

Retail Market Opening Programme
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Our ref: IV /

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09 September 2016

Dear Chris,

Retail market transition arrangements consultation

Thank you for the opportunity to respond to this consultation.

South West Water supports the opening of the retail market for business customers and is actively working towards the outcome of successful implementation.

We have considered the proposals outlined in the consultation and agree that it is sensible to consider and implement transition arrangements as we approach the market opening date. It is important to ensure that disruption and complication is minimised to maintain trust and confidence of customers as we move to the new legal framework and ways of working.

In this regard we are suggesting that further consideration should be given to:

- the period of freeze on customer switching; and
- making provisions within the S11 transition scheme to describe the treatment of existing wholesale contracts and Special Agreements to ensure continuity of application and maintain wholesaler rights.

Our responses to the consultations are attached as an appendix to this letter. We trust that you find these comments helpful.

Yours sincerely,



Iain Vosper
Regulatory Director

Appendix

South West Water responses to Retail market transition arrangements consultation questions:

Q1	<i>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?</i>
A	<p>Yes, we agree and welcome the proposals that there should be a period of time before market opening during which no customer switches can be processed under the CTP.</p> <p>Consideration should be given to whether this should be longer than the time described by the process of transfer, to allow for any complexities to be resolved and avoid abortive activity. For example, a period of 40 working days or two calendar months could provide greater risk mitigation with limited impact on market activity. Interaction of any freeze period with payment processes of the shadow market, should also be reviewed.</p>
Q2	<i>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)?</i>
A	Yes, this appears reasonable
Q3	<i>Should the proposed Schedule 11 transition scheme make provision for what should happen to any existing wholesale contracts?</i>
A	More consideration is needed on the transfer process associated with existing contracts / Special Agreements and retention of incumbent company rights as part of the package of transition arrangements for the market. It would be helpful if the transition scheme described treatment of existing wholesale contracts with retailers, and wholesale contracts with end-users (Special Agreements), such that they were deemed to operate under the applicable new licence arrangements.
Q4	<i>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)?</i>
A	We have not identified any further items for consideration at this point. However, we recommend Ofwat continually reviews learning from shadow market operation to ensure the transition arrangements remain appropriate. A check point in January would enable this.