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Retail Market Opening Programme
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09 September 2016

Dear Sirs,

Retail market transition arrangements – a consultation

Thank you for providing Yorkshire Water with the opportunity to comment on the proposed retail market transition arrangements.

The proposals appear to deal adequately with the processes of effecting and revocation of licences, and we would have no objection to their implementation as-is.

We do support Ofwat's position that the appointment of the MO is a matter for market participants; however, the process described in the consultation and the Open Water programme update 08/16 does appear to be somewhat convoluted. A separate note clarifying the specific process and how any potential obstacles to the MO's appointment would be managed would be helpful.

In considering the specific questions Ofwat have posed in the consultation, we have indicated our responses below, highlighting just a couple of areas where we believe further clarification or additional requirements may benefit the overall transition process:

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?

A1 – We agree with the proposal to pause customer switching under the old CTP for the last 20 days before market opening.

In the interests of clarity, we would suggest more prescription in the statement such as: "Any customer in the process of switching who has not been transferred to their new retailer by 23:59 on the 13 March 2016 would have their transfer put on hold until market opening. On 3 April 2016 the incoming retailer would re-start and progress the switch request using the new market systems and processes."

If pre-loading into CMOS of these delayed switch requests is possible before market opening, then this should be permitted to enable the actual switch to take place on or as soon after market opening as possible.

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)?

A2 – Yes we agree.

Q3: Should the proposed Schedule 11 transition scheme make provision for what should happen to any existing wholesale contracts?

A3 – This would provide a degree of consistency of approach, however we feel this could be managed on a bilateral basis outside of schedule 11 if necessary.

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)?

A4 – Although possibly a remote possibility, we would suggest that where a current WSL has not applied for a WSSL by the latest date to allow it to be granted for market opening, they are prohibited from instigating customer switches (as their current licence would be revoked, and they would not have a WSSL upon market opening). This would prevent customers who had only recently switched being put into either an orderly transfer to another WSSL, or worst case a disorderly transfer under the Interim Supply Code.

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 colleague Howard Smith at: Market_Design_Team@yorkshirewater.co.uk.

Yours sincerely,



P.P.

Wendy Kimpton
Head of Regulation



YorkshireWater

