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By email to all wholesalers and retailers

13 February 2017

Confirmation of the appointment of a Market Operator

We set out in the recently published [Open Water Programme Update](#) the important role that market participants have in appointing and funding a body to perform the role of Market Operator, fulfilling one of the functions set out in the new Market Arrangements Code (MAC) condition included within Instruments of Appointment and Water and or Sewerage Licences.

The new MAC condition will take effect at Market Opening, and requires all market participants to be a party to, and comply with, the MAC. Among other things, the MAC condition requires market participants to make sure that the MAC itself includes provisions for the establishment, and funding at all times, of a body to perform the role of Market Operator.

The draft MAC currently states at paragraph 3.2.2:

“The first Market Operator shall be the company appointed by the Wholesalers and Retailers.”

Market Operator Services Limited (MOSL) was originally set up with a view to it becoming the first Market Operator. In December 2016, members of MOSL approved its business plan and budget for 2017/18, together with updated Articles of Association, on the basis that it would be appointed as the Market Operator from April 2017 onwards.

In order for Ofwat to be satisfied that all wholesalers and retailers will be compliant with their legal obligations once the MAC condition and MAC take effect at Market Opening, we are asking each wholesaler and retailer to confirm that they have appointed a Market Operator, using the form appended to this letter.

All market participants are requested to respond by Friday 17th February. Responses should be sent to RMOtransition@ofwat.gsi.gov.uk

Yours sincerely



Adam Cooper
Director, Retail Market Opening

Enc.

CONFIRMATION BY PARTICIPANTS OF APPOINTMENT OF MARKET OPERATOR

We [*insert name of Licensee/ Appointee*]

of [*insert address of Licensee/Appointee*]

confirm that in accordance with the provisions of [Condition B1 of our Licence][Condition R3 of our Appointment] which will come into effect at Market Opening under which we are obliged to ensure that a Market Operator is established and funded and in accordance with section 3.2.2 of the proposed Market Arrangements Code we appoint [*insert name and address of company to be Market Operator*] as the Market Operator.

We further confirm that we have no reason to believe that the company appointed as Market Operator is not compliant with all relevant provisions of the Market Arrangements Code. To the extent it is currently non-compliant we will ensure it is compliant by Market Opening.

SIGNED.....

NAME.....

DATE.....

Duly authorised to sign on behalf of [*insert name of Licensee/Appointee*]