

NORTHUMBRIAN WATER (WHOLESALE) RESPONSE TO: Retail Market Transition Arrangements – a consultation

Northumbrian Water welcomes the publication of the consultation on the retail market transition arrangements and the opportunity to contribute to the discussion on this very important aspect of the opening of the new water retail market.

Our specific comments on the paper using the specified questions as the main headings are detailed below;

Q1:	Do you agree with our proposal to mandate that there can be no customer switches under the existing Customer Transfer Protocol during the last [x] days before market opening?
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We are supportive of the approach to stop existing WSL switches during the period prior to market opening. We consider the current proposal of 20 working days to be the minimum period required and we would recommend a longer period (30 working days) to allow a factor of safety and to ensure that any last minute rush didn't cause a distraction for company's final market preparations prior to go live.

Q2:	Do you agree with our proposal to use a Schedule 11 transition scheme to revoke all WSLs (including CSLs – subject to alternative provisions being put in place)?
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We are supportive of this approach.

Q3:	Should the proposed Schedule 11 transition scheme make provision for what should happen to any existing wholesale contracts?
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We believe that the transition scheme should make it clear that the existing wholesale contracts will effectively be terminated. The removal of the WSL licence regime effectively forces the termination of the Contract but for the avoidance of any doubt it should be made clear that the existing Wholesale – Retail Contracts do not transfer as part of the scheme even if the WSL and new WSSL entity are the same.

Q4:	Are there any other elements of the current arrangements that should be included in the proposed Schedule 11 transition scheme (either to revoke or terminate them, or to make provision for them to continue in some form, if that is consistent with the provisions of the Act)?
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The scheme, or at least the transition arrangements, should require existing WSL Retailers to communicate with their existing WSL Customers in order to advise them generally on the opening of the new water market, the change in the licensing regime under which they are currently supplied, and the options available to them. Existing WSL Licensees should also be required to confirm to the relevant wholesaler exactly who the new WSSL Retailer will be for each Customer. This could be the same legal entity and effectively a transition takes place with the Customer remaining with the same legal entity but is supplied services under the new licence, or alternatively it could see a change in the service provider; for example in the case of a Retail exit to a different entity or if simply the new licensee is a different legal entity.

Northumbrian Water
8th September 2016