



BRISTOL  
WATER

# Compliance Code under Condition R For Wholesale/Retail Interfaces

April 2020



## 1. Introduction

Since 1 April 2017 non-household customers in England have been able to choose their retail supplier of water and sewerage services. Bristol Water is a wholesaler in this market, providing water to licenced retailers who in turn supply non-household customers in Bristol Water's area of supply.

Each appointed water company operating in England and Wales has an Instrument of Appointment, which contains licences conditions and obligations that govern their activities. Condition R sets out water companies' obligations in the non-household market and interactions with retailers. Under this condition a Compliance Code must be published on an annual basis that is consistent with the requirements under Condition R and guidance published by Ofwat.<sup>1</sup>

### Statement from the CEO

Bristol Water is proud of our achievements in the non-household retail market so far and is ambitious to support its growth and development further.

Integral to the growth of the market is ensuring we work together with retailers in a supportive and professional manner that will deliver greater benefits to our customers.

We have important obligations to ensure that our conduct in this market is compliant with all regulatory and statutory requirements, including competition law the principle of maintaining a level playing field. This Code provides guidance to employees and retailers on how Bristol Water will conduct ourselves; it confirms our commitment to treat all retailers in a fair, equivalent and equitable way.

We consider that compliance must start from the top of the business and be embedded throughout the business as part of our day-to-day operations. This Compliance Code has the support of the Bristol Water Board and is communicated throughout the business.

The Compliance Code is published on our website and made available to all employees.

**Mel Karam**

<sup>1</sup> At time of publication, the most recent guidance is that dated 29th July 2008.

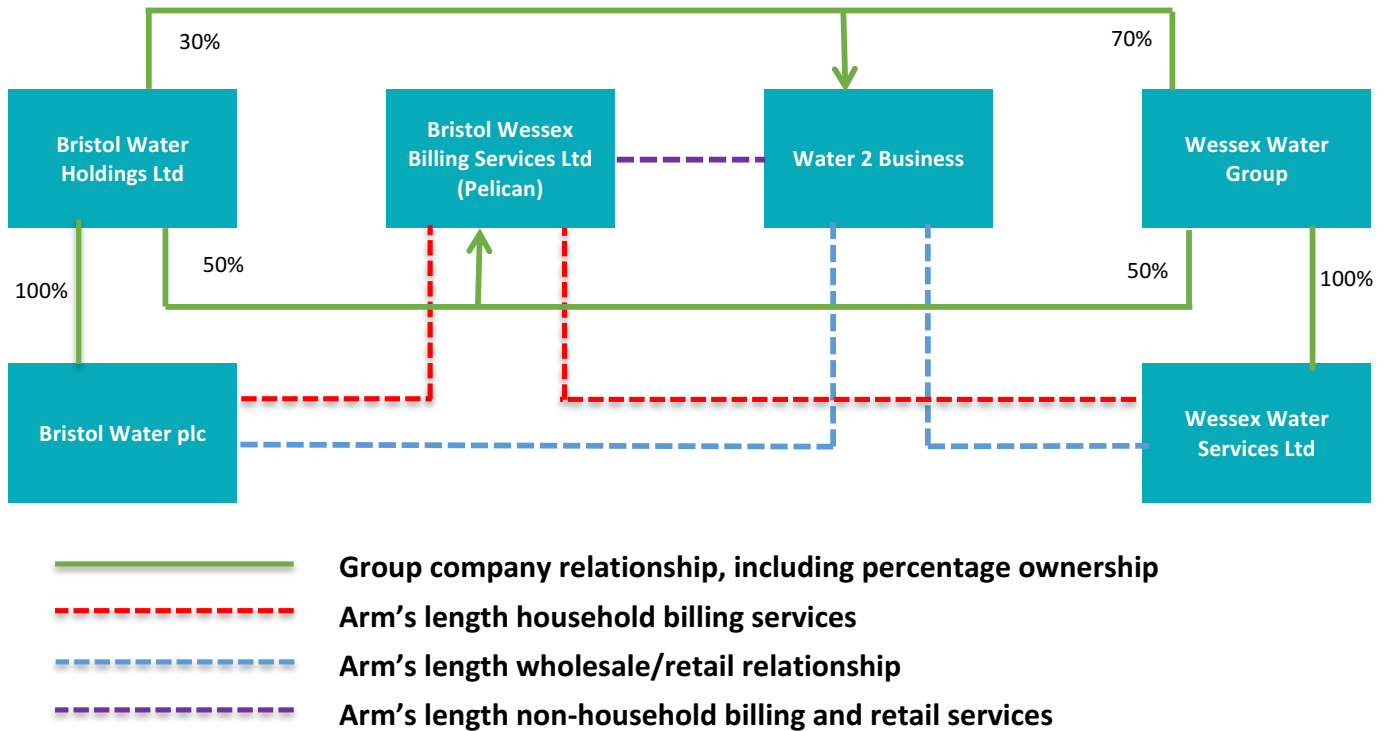


## 2. Our Group Structure

Bristol Water plc is part of the Bristol Water group and is 100% owned by Bristol Water Holdings Ltd. Bristol Water Holdings Ltd also has part-ownership of two companies that operate in the non-household retail market, Water 2 Business and Pelican (see chart below). These two companies are joint ventures with the Wessex Water group; Bristol Water Holdings Ltd has a 30% share in Water 2 Business and a 50% share in Pelican.

Although Water 2 Business and Pelican are part of the same corporate group as Bristol Water plc, Bristol Water plc does not have direct control of or shareholdings in Water 2 Business or Pelican. All our arrangements and dealings with Water 2 Business and Pelican are on an arm's length basis.

In addition to Condition R, Bristol Water must comply with competition law, regulatory requirements, and the Regulatory Accounting Guidelines to ensure compliance in our financial dealings with Bristol Water group companies and non-appointed functions. The purpose is to prevent customers of Bristol Water's appointed business from being disadvantaged by any financial transactions for services provided to and from Bristol Water and any other group companies.





## 2.1. Water 2 Business

When the non-household retail market opened on 1 April 2017 all non-household customers in Bristol Water's area of supply automatically transferred to Water 2 Business. They are completely free to switch to another retailer if they wish.

For the purposes of Condition R, Water 2 Business is an Associated Retailer because they are part of the same group as Bristol Water plc. Bristol Water operates an arm's length relationship with Water 2 Business, meaning there is complete legal, structural and operational separation between the two businesses. This separation has been achieved through:

- creation of separate legal entities;
- separate board structures and membership;
- separate executive team and management;
- different geographical locations and business premises for the businesses and their staff;
- separate performance, remuneration, and bonus/rewards schemes; and
- no overlap in staff between Bristol Water and Water 2 Business;
- no shared systems between Bristol Water and Water 2 Business; and
- separate audits.

In addition, controls are in place to ensure no information is passed between Bristol Water and Water 2 Business, directly or indirectly, via Pelican, that would allow an unfair advantage or enable anti-competitive behaviour.

## 2.2. Pelican (BWBSL)

Pelican was created in 2001 as a joint billing company for Bristol Water and Wessex Water. Originally called Bristol Wessex Billing Services Ltd (abbreviated to BWBSL), it rebranded to Pelican Business Services in 2016.

Since the opening of the non-household retail market Pelican continues to provide billing and customer services to Bristol Water for domestic customers. Pelican also offer billing, customer service, and meter reading services to retailers operating in our area of supply.

Pelican is not an associated retailer, according to the definition provided in Condition R. Nonetheless, because of the role it plays in both the domestic and non-household market Bristol Water maintains an arm's length relationship with Pelican.

---



## 3. Principles of Compliance

Bristol Water employees must follow the key principles of compliance at all times and apply them to all their day-to-day activities. In particular, Bristol Water and its employees **must not**:

- abuse Bristol Water's dominant position in the water supply services market in the region;
- obtain an unfair commercial advantage by virtue of its dominant position;
- take any action or make any agreement that would restrict or prevent competition;
- use any information provided by a third party for any purpose other than for that intended, except where required by regulation or law;
- unfairly discriminate between retailers, their customers, or Bristol Water's customers; or
- show undue preference towards or undue discrimination against any retailer or customer.

We must also ensure that we satisfy our confidentiality obligations relating to retailers and their customers, and that we adequately protect commercially sensitive information. Our confidentiality obligation includes pre-contractual discussions with retailers interested in operating in Bristol Water's area of supply.

The purpose of these principles is to ensure that our dealings with retailers and non-household customers and any other market participants do not prevent, restrict or distort competition in the water supply market.

### 3.1. Dealings with retailers

Bristol Water is committed to developing a positive relationship with all retailers to ensure that non-household customers benefit from being able to choose who they buy their water from and still get the best possible continuity of service.

Bristol Water's Wholesale Services Team is a dedicated team which aims to provide excellent customer service to all retailers. All retailers are provided with a Retailer Information Pack at the

---



beginning of their relationship with Bristol Water which introduces the Wholesale Services Team and provides useful information regarding our approach to the provision of wholesale services and engagement with retailers. This includes an introduction to the Retail Portal that acts as a convenient hub for bi-lateral communications and source of further information for retailers and our Retailer Notification System (RNS) that provides pro-active targeted push notification to Retailers and our free mapping access via our Plant Enquiries platform.

### 3.2. Our obligations towards retailers

Bristol Water **must**:

- ensure that all transactions with retailers are conducted at arm's length;
- only use the information a retailer provides for the purpose for which it is supplied;
- take steps to protect the information that it receives from misuse within the company and prevent inappropriate disclosure to third parties;
- establish internal policies for how the information received from, or in relation to, retailers will be handled; and
- act fairly and without discrimination between any retailer's customers and our own.

Bristol Water **must not**:

- obtain any unfair commercial advantage from any exchange of information with a retailer;
- request more information from a retailer than we reasonable require;
- use any information provided by a third party for any purpose other than for that intended, except where required by regulation or law;
- disclose information protected by legal privilege;
- show any undue preference towards, or undue discrimination against, any retailers or their customers.

Bristol Water's confidentiality obligations will be upheld unless it is necessary in the discharging of our duties, permitted by law, or with the agreement of the retailer.

### 3.3. Our communications with retailers

Bristol Water will treat as confidential all information received from or in relation to a retailer that is related to the discharge of its duties as a Water Sewerage and Supply Licence holder, including duties under sections 66A to 66C of the Water Industry Act 1991. Any information shared within Bristol

---



Water relating to, or received from, retailers will only be shared to the extent that it is necessary to do so and will be limited to the information required for the particular purpose.

All communications between Bristol Water and retailers will be managed by the Wholesale Services Team. The Wholesale Services Team will liaise with the other departments within Bristol Water on behalf of the retailers. To the extent that any communications are received from retailers by other parts of the Bristol Water business, these should be redirected to the Wholesale Services Team.

Whenever information is requested from or provided to a retailer, the request will be processed by the Wholesale Services Team in accordance with the procedures and the Wholesale Retail Code. Any information provided will be stored securely and confidentially, with access limited to the Wholesale Services Team.

### 3.4. Reasonable information to request from a retailer

Employees should only request information from a retailer so far as they require it to:

- carry out our functions as a wholesale business;
- ascertain whether the retailer has sufficient product and public liability insurance;
- comply with any condition of our Instrument of Appointment;
- assist in relation to national security or civil emergencies; or
- comply with any reasonable request for information made by the Environment Agency.

### 3.5. Reasonable information to provide a retailer

A retailer or potential retailer must be provided with the information necessary to:

- apply for, negotiate, or conclude an access agreement;
  - comply with any condition of its Water and Sewage Supply Licence or any statutory requirement therein;
  - identify and provide additional operational and customer service requirements for vulnerable customers;
  - handle enquiries and complaints from non-household customers in the event of a water quality, water pressure, or water supply incident;
  - comply with any reasonable request for information made by the Environment Agency; and
  - comply with any reasonable request for information by a retailer.
-



In the event of an actual or potential incident that may adversely affect water supply, quality or pressure a retailer must be provided with the same amount of detail as Bristol Water would require for dealing with our own customers.

### 3.6. Non-household customer contact

Bristol Water must ensure that we operate a level playing field for all retailers wishing to obtain wholesale supplies from us. This means that we must not show preferential treatment to any retailers, or discriminate between them, in terms of how we deal with them.

Bristol Water employees have been provided with training on how to handle any communications or queries from non-household customers, this includes training on the following do's and don'ts:

---





---

## COMPLIANCE CODE UNDER CONDITION R

---

### Do

- Behave as an ambassador of Bristol Water
- Be courteous, helpful and informative
- Provide excellent customer service
- Respond enquiries and complaints quickly and effectively
- Act with integrity
- Treat people with respect

---

### Don't

- Discriminate between Bristol Water, Water 2 Business, or any other retailer's customers
  - Give any view on a customer switching to another retailer
  - Discuss retailer requests with their customer unless advised to on the job request
  - Discuss retailer tariff, billings, services or costs
  - Agree to carry out any further works without authorisation
  - Damage or remove retailer equipment from our meter
-



## 4. Training, monitoring and enforcement

### 4.1. Training

Bristol Water provides training on the requirements of the Competition Act 1998, Condition R, level playing field issues and this Compliance Code to all employees. Tailored training is provided to teams and roles or functional areas affected by the Compliance Code on an annual basis. Employees will be made aware of changes to the Compliance Code through regular updates.

### 4.2. Monitoring and review

The purpose of our Framework is to carry out appropriate testing to ensure that:

- relevant employees are aware of their responsibilities and have received training;
- that the processes and procedures are fit for purpose and are consistent with compliance requirements; and
- that any instances of non-compliance are being dealt with appropriately.

Employee knowledge of the Compliance Code and procedures will be assessed and monitored through e-learning.

We will periodically audit processes, systems and documentation to ensure compliance with the Compliance Code.

Under Condition R the Compliance Code must be reviewed annually or more frequently if necessary to address any issues that arise. The Director of Legal Affairs is responsible for this. Any recommendations arising from the monitoring program will be built into this review process and improvements and changes made accordingly to the Compliance Code and other relevant policies and procedures.

### 4.3. Breaches and disciplinary proceedings

Any breach of the Compliance Code may result in disciplinary proceedings being taken against the employee involved in accordance with our disciplinary policy. Breaches of the Compliance Code that could have or did have sufficiently serious consequences may be considered as gross misconduct.

---



## 5. Contact point for queries

For advice and guidance about competition law, Condition R, level playing field issues, or this Compliance Code, employees should initially discuss the matter with the Director of Legal Affairs.

Any retailers with concerns or questions about any of the above should talk to the Wholesale Services Manager in the first instance.

## 6. Glossary of terms

<b>Arm's length</b>	As if the parties are unrelated independent entities and any arrangements between them are negotiated on the basis of normal commercial terms.
<b>Associated Retailer</b>	A retailer which is a group company.
<b>Bristol Water</b>	Bristol Water plc.
<b>Compliance code</b>	The Compliance Code for wholesale/retail interfaces (Condition R).
<b>Confidential information</b>	All negotiations with, and any information received from or about, a retailer, and their non-household customers, in the course of or in contemplation of the provision of a water supply.
<b>Group company / companies</b>	Includes: (i) any subsidiary or holding company of Bristol Water, (ii) any subsidiary of such holding company and any other company in which Bristol Water or any subsidiary or holding company has a participating interest (as defined in the IOA); and (iii) any subsidiary of Bristol Water's ultimate owners. Note that the definition of group company here is not identical to the one in the IOA.
<b>Instrument of Appointment (IOA)</b>	The document appointing Bristol Water as a water undertaker under the Water Act 1989 as amended, also referred to as our Licence.
<b>Level playing field</b>	An environment where all retailers are treated equally and none are given a competitive advantage.
<b>NHH Retail Market</b>	The competitive market allowing non-household customers to choose a licenced retailer for water supply.
<b>Non-household customer</b>	The owner or occupier of eligible non-household premises, receiving or wishing to receive a water supply from Bristol Water, including any potential owner or occupier of such premises.
<b>Normal dealings</b>	Day-to-day dealings with non-household customers, which are dealt with by the Retail Business.

---



---

## COMPLIANCE CODE UNDER CONDITION R

<b>Pelican</b>	Bristol Water Billing Services Limited (also known as BWBSL and trading as Pelican). A joint venture billing company in the Bristol Water Group. Provides billing services to Bristol Water's domestic customers and services to retailers in the non-household retail market.
<b>Retail Portal</b>	Portal for secure communications with retailers and enable them to raise job requests.
<b>Retailer</b>	A company granted a licence by Ofwat to make retail supplies to non-household customers.
<b>Water 2 Business</b>	Water 2 Business Limited, Bristol Water's associated retailer.
<b>Wholesale Retail Code</b>	The Wholesale Retail Code is the statutory code that sets out the processes that will govern the retail market for the supply of water and sewerage services to non-household customers made under S66DA and s117F of the Water Industry Act 1991.
<b>Wholesale services</b>	The regulated activities and business functions of Bristol Water responsible for providing wholesale services as defined in the Wholesale retail Code.
<b>Wholesale Services team</b>	The team within Bristol Water's Wholesale Business responsible for the relationship with retailers on behalf of the Wholesale Business.
<b>Water Sewerage and Supply Licence</b>	The Water Supply and Sewerage Licence granted by the Secretary of State to retailers under the Water Industry Act 1991 as amended.

---