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12 August 2016

Dear Adam,

**Consultation under section 55 of the Water Act 2014 (WA14) regarding proposals to modify the Instruments of Appointment (IoAs) of water and sewerage and water only companies in England and Wales**

Thank you for your letter to Richard Flint of the 15 July explaining the proposed modifications to the IoA, the rationale behind them and enclosing the above consultation document forming the statutory notice under section 55 of the Water Act 2014.

We have made a number of comments in response to the useful series of non-statutory consultations Ofwat have undertaken on these proposals since last summer, and believe the modifications as proposed are generally appropriate in order to achieve the purposes for which they are intended.

We do however have a couple of specific comments as follows:

We can confirm we have no objection to the three new conditions to give effect to the Market Arrangements Code, the stapling condition for the Wholesale-Retail Code and the application of the Customer Protection Code of Practice, subject to the following:

- We note that the definition of Wholesale Business and Retail Business in the stapling condition are cloned from the Wholesale and Retail “Activities” definitions in the Instrument of Appointment, and can see why such definitions are required. We do however; have difficulty in rationalising the rather obtuse wording for the “Retail” definition which is rather confusing and appears to infer meter ownership sits with the Retail business. We believe there would be benefit in simplifying or finding an alternative way of defining the Retail Business, but which does not conflict with the IoA.

Regarding the proposed amendments to existing conditions, we are comfortable with the majority of them. We do however; have one query and one typo:

- We are supportive of the sentiment of the **condition Q** amendment but question why drought payments are the only example where a direct payment from wholesaler to (any) affected business requires to be explicitly stated. We assume that all other examples of such payments are caught elsewhere in the MAC, WRC, Customer Protection Code of Practice, GSS or other codes?

- Comment on drafting: page 6 of the appendix, clause number 4, fourth line.  
Should this not reference paragraph 2 not paragraph 1?

We trust you find these comments to be helpful and supportive, however should any matter be unclear or you require further information, please do not hesitate to contact myself or my colleagues Howard Smith or Grant Edwards at: [Market\\_Design\\_Team@yorkshirewater.co.uk](mailto:Market_Design_Team@yorkshirewater.co.uk).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'CF' followed by a stylized flourish.

**Chantal Forest**  
**Company Secretary**