

To: Tim Griffiths

RE: Water non household retail market opening: Formal consultation on changes to water company licences for market readiness and in area trading ban

Tim,

David is on leave at present so, in his absence, I offer the following response from Albion.

As you are well aware, the factors influencing Albion's market readiness include the very significant complications created by the England/Wales split and the fact that Albion is currently split evenly between both England and Wales in terms of area served. Having been 'mostly in Wales' since 1999, Albion is likely to see a switch to 'mostly in England' and then back to mostly in Wales (and so forth) as the areas served grow. This creates a regulatory and customer nightmare that has been recognised at the highest levels within Ofwat, Welsh Government and CCW and we have attempted to remove this problem by consenting to transfer Albion's Welsh sites to another Albion Group vehicle, Albion Eco Ltd. That application was made on 4th March and I had expected this to be fast-tracked through Ofwat. I am growing concerned that this has not been the case and we are still waiting for Ofwat to make a decision on the matter.

We have no objection to the market readiness duty but would suggest that it is questionable whether any such duty will be effective when our market readiness is, in large measure, determined by the speed of response of Ofwat to an application that is critical to Albion's market readiness and, moreover, one that has all party support. I have copied this to Richard Khaldi and Richard Field for information.

Regards,

Jerry

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