



South Staffs Water

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Retail Market Opening Programme,
Ofwat,
21 Bloomsbury Street,
London,
WC1B 3HF

By email to: retaillicensing@ofwat.gsi.gov.uk

31 May 2016

Dear Tim,

South Staffs Water response to consultation on Retail Market Opening – further changes to all instruments of appointment

Thank you for the opportunity to respond to the above consultation. Our responses to the specific questions are set out in the attached.

Please do not hesitate to contact me if you any questions.

Yours sincerely,

Philip Saynor,
Director of Finance and Regulation
South Staffordshire Water PLC

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.

Condition	Comments
MAC condition	We agree with the condition. However it does not refer to how it would be enforced and what the implication would be for breaching the condition.
Stapling condition	We agree with the condition in order to ensure a level playing field.
CPCoP	We agree with the condition, however there will need to be clarification over business customers who are not eligible in the market and how they are protected.

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.

Condition	Comments
Condition S	We agree with the removal of the CTP condition and the intention to replace the combined supply licence with a new wholesale authorisation. It will be necessary to set out the implications for customers who have already switched under the WSL and how they will be migrated to the WSSL.
Condition R 1-4	We agree with the removal of the access code obligations.
Condition F6 A.2A	We agree with introducing the obligation to have a certificate of adequacy for the NHH retail business of the appointee.
Condition Q	Although we agree with the principle, it could lead to a significant level of administration for the retailer in passing on the payments to customers as a drought situation is likely to impact on the majority of customers in a supply area. There is also a question of what

	would happen if the retailer went into administration before the payments were passed on to the customer and whether the wholesaler would still be liable to make the payments again to the customer.
Condition G	We agree with the proposal to separate the obligations of HH and NHH customer codes of practice.
Condition I	We agree with the proposal for companies to be required to pass on any leakage adjustment to affected customers of other retailers via the relevant WSSL retailer.
Condition R7-9	We agree that no changes are required.
Condition F6	We agree this should include the level playing field obligations proposed in the Stapling Condition.
Condition R5	We agree that this condition should be retained.

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.

We can understand why small companies may face a disproportionate burden from the changes to the IoA. We do however agree that all companies should be aligned in this area and that further work should be undertaken to assess possible derogations where it does not impact on customers or the ability of the market to operate on a level playing field.

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?

We agree with the proposal to use ‘sunrise’ and ‘sunset’ clauses in order to avoid any delay in progressing the proposed changes to the IoA.

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

We agree with the proposal to use section 55 of the WA14 to make the proposed changes to company IoAs in order to ensure that the changes can be made within the timescales for market opening.

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

We have no specific comments on the proposed drafting of the licence conditions set out in the appendix.