

05 December 2007

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Dear Katherine,

Fourteenth Licensing Consultation Disconnections

Thank you for giving Scottish Water Business Stream the opportunity to comment on the Commission's proposed Disconnections document. We have two principle concerns with the document as drafted, which are set out below.

Non-viable Disconnections

Business Stream is currently finding that a significant number of disconnection requests are being classed as non-viable. This is generally caused through customers being served by a shared supply, where undertaking the disconnection would lead to an adverse impact on a domestic supply or other premise.

Under the current regime, Business Stream continues to remain liable for wholesale charges on these premises, even though it has little or no likelihood of recovering retail charges from the defaulting customer.

We consider that a non-standard classification should be applied to situations where there is a shared supply. Licensed Providers should be provided with a quote from Scottish Water for separation of the supplies. This would allow Licensed Providers to make an economic assessment of the costs and benefits of separating the supply to facilitate disconnection, and Scottish Water should be obligated to undertake this work.

If the Commission wishes to continue with the current drafting of the Disconnections document, the wholesale charges should be waived for premises where disconnections requested by Licensed Providers are not followed through by Scottish Water.

Continued Liability for Wholesale Charges on Temporary Disconnections

The revised drafting of the Disconnections document would only allow Licensed Providers to initiate a temporary disconnection in situations of non-payment.

Licensed Providers would, however, continue to have an obligation to pay Meter Based Annual charges to Scottish Water. We do not think that is appropriate and all obligations to pay wholesale charges should cease with the disconnection.

We also have a number of further comments, which are set out below.

General Comments

Within the processes, the responsibility to inform the other Licensed Provider (if applicable) of a disconnection or reconnection moves between the customer and the affecting Licensed Provider. For example, the flowchart on page 40 for customer requested temporary disconnections places this responsibility in the customer's column; while the flowchart on page 49 for reconnection places the responsibility in the affecting Licensed Provider's column. We do not feel that Licensed Providers will have enough information to comply with their responsibility. Licensed Providers are unlikely to be aware of a given customer's other Licensed Provider. Furthermore, the reconnections process does not require the customer to reconnect with their prior Licensed Provider, so if the customer decides to switch without informing us, we would be unable to notify the correct Licensed Provider. Given that the Central Market Agency would hold the necessary information to comply with this, we request amendment to these processes to clarify that this notification will be given by it.

We also recommend that the Commission consider establishing clear definitions that distinguish temporary from permanent disconnections. In cases of disconnection for non-payment, according to current practice, a temporary disconnection can entail as much work as sealing a pipe or as little work as turning a stopcock valve. Should a temporary disconnection be performed by the latter method, the customer is able to reconnect their services without being obliged to make due payment and to continue to receive water services free of charge if the Licensed Provider is not made aware of their actions.

Furthermore, should a temporary disconnection for non-payment be left as described above for more than three months, its status will change from temporary to permanent. We request clarification in the document to ensure that, should this change of status entail further physical alterations by Scottish Water, the Licensed Provider should not incur further charges.

We are also concerned that there are no incentives on Scottish Water to comply with the timescales and processes within the Disconnections document. Since Licensed Providers continue to incur charges for each day that a disconnection is not undertaken, it is imperative that the stipulated timelines be met by Scottish Water. We suggest that the Commission consider imposing penalties, such as a reduction in wholesale charges, for timelines that are not met.

Information Requested by a Licensed Service Provider

We are pleased to see that the information given to a Licensed Provider taking on a new customer will include details about any ongoing disconnections disputes or processes, but are unsure whether this information should be provided by Scottish Water instead of the Central Market Agency, together with their provision of the relevant SPID information.

Budget Plans

Although we fully intend to continue to offer budgeted payment plans to our customers, we do not believe it necessary for the Commission to dictate the terms of this within the Code. We feel that this should be a voluntary option for Licensed Providers to give their customers, set out in terms defined by the Licensed Providers as they see fit, given their own current financial restraints and operational capabilities.

Limitations on Disconnections

We consider that the limitations on disconnections are drafted in a manner which could be subject to different interpretations, potentially preventing Licensed Providers from disconnecting properties, even in cases of legitimate reason for doing so. We are concerned that the term “adversely affected” could be interpreted too liberally and prevent legitimate disconnections from going forward. We welcome any further examples that the Commission can provide to clarify situations entailing adverse effects.

We also request that the Commission reconsider their position on stipulating the threshold level for pursuing disconnections. We can assure the Commission that it is highly unlikely that any Licensed Provider would seek to disconnect a customer for non-payment when the outstanding debt is less than £500, given that the cost of disconnecting will outweigh the amount of the debt. However, we believe that the dictation of this threshold in the Disconnections document and the availability of this information to customers could potentially result in some customers continuing to neglect payment of outstanding debts below £500.

The allowance for disconnection to be halted upon receipt of customer complaints is also concerning, given that a customer is likely to lodge any possible complaint upon receipt of a notice of disconnection. Furthermore, the requirement for the complaint to be resolved “in accordance with the appropriate procedure” seems unenforceable, given that an appropriate procedure is not defined, and that standard complaints procedures are dictated by the Licensed Provider themselves and are likely cater to their own aims. We suggest that the Commission consider defining the appropriate procedure within the Disconnections document.

Disconnections Processes

We request confirmation that a Licensed Provider can recoup the costs of a survey for disconnection (for any reason) from the customer in cases where a disconnection is found to be non-viable.

Disconnection of Trade Effluent Services for Non-payment of Sewerage Bills

The process for disconnection of Trade Effluent services is also defined in the Operational Code (Process 25). The Disconnections document gives further requirements and information about this process and we request confirmation that the processes defined in the Disconnections document will take precedence over that of the Operational Code. For example, the stipulation in paragraph 13 that Scottish Water advise the services provider of the change in connection status and the stipulation in paragraph 16 that the disconnection change from a temporary to permanent disconnection status are not included in the Operational Code.

In addition, paragraph 8 in the Disconnections document states that Scottish Water will not disconnect in situations where services to other premises or water services for public use would be adversely affected; however, the Operational Code (Process 25) provides further detail, namely that disconnection will not go forward if there is any perceived risk to public health or if Scottish Water are deemed not to have the statutory right to carry out the disconnection. For the sake of consistency, we request that the Disconnections document be amended to include this information.

Customer Requested Temporary Disconnections

Paragraph 10 in this section states that Scottish Water will schedule the temporary disconnection, but we request that this be amended to state that Scottish Water will schedule the temporary disconnection making every effort to accommodate the customer's stated scheduling preferences. Similarly, we request that this also be included in paragraph 3 of the reconnection following the customer's request for temporary disconnection process.

Customer Requested Permanent Disconnections

The Disconnections document allows for permanent disconnections to be undertaken by private contractors but must be witnessed by a Scottish Water representative. We consider that Scottish Water should put in place an accreditation scheme which would allow the whole process to be undertaken by an accredited contractor. This would provide better value for Licensed Providers and customers.

On a separate note, the third bullet point of paragraph 6 states that Scottish Water will inform the Central Market Agency of the change in connection status as well as final meter readings. We request that at this point, the Disconnections document specifically state that the Central Market Agency will then pass this information on to the relevant Licensed Provider in order to generate a final invoice for the customer.

Reconnections

In cases where the customer requests a reconnection after 3pm on a working day to take place on the same working day provided that the customer agrees to additional charges, we ask that the Commission clarify the amount of this additional charge as the Wholesale Scheme of Charges does not appear to list this service.

Appendix 6 – Dispute Handling Process

Although disconnections of sewerage services for Trade Effluent are referred to Appendix 6 for the Dispute Handling Process, the appendix itself only makes reference to water services. We request that this be amended to include sewerage services disputes as well.

We also note that Scottish Water is the only party able to raise disputes and we question why Licensed Providers would not have the ability to do so as well. We do not see any obligation on Scottish Water to pass on a dispute raised by Licensed Providers, so would prefer to have the ability to raise disputes directly to the Commission if all other means of mediation have been exhausted.

Other Comments

As all of the other market documents use the term “Licensed Provider” in place of “services provider,” we suggest that the Disconnection document be amended for consistency.

Although the forms included in the appendices are helpful in establishing a sample of required information, we request confirmation that Licensed Providers are able to use their own formats in developing templates.

In all cases presented, the processes state that Scottish Water will confirm to the Licensed Provider whether standard or non-standard temporary disconnections are required within two days in accordance with Table 1; however, Table 1 actually says that Scottish Water must confirm this within one day. We recommend that this be amended for consistency.

We do not consider that the footnotes on pages 22 and 30 are necessary, given that a Market Code has now been established.

Page 22 contains a typographical error combining the words ‘charge’ and ‘in’ to “Chargein.”

We hope that you find our comments to be constructive. Should you have any queries relating to this response, please do not hesitate to contact me.

Yours sincerely,

Tom May
Head of Regulation and Procurement