



Retail Market Opening Programme

Ofwat

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Strategy & Regulation

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Dear Sir

CONSULTATION ON PRIORITY CHANGES TO INSTRUMENTS OF APPOINTMENT AND WATER SUPPLY LICENCES FOR NON-HOUSEHOLD RETAIL MARKET OPENING

Thank you for the opportunity to comment on the changes Ofwat intends to make to Instruments of Appointment and Water Supply Licences. We attach detailed responses to the specific questions set out by Ofwat's consultation.

In summary we support the opening of the new non-household retail market and any licence changes which are necessary to facilitate this.

We look forward to seeing the results of this consultation from Ofwat.

Yours faithfully

A handwritten signature in black ink that reads "Nick Fincham".

Nick Fincham
Director of Strategy & Regulation

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Thames Water's detailed response to Ofwat's consultation on priority changes to Instruments of Appointment and Water Supply Licences for non-household retail market opening

1. **Do you agree with the proposed drafting changes to the IoA and WSL in removing the in-area trading ban? If not, please explain why not and your proposed alternatives**

We agree with the proposed drafting changes to the Instrument of Appointment ("IoA") and Water Supply Licence ("WSL") to remove the in-area trading ban.

2. **Do you agree with the proposed new readiness condition to be added to the IoA and WSL? If not, please explain why not and include your proposed alternatives.**

We agree with Ofwat that a general licence condition is an appropriate and proportionate mechanism to help ensure that wholesalers and retailers undertake the necessary preparations to be ready for market opening. We are concerned however that the current drafting exposes licence holders to too much risk and could result, for example, in a requirement to spend an unreasonable amount of customers' money in order to be ready. We propose a slight amendment to the wording to read as follows: "*The [Licensee][Appointee] shall take such reasonable steps and do such reasonable things as are within its power and which are or may be necessary or expedient to ~~ensure it is ready prepare~~ for the opening of the Competitive Market on and from the Go Live Date including, without limitation:-*

- (a) developing company specific market assurance and readiness plans;
- (b) identifying and taking reasonable steps to gathering relevant data in relation to all Eligible Premises and supply points [to which it currently provides services][in its area], with the objective of ensuring this data is reasonably accurate and ~~ensuring it is~~ in a form that meets the requirements of the Market Architecture Plan as amended from time to time capable of being transferred to any central systems and/or any market operator established to operate the Competitive Market; and
- (c) testing and trialling ~~any~~ systems and processes to be put in place for the Competitive Market,"

3. **Do you have any comments about the use of existing s13 and s17J Water Industry Act 1991 (WIA91) powers to introduce the new readiness condition?**

We believe that the use of the existing s13 and s17J WIA91 powers is appropriate to remove the in-area trading ban and to introduce the new readiness condition.