

South West Water Seasonal Tariff Pilot – Response from Ofwat

Dear Ms Buckley

We understand that Torbay Council wants to learn more about the charging trial that South West Water is introducing. This is one of a number of trials being held across the country which Ofwat is supporting. Our motivation, and we believe South West Water's motivation, is to find ways to improve the affordability of water bills to a much wider group of customers (social tariffs are important, but they are only for a small proportion of customers) and to help save water. We have a page about the charging trials here: [Charging trials - Ofwat](#)

We see it as vital that the water sector becomes more active and inventive in supporting customers who are struggling to make ends meet, as well as finding ways to help save water. We want to see more companies seeking out and implementing innovative solutions to reduce bills for customers while protecting our precious water resources.

Companies set their own charges within the framework of Ofwat's charging rules. They are responsible for their own charges and for designing and running their trials to test new charging structures. They do not need our approval to trial alternative charging structures but we have rules that require companies to set fair charges for different classes of customer. Also, we limit the amount of revenue each water company can collect in total from its customers each year. Together, these measures help to stop companies from overcharging customers.

We support trials that are consistent with our good practice principles, which includes ensuring they protect customers in vulnerable circumstances and they communicate effectively with their customers and other stakeholders. They will design, implement and evaluate trials that are specific to their own and their customers' needs and circumstances. Because trials involve real customers and there are risks associated with any changes to charges, it is important that the trials are of a high standard.

Trials need to produce results representative of the wider customer base, and that means that the participants cannot be self-selecting. However, we have been assured that South West Water will listen to customers who contact them with concerns about participating in the trial and will assess each case on its merits. South West Water has estimated that 55% of household customers would save on its seasonal tariff; those users with high discretionary use in the summer (which South West Water says correlates to those customers in larger properties and with higher incomes) are likely to pay more if they do not change their behaviour / reduce consumption. South West Water has designed the trial to be revenue neutral within the trial groups.

Yours Sincerely,

Ofwat's Information Governance Team