

Dear Sir,

Water2business - Licence & policy issues consultation response

We are grateful for the opportunity to feedback our thoughts on the licence and policy issues document released in June this year.

We have provided specific feedback on some of the questions raised within the consultation document in addition to raising some wider points.

Question / point	Water2business response/comment
Table 5 - F6	"make clear that obligation covers transactions between wholesale and <i>RELATED</i> retail
Q11 Do you have any comments about proposals to include coverage of customer facing systems in the managerial competency tests?	A11 Need further clarity on the extent of this. This should in the most part be left for the market and customer to decide as it is a differentiator. Would also not want it to become a barrier to entry for new entrants
Q26 Do you agree with our proposed transition approach for current retail only WSL?	[REDACTED]
Q32 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?	A32 – We understand the driver for using an auction of sorts, prior to the SoLR allocation. Need further clarity on this approach as concerned that this process may favour the "big six".
Q38 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?	A38 – Yes, in principle but this is an area requiring further work to understand the many different types of special agreements in place and the best way in which to make these contestable.
Q39 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?	A39 – Whilst we support the clear and timely communication of tariffs and charges to retailers and customers within the competitive market, we do not agree with the approach proposed where this limits company Board's ability to respond to the

latest available information to ensure charges are accurate and comply with their obligations and meet customer needs.

The publication of indicative charges in the July preceding the charging year, which could then only be changed following changes to RPI figures would unnecessarily inhibit our ability to forecast, manage and communicate these vital charges to our retailer customer base.

It would be very difficult for company Boards to assure charges in February that have been fixed (except for RPI) since the July of the preceding year as being those that are best designed to comply with the company's price limits as changes in demand observed in the interim period will not have been taken into account.

Company Boards should also be able to respond to stakeholder views about the level and structure of charges - effectively crystallising a future year's charges only three months after the current year's charges are first applied will limit the Board's ability to do this.

We suggest that indicative charges being communicated in the Autumn preceding the charging year which are subsequently firmed up early in the calendar year of their implementation, provides sufficient combination of certainty and advance warning required by the retail entities. Licences currently oblige companies to publish indicative prices in October and this seems a reasonable date to use moving forward. Companies could also however publish a high-level statement in July of the expected movement in charges in the following year to assist retailers in their

	forward planning.
A4 – Draft MAC enablement	A A4 not sure of the need to have all the text of the “MAC Condition” repeated within the licence conditions. Appears to be needless repetition after Section 1.1. Would need to ensure that there is no conflict between a company’s obligations under the MAC and any company specific licence conditions.

If you have any further comments or questions, please do not hesitate to contact me.

Kind regards



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