



Ruth Gibson  
Retail Market Opening Programme  
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Dear Ruth

**Retail Market Opening – further changes to instruments of appointment**

Further to the consultation on the above topic and the recent workshop at Ofwat's offices in Birmingham, I attach responses to some of the consultation questions posed, as seem appropriate to SSE Water Limited's position in the market as a new appointee.

Yours sincerely

Aileen Boyd  
Regulation Manager

## Response to Consultation Questions

Q1 Do you agree with the proposed new conditions summarised in Table 1.1? In your response, please provide comments on each of the proposed new conditions separately.  
Q2 Do you agree with the proposed changes to existing conditions as summarised in Table 1.2? In your response, please provide comments on each of the proposed changes separately.

**We have a comment on the proposed change to Condition F6, which requires a separate 'certificate of adequacy of resources' for the non-household retail business of the licensee to be provided annually as part of the accounting information provided to Ofwat in July. As a new appointee, SSE Water Limited was set up as an integrated company with a single Undertaking under Condition P to provide quantified financial support from SSE Water's parent company to the appointed company as a whole. SSE Water has not been subject to the separation of its revenues that the incumbent water companies have seen when separate wholesale and retail price controls were set. We therefore consider that the requirement to separate the form of the certificate that SSE Water currently provides with its annual accounting return would be unduly burdensome and request that this proposed amendment is not made for new appointees such as SSE Water.**

Q3 Do you consider that derogations may be required for small companies and/or companies whose supply systems are wholly or mainly in Wales, due to their limited number of eligible customers? Please state what any such derogations should cover.  
**SSE Water continues to engage in the 'small company' workshop discussions that are covering this topic as well as others of concern to the small companies.**

Q4 Do you agree with our proposal to use a combination of 'sunset' and/or 'sunrise' clauses for the changes so that we can implement these changes ahead of the Secretary of State's decisions on retail exit?

Q5 Do you agree with our proposal to use section 55 of the WA14 to make these changes?

Q6 Do you have any comments on the proposed drafting set out in the Appendices?

**We do have some comments on the drafting of the proposed new conditions.**

### **Draft Condition 1 – Market Arrangements Code**

**As discussed at the workshop, the proposed text seems to contain more obligations than necessary to bind the appointee to the membership and principles of the Code.**

### **Draft Condition 2 – Customer Protection Code of Practice**

**The term 'Customer Protection Code of Practice' is capitalised in the Condition as though it is intended to be a defined term but it is not actually defined within the proposed wording. There may be an intention to clarify the document by some other means but we raise this point in case it has been an oversight.**

### **Draft Condition 3 – Application of the Wholesale Retail Code**

**In the draft wording, the terms "Wholesale Activities" and "Retail Activities" are defined with reference to Condition B. As a new appointee, SSE Water does not have those terms defined anywhere in its instrument of appointment and we expect the same will be true for other new appointees.**