UK has had a profound impact on the daily lives of millions of people. In March 2020, the UK government issued guidance and imposed legislative measures to help reduce the spread of Covid-19 by requiring that, unless exceptions apply, businesses and premises should be closed and people should stay at home. This has had a profound effect on water consumption. Those businesses that are permitted to remain open may have to operate with reduced staffing due to illness affecting output and cash-flow.</p> <p>Ofwat is concerned that the closure of businesses may result in the non-payment of bills which may ultimately result in disconnection of Self-Supply Retailers. Urgent action needs to be taken to ensure that Self-Supply Retailers are not under threat from disconnection.</p>	
Description of the Change Proposal/ Charging Change Proposal, its nature and purpose and (for Change Proposals only) how it is consistent with the Principles and falls within the Objectives noted below, as required under the Market Arrangements Code Section 6.2.1(c).	
<p>This change proposal seeks to amend Part I13 of the Operational Terms of the WRC, at Step 1, for a limited period, to include a restriction that prevents the service of a disconnection notice under Section 61(1ZA)(b) of the Water Industry Act by a Wholesaler to a Self-Supply Retailer.</p> <p><u>Proposed Legal Drafting:</u></p> <p>To be inserted after Step 1 in Process I13:</p>	

Process:

Step 1

For the period from **[implementation date]** until 31 May 2020, or such other date as the Authority may notify in writing, no amounts owed by a Self-Supply Retailer to a Wholesaler are “due” or shall be treated as “due” by the Retailer for the purposes of a disconnection notice under section 61(1ZA)(b) of the 1991 Act, and for these purposes only. All other rights and obligations under this code remain unaffected by this restriction.

Principles and Objectives

Description of the principles and objectives affected by the Change Proposal on the items below (if applicable) as detailed in Part A of Schedule 1 Part 1: Objectives Principles and Definitions.

Principles	Affected (Y/N)	Description
Efficiency	Y	Promotes the efficient, economic and coordinated operation of the water and wastewater sector to the extent impacted by the WRC during the Covid-19 pandemic.
Proportionality	Y	Measures are proportionate given the unprecedented impact of Covid-19 and the temporary nature of the restriction.
Transparency	Y	The measures are concise, clearly expressed and well-structured to enable Self-Supply Retailers and Wholesalers to readily understand the temporary restrictions.
Simplicity, cost-effectiveness and security	N	
Barriers to entry	N	
Non-discrimination	N	
Customer participation	N	
Customer contact	N	
Seamless markets	N	
No limit on upstream competition	N	
Business Terms Objectives	N	
Operational Terms Objectives	Y	Enables the facilitation by the Contracting Retailer of its functions to the provision of Water Services in

		relation to the Competitive Market by removing the risk of disconnection due to the non-payment of charges.
Market Terms Objectives	N	
Description of the impact of the Change Proposal/ Charging Change Proposal on the following items, as required under the Market Arrangements Code Sections 6.2.1 (f), (g) and (h).		
Configured Item	Impacted (Y/N)	Description
Schedule 1: Terms and Conditions of a Wholesale Contract	N	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 1 (Objectives, Definitions and Principles)	N	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 2 (Business Terms)	N	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 3 (Operational Terms)	Y	Part I13, at Step 1.
Wholesale-Retail Code, Schedule 1 Part 4 (Market Terms)	N	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 5 (CSDs)	N	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 6 (Operational Forms)	N	This Change Proposal has no effect on this item.
Appointment	N	This Change Proposal has no effect on this item.
Licence	N	This Change Proposal has no effect on this item.
Any other industry code, agreement or document (e.g. the Wholesale Contract or the MOSL Articles) (please specify)	Y	Corresponding change to the Customer Protection Code of Practice for protection of Non-Household Customers
Central Market Operating System	N	This Change Proposal has no effect on this item.
Trading Party systems which interface with Central Systems and other relevant Trading	N	This Change Proposal has no effect on this item.

Party systems/ business processes.		
Scottish Core Industry Documents	N	This Change Proposal has no effect on this item.

Further Information

Description of any discussions on the topic of the Change Proposal/ Charging Change Proposal at the User Forum (as relevant) or otherwise relevant discussions with parties, as required under the Market Arrangements Code Section 6.2.1(i).

Consultation under the Customer Protection Code of Practice

The Authority is in the process of undertaking a consultation on an equivalent amendment to the [Customer Protection Code of Practice](#) that deals with disconnection (CP-0006). This consultation is due to close on Thursday 2 April. Due to the urgency of this code modification, the Authority has decided to submit this change proposal in advance of the consultation closing, but will take account of any consultation responses when it makes a decision on whether to accept, amend or reject the Panel's recommendation.

Change Proposal Timetable

Change Proposal raised	30 March 2020
Panel initial consideration and recommendation	31 March 2020
Recommendation Report submitted to the Authority	31 March 2020
Implementation Date	8 April 2019

Further Comments

Key

	To be completed by the Market Operator
	To be completed by the Proposer