



Christian Speedy
Retail Licensing
Ofwat
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20 July 2015

Dear Christian

Re: Licensing and policy issues in relation to the opening of the non-household retail market – a consultation

This letter forms our response to the consultation above as published on 23 June 2015. Our non-household retailer will be responding separately to this consultation so, for the avoidance of doubt, this response captures the wholesale perspective on the questions posed in the consultation. The purpose of this letter is to set out our key points and the attached appendix captures our responses to each specific consultation question.

We agree that customer experience remains of paramount importance in competitive markets, whilst also noting that the creation of retail competition should have no undue impact on the wholesale service provided to end-customers. We also agree with the importance of equivalence across all retailers. This is central to our preparations ahead of market opening.

Importance of the market principles

The principles set out in Schedule 1 of the draft Market Arrangements Code (MAC) are of fundamental significance. These principles will govern the proposals that will be considered by the interim and enduring code panels and also by Ofwat when deciding whether to make amendments to the market and codes in future.

On this basis we think that further consideration of the principles is required beyond the extension of the previous Scottish retail market codes. These principles should also be compared against those in other codes such as the Uniform Network Code in the gas sector. These will need to be unanimously agreed by market participants given the proposal to insert these into

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companies' Licences and Instruments of Appointment (IoA) and should be consistent with the principles of better regulation.

We consider that the principles would be enhanced with the addition of a principle relating to "customer benefit". Any change to the market architecture should be assessed against the principle of whether it is to the benefit of customers. The principles should also acknowledge that in some instances there will be tradeoffs between some of the principles, but evidencing customer benefit should be the single most important factor.

Proportionate changes to licences and Instruments of Appointment

We fully support Ofwat's stated intent within the consultation document to only make necessary changes to either licences or Undertakers' Instrument of Appointment. We also support Ofwat's strong desire to pursue these changes via the section 13 of WIA 1991 route as opposed the new powers granted to Ofwat through the Water Act 2014. This will maintain the legitimacy of the changes through collaboration with the sector.

Any changes should themselves align with the principles of better regulation, whereby regulatory intervention into markets is minimised. On this basis, Ofwat should not design to regulate against the failure of market participants nor regulate via licences and IoAs where other powers exist. A good example of this is Ofwat's Competition Act 1998 powers.

We consider that there are existing alternative incentives for market readiness which mean that additional conditions in companies' IoAs or licences are not required in order to ensure readiness of market participants.

Under the current Assurance Framework proposals being developed by the Open Water Programme in collaboration with the sector, companies' boards are required to sign three assurance statements as part of the overall assurance framework. We think this, in conjunction with ensuring companies remain fully engaged and aware of their obligations for readiness, provide sufficient incentives for market participants.

Our view (one echoed by the Open Water Programme) is that the sector has been full engaged to date and this is only set to intensify ahead of market opening.

On a practical note, we observe that the consultation contains the principles of the proposed changes to companies' Instruments of appointments are not contained in this consultation rather than the specific changes themselves. We are happy to work with Ofwat to develop the proposed amendments and have submitted our request to participate on this working group.

The need for a balance of respective roles

During the Open Water consultation phase over the last 18 months extensive progress has been made. This is reflected in the latest version of

the market documents. However, a number emerging policy decisions which require Ofwat input remain. These include further discussion on:

- Payment terms and credit worthiness;
- The role of Developer Services and developers in the NHH market;
- Meter read frequency and the influence of different meter technology on this requirement; and
- Approaches to vacancy and associated charges

The consultation (specifically sections 8 and 9) make reference to these.

Many of these areas of policy relate to areas on which market participants have been unable to reach a consensus. Therefore, we think it is preferable for Ofwat to balance the views of the sector. We think that this would be consistent with recommendation 17 from the recent baseline review which recommended that Defra and Ofwat must produce timely policy guidance to inform any remaining rules in areas of their responsibility. We would expect that the Policy Issues Group set out in Ofwat's response to the baseline review would have a role in shaping the Ofwat areas of policy.

We consider it very important that Ofwat leads the input on such matters, rather than as currently suggested in the consultation, that the Interim Code Panel forms this initial policy view. We believe that Ofwat should shape this initial policy with the code panel acting in the capacity of a change control mechanism.

We are pleased that Ofwat propose to hold workshops on a number of policy issues (i.e. Small companies, companies in Wales and SOLR / SOFRA), but consider this suite of workshops would benefit from expansion to cover the issues set out above.

Payment terms and credit worthiness

We are pleased that Ofwat is facilitating a discussion on the revision to the market codes around credit worthiness and payment terms. As Ofwat will be aware from our note¹, we share some of the concerns previously raised.

It is important that the terms agreed between wholesalers and retailers follow similar principles to those set out in the market arrangement codes. Retailers should have the confidence that, for a given set of circumstances, creditworthiness criteria will be clear, transparent and equivalent. This is a matter both for the market codes and wholesalers' policies themselves. Any agreement of payment terms needs to avoid introducing any barriers to entry or additional credit risk to wholesalers. Such terms should also be considered relative to the assumptions underpinning Ofwat's recent Final Determinations.

Developer Services

As Ofwat will be aware² we have sought to determine what is important to developers and how as a sector we can improve the customer service

1 Anglian Water (Wholesale): Credit worthiness and Settlement – a discussion note

provided to Developers. Our central role within the Water UK Levels of Service work is evidence of this proactive role.

We support the principles set out within the consultation in terms of customer focus and choice. With respect to operational terms within the WRC which deal with developer interactions such as new connections and building water, we think the views of developers themselves should be at the forefront of shaping these with a specific lens of whether developers consider these to introduce additional complexity.

We retain the view that it is for companies to choose how they structure their Developer Services operations in order to satisfy both the expectations of developer customers as well as management of Competition Act compliance with respect to existing contestable markets.

Wholesale Charging

The consultation sets out views on a number of practical charging arrangements including special agreements, publication of draft charges and completeness of charges schemes.

Our principal concern in this area is the proposal for wholesalers to publish in July indicative wholesale charges for the year starting the following April. In short, we are very concerned that the proposed publication of indicative charges in July will have a significant impact upon the ability of wholesalers to adequately meet their licence conditions when setting their charges schemes.

The consultation envisages that the only revision to the published indicative charges arises from a change to RPI between the March forecast and the actual RPI published in November. This essentially makes the scheme published in July effectively the final proposals from the wholesaler for the subsequent charging year.

The proposal has significant implications for:

- The data available in producing these charges;
- The ability for companies' Boards ability to assure themselves that these charges satisfy condition E of companies' licences; and
- Will create impacts on companies' performance within the Wholesale Revenue Forecasting Incentive Mechanism given companies will be forced to use less accurate data.

Our full, substantive response to Q39 in the consultation sets out the full detail of our critique of the current proposal and we urge Ofwat to reconsider this proposal.

2 Through the thinking shared in our Developer Services Strategy Paper previously shared with Ofwat

Next steps

This consultation signals the start of an intense period of engagement for the industry around a suite of policies and issues affecting market design. We note from the consultation (specifically section 7.4 and section 8) that there remain many areas to be developed. As a company, we remain committed to supporting the creation of a fully functioning NNH retail market.

We welcome the transparent and collaborative approach signposted by this document and hope to build on this between now and market opening.

On a practical note, confirmation of the proposed engagement and dates as soon as possible will help the industry ensure engagement is as timely and effective as possible. Timeliness is imperative given the challenging programme schedule between now and market opening.

If you have any questions or comments on this response please contact Darren Rice (dRice@anglianwater.co.uk, 01480 323906).

Yours sincerely,

A handwritten signature in black ink that reads "Jean Spencer". The signature is written in a cursive, slightly slanted style.

Jean Spencer
Regulation Director

Anglian Water (Wholesale) Comments

Number	Topic	Question	Comments
Q1	Proposed structure of the WSSL	Do you agree with the proposal to have separate licences covering water and wastewater retail? If not, please explain how you envisage that a single licence for water and wastewater would differ?	<p>In the absence of the standard sewerage licence conditions being drafted, it is difficult to respond to this question. If sufficiently similar, then where possible a single licence could minimise duplication of multiple licences. Irrespective of this we would expect the provision of information to relevant undertakers to be similar for water and/or sewerage licensees.</p> <p>The modular approach to licences seems reasonable and it should be seen whether water and sewerage conditions can be accommodated within a single licence.</p>
Q2	Changes of a routine nature made necessary by the new legislation	Do you agree with the proposed amendments to standard conditions for the new water supply and sewerage service licence (WSSL)?	The proposals seem reasonable given the nature of the amendments.
Q3	Changes of a routine nature made necessary by the new legislation	Do you think any of the proposed amendments listed in Table 3 are non-routine and require additional discussion? If so, why?	<p>We expect that the mechanics of how the certificate of adequacy will apply over the range of circumstances, especially those associated with material changes in volume of customers, warrant further discussion.</p> <p>We expect that this certificate of adequacy would be reviewed alongside the general due diligence required for retailers looking to take on customers through either retail exit or wishing to be part of the gap-site allocation scheme.</p>
Q4	Maintaining customer protection	Do you agree with the proposed approach to maintaining customer protection in the future WSSL?	Overall the approach seems sensible, especially to ensure adequate communication routes in place with new customers, in the event of an emergency or incident.
Q5	Enabling the Market Arrangements Code	Do you agree with the proposed approach to Market Arrangements Code enablement?	The approach set out seems reasonable and re-enforces the importance of the MAC Principles which will be used by both Ofwat and the Panel to assess proposed modifications to the MAC and the Wholesale-Retail code.
Q6	Enabling the Market Arrangements Code	Do you have any specific comments on the legal drafting?	At this stage we have no detailed comments on the drafting and recognise there will be opportunity in future to explore this during the IoA working group.
Q7	Equivalence of treatment for retailers	Do you agree with the proposed approach to include requirements on arm's length transactions and non-discrimination?	The approach to arm's length transactions seems reasonable. However, we would question how necessary the non-discrimination clause for licensees is? Given that the Wholesale-Retail code already puts obligations on retailers, for example to immediately inform wholesalers of a potential or actual public health risk. Is it not clear from a market perspective what this is intended to cover.
Q8	Equivalence of treatment for retailers	Do you have any other comments on our proposed conditions in this area?	We believe these are questions that are best responded to by holders of existing WSL and potential future holders of WSSL licences.
Q9	Equivalence of treatment for retailers	Do you have any other observations about our proposals on changes to the standard conditions for the new Water Supply Licence?	We believe these are questions that are best responded to by holders of existing WSL and potential future holders of WSSL licences.
Q10	Equivalence of treatment for retailers	Are there any areas not covered in the proposals in which you consider changes are required?	We believe these are questions that are best responded to by holders of existing WSL and potential future holders of WSSL licences.

Anglian Water (Wholesale) Comments

Number	Topic	Question	Comments
Q11	Changes due to Mechanics and Customer Type	Do you agree with our proposals for the conditions within Table 5? Please respond separately on each of the three Appointment conditions (Q, G and I) discussed.	<p>We request that Ofwat recognise that our comments on the specific licence conditions at this early stage of consultation are "in-principle" views based on the current high level proposals set out in the consultation and associated appendix. We expect the exact wording of the changes will be subject to further discussion and would be able to form part of the IoA working group as proposed at the recent workshop.</p> <p>Condition Q - We agree that the proposal that the Wholesaler makes payments to the retailer who in turn passes these to the end customer is consistent with the WRC Code as currently drafted.</p> <p>Condition G - agree amend to refer to apply only to domestic customers. Regarding complaints, there is no need to make necessary provisions to inform customers specifically about CCWater. This will already be a part of companies formal complaints procedures which will be set in motion when a complaint is received from a NHH customer or retailer. The WRC sets out the processes for communication between the wholesaler and retailer. It is not necessary to duplicate the obligation to inform customers of CCWater within the WRC.</p> <p>Condition I - The same obligation would still exist for appointee to take steps to compensate customers when a leak is identified. Part H of the Wholesale-Retail code states the process for how that allowance would be made through the retailer. It does not specifically cover that continuing obligation that compensation should be made, which still resides in Condition I. Therefore there is no need to amend the WRC.</p>
Q12	Changes due to Equivalence	Do you agree with our proposals for the conditions within Section 5.1.2 on equivalence? Please respond separately on each of the eight conditions discussed.	<p>We agree with the principles of the intended direction of the amendments; however it is hard to comment further in absence of seeing the proposed drafting changes. Clearly licenses should keep pace with market developments and the respective arrangements of organisations. These amendments also need to suitably reflect Ofwat's concurrency powers.</p> <p>We also agree with the conclusion on Condition N as well - there is no need for a separate licence fee. There should however be a transparent methodology of how licence fee is calculated across NHH and HH retail.</p>
Q13	Our response to Open Water's recommendations	Do you agree with the draft condition set out in Appendix A to enable the Market Arrangements Code? Are there any reasons why this condition should differ between the Appointment and the standard conditions of the WSSL?	We agree with the principle that irrespective of companies decisions with regards to retail exit, that the respective wholesale and retail parts of companies should bound by the provisions as set out in the codes and contracts developed by the Open Water programme in conjunction with industry. As such; the MAC condition seems necessary.
Q14	Our response to Open Water's recommendations	What are your views on the proposed 'stapling' condition set out in Appendix B requiring the company to adhere to the Wholesale Retail Code in its interactions with its own retail business? Does the proposed condition work alongside Schedule 8 of the Market Arrangements Code?	We have no further comments on the stapling condition at this time.
Q15	Our response to Open Water's recommendations	Do you consider that the proposals will achieve the objective of equivalence, with the same obligations and opportunities for all retailers? If not, what additional suggestions do you have?	See response to Q11.
Q16	Our response to Open Water's recommendations	Do you have any other observations about our proposals on changes to the conditions for the Instruments of Appointment?	See response to Q11.
Q17	Our response to Open Water's recommendations	Are there any areas not covered in the proposals in which you consider that changes are required?	See response to Q11.
Q18	Our response to Open Water's recommendations	Are there any areas in your Appointment in which you think differences from the examples used will require detailed consideration in future work?	See response to Q11.

Anglian Water (Wholesale) Comments

Number	Topic	Question	Comments
Q19	Changes to the application process and intended timeline	Do you agree that we should retain the three basic elements of financial stability, managerial competency and technical competency in assessing future licence applications?	<p>We agree with the basic elements underpinning the application. We note the potential alignment between these criteria for obtaining a WSSL license and the evidence required to demonstrate appropriate compliance with the WRC and Market terms.</p> <p>In terms of low barrier to entry; we agree so far as entrants have demonstrated sufficient systems in place to protect customers.</p>
Q20	Market accession	Do you agree that gaining a retail future WSSL licence should be conditional on successfully completing market accession testing? Are there any aspects of the licensing process that could be further simplified to avoid duplication/overlap across the two processes?	<p>We think it makes sense that the assessment of applications for financial stability, managerial and technical competency run back-to-back with the market accession processes to form, in essence, a single transparent process.</p> <p>It is important that as part of obtaining a licence; retailers can demonstrate effective and efficiency execution of the WRC; specifically the interactions with both customers and wholesalers.</p> <p>Finally, a minor point - technical competency should be provided to DWI and EA and also, where appropriate to wholesalers themselves if applicants are proposing to use the accredited entities schemes which wholesalers may choose to offer in the market.</p>
Q21	Certificate of adequacy	Do you have any comments on the proposal that licence applications for the future market should include the provision of a completed certificate of adequacy?	<p>We agree with the need for a certificate of adequacy. One comment we have is that the timetable for completed certificates is unlikely to align with companies' timetables for publishing accounts which is the most likely time for demonstrating adequacy for the forthcoming year.</p>
Q22	Demonstration of how applicants will meet requirements of licence conditions and legislation	Do you have any comments about the coverage of wastewater in the licence application process and the role played by the Environment Agency?	<p>We strongly support the direction taken by Ofwat by recognising that applicants need to evidence both knowledge of wastewater, as well as how it will meet its duties and obligations. This is required for the credibility of the market and confidence of customers.</p>
Q23	Demonstration of how applicants will meet requirements of licence conditions and legislation	Do you consider that the role of any sponsor should be maintained, limited or removed entirely? What are your reasons for this view?	<p>In light of the lack of regulatory intervention which can be applied to sponsors, we do not see a role for this in the future regime.</p>
Q24	Customer-facing arrangements	Do you have any comments about the proposals to include coverage of customer facing systems in the managerial competency tests?	<p>Levels of service on certain aspects of customer service will be underpinned by the Wholesale-Retail code and the processes within it. GSS will also provide a backstop level of service to end customers. In truth, retailers providing poor service to customers will fail in an effective market where customers have the choice of supplier.</p> <p>This section also fails to recognise that retailers will serve end customers, but will also be customers of the wholesalers they do business with. Assurance needs to cover retailers' ability to serve both end customers and wholesalers. This is specifically important for unplanned and emergency incidents.</p>
Q25	Scale considerations	Do you agree that the scale considerations are better dealt with via the certificate of adequacy rather than additional testing in the licence application process?	<p>Yes, we agree. As long as there is requirement for certificate of adequacy to actually be refreshed before a significant increase in customers is actually realised. Also scale considerations will not only affect end customers; but also the wholesalers those retailers do business with.</p>

Anglian Water (Wholesale) Comments

Number	Topic	Question	Comments
Q26	Transition steps for existing licences	Do you agree with our proposed transition approach for current retail only WSL?	We believe this question is best answered by existing WSL license holders.
Q27	Transition steps for current combined WSL and associated implications	Do you agree with our proposed approach to transition current combined supply WSL?	We believe this question is best answered by existing WSL license holders.
Q28	Proposed approach for self-supply	Do you agree with our proposed approach for creating self-supply licences?	An important consideration will be ensuring that this approach makes sure that self-supply licensees have the competencies to self supply.
Q29	Ensuring that current market participants are ready	Do you agree that there should be a new condition in current licences and Instruments of Appointment to underpin the required preparations?	<p>We consider that there are alternative incentives for market readiness which mean that market participants do not require additional conditions via either their licences or instruments of appointment in order to ensure market readiness. We consider a better way is to ensure that companies are full engaged and aware of their obligations for readiness.</p> <p>It is worth noting that companies' boards are required to sign a suite a assurance statements as part of the overall assurance framework. This will provide sufficient incentives for companies.</p>
Q30	Ensuring that current market participants are ready	If you agree that there should be a condition, should it cover both a general obligation and a specific link to a formal transition plan?	See response to Q29.
Q31	Ensuring that current market participants are ready	Are there any additional provisions that you think it would be helpful to include in a licence condition on company readiness or any other comments/concerns you would make?	See response to Q29.

Anglian Water (Wholesale) Comments

Number	Topic	Question	Comments
Q32	Interim Supply (Supplier of Last Resort) arrangements	Do you consider that implementing an auction style allocation process similar to the one that Ofgem has adopted ahead of a backstop allocation process would be the best approach to protecting customers in the event of the failure of a retailer?	We agree that an auction style process could be used as a way of allocating customers in the event of a disorderly exit. The exact nature of this mechanism would require significant work; and it may be questionable whether this is a priority ahead of market opening provided sufficient SOLR arrangements are in place.
Q33	Arrangements for small companies	Do you have any suggestions about the best approach to ensuring that the new market arrangements are proportionate for a) smaller wholesale companies and b) small retailers.	<p>The sentiment that the arrangements for smaller market participants should be proportionate seems reasonable. However, this needs to be weighed against the level playing field considerations and potentially the systems impacts on potentially both the MO and also in the case of small retailers; the impact on wholesalers and customers they serve.</p> <p>We would see no reason why, for example, the levels of services under either GSS or the operational codes should be different in this instance.</p>
Q34	Companies operating wholly or mainly in Wales	Do you have any suggestions about the best approach for companies operating wholly or mainly in Wales?	We believe that the customer experience for those customers in the market in Wales should be the same as those in the respective English arrangements. On this basis, the arrangements in terms of adoption of the MAC and central systems should be the same as proposed for the English market.
Q35	Supplier of First Resort (SoFR)	Do you have any comments about the circumstances in which a retail supplier should be able to opt out of Supplier of First Resort ('SoFR') arrangements?	We agree that there needs to be alignment between the codes and Defra's retail exit regulations. In principle, customers found to be a gap site (or service) should be able to choose their retailer. In terms of retailers, it will be necessary to ensure that there is at least one SOFR in each wholesale region irrespective of incumbent retailers' decisions on retail exit.
Q36	Developer services – our suggested approach	Do you agree with our proposed approach for the developer services market and the related process proposed within MAP3?	<p>We agree with high-level principles that the market for services provided to developers needs to be focussed and easy to navigate. We would recommend that Ofwat seek the views of developers themselves with respect to whether the new codes do this and do not increase complexity.</p> <p>As Ofwat will be aware, we have been working with developers to improve the level of service provided and improve developers' experience.</p> <p>We also note that companies' responsibility for CA98 compliance and equivalent treatment of down-stream entities is not a new concept, given the maturity of the inset regime.</p>
Q37	Developer services – our suggested approach	Do you agree with our assessment of the interactions between the various parties?	In general, yes. However the diagram currently misrepresents the point at which incumbent companies compete with alternative providers - Developer Services compete at the same point in time as SLOs, new entrants and other 3rd parties.

Anglian Water (Wholesale) Comments

Number	Topic	Question	Comments
Q38	Publishing additional information	Do you agree with principle that Special Agreements should be contestable and the current thinking on the details of the approach outlined in section 9.2.5?	We agree that in principle customers supplied through Special Agreements should have access to the retail market, subject to, in individual cases, there being a contractual arrangement of similar effect that the wholesaler and retailer can enter into fairly easily and inexpensively.
Q39	Early publication of wholesale charges	Do you agree with the principle that there should be early publication of wholesale charges and the current thinking on the details of the approach outlined in section 9.3?	<p>We are concerned that the proposed publication of indicative charges in July will have a significant impact upon the ability of wholesalers to adequately meet their license conditions when setting their charges schemes.</p> <p>Given the only revision to the published indicative charges envisaged in the consultation document arises from a change to RPI between the March forecast and the actual RPI published in November, then the scheme published in July would effectively be the final proposals from the wholesaler.</p> <p>The primary tool in determining the level of revenue to be recovered from each customer group in a charging year (t), and so the determinant of any changes in the relative level of tariffs, is a comparison of the revenue and allocated costs for each customer group in the latest complete financial year (t-2), available from the Regulated Accounts. The consultation proposal assumes that wholesalers have "4 months to prepare a scheme". This implies that wholesalers do need this (t-2) cost and revenue data, but it makes the assumption that this data is instantly available from 1 April, following the end of the previous financial year.</p> <p>This ignores the reporting and auditing process required to produce the Regulated Accounts, and the further cost allocation process necessary to understand costs to serve specific customer groups, which is then used to determine the balance of revenue recovery from one group compared to another. This data is not generally available until the second half of May.</p> <p>On this basis, it would leave just over two months for wholesalers to model their charges scheme, assess incidence effects and undertake impact assessments, plan handling strategies, consult with CC Water, and process through internal governance including Board approval.</p> <p>On the basis, as noted above, that the indicative scheme is effectively the final scheme, then the Boards assurance for a Charges Scheme for e.g. April 2017, will be required in July 2016, and therefore a lead time must be allowed in presenting the proposed scheme to the Board for it to comment and raise questions which are then addressed. So the indicative scheme would need to be presented to the Board in early July at the latest, and so to CC Water in the middle of June. This timetable does not seem possible nor reasonable.</p> <p>Therefore to meet this July submission timeline suggests that the data used to assess charges and inform decisions to rebalance revenue will have to relate to the previous financial year i.e. t-3, creating a 12 month lag. It also means that the forecast of charge multipliers (customer numbers and demand in m3) on which to base charges are at best based on Q1 data in t-1, and more likely that of t-2.</p> <p>This will have an impact on the ability of Boards to provide the required assurance in respect of their legal obligations including the position as to Condition E compliance and competition law; or at least mean such assurance is potentially heavily caveated. Companies will also be relying on increasingly old data to determine the incidence effects on particular customer groups, to assess impacts and plan their handling strategies.</p> <p>It will also impact on the ability to accurately set tariffs to achieve the revenue controls, given the multiplier data referenced above will be at least 10 months old when the charges come into effect. This will make under or out performance more likely and push companies further towards the penalty zone in the WRFIM. It should be noted that the tolerance levels for the WRFIM were calibrated on the existing arrangements where companies can use forecast multiplier data from P8 in t-1, which is then only four months prior to the charging year.</p> <p>The constraints/imperatives being put forward as a reason for an early indication as to wholesaler charges do not appear entirely relevant to supporting an 8 month notice period.</p> <p>The earliest that it may be reasonable to set a requirement that indicative charges are published, but even then subject to further (potentially stated) policy consideration and charge multiplier updated information, would be by 30 September, giving retailers 6 months' notice. This would seem sufficient given the drivers for early publication. Whilst it still gives rise to some of the problems highlighted above, it does address others, and it would allow wholesalers to analyse cost/revenue data from t-2. It would also mean that charge multiplier data from t-1 would be more indicative of the position for the charging year in question. On this basis retailers would get a strong "flavour" of the proposed scheme.</p> <p>The only exception to this might be where a change in tariff structures is proposed i.e. a new customer/tariff group is proposed or a change in the component parts to a tariff e.g. moving from a two to a three part tariff. In this instance it would seem reasonable that wholesalers should flag such changes earlier, including the likely but not final proposals for the proportion of revenue to be recovered from each element of the new structure. This would allow retailers to consider how any new wholesale structures might be reflected in their end user tariffs, discuss incidence effects with customers and make the necessary changes to their billing systems. It would seem appropriate that wholesaler made this information available to retailers by the end of July.</p>
Q40	Completeness of wholesale charge schemes	Do you agree that wholesalers should only levy charges that are in their wholesale charges schemes or published as special agreements? If not, please provide arguments as appropriate to support your position.	In the interests of level playing field and transparency we agree wholesale charges for water and sewerage services should be made public.
Q41	New standard licence conditions and amendments to Appointment	Do you agree with our proposed approach to implement these licence changes? If not, how should we go about making these changes?	Ofwat's proposed approach in support of a section 13 route seems sensible.