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Trading and procurement codes guidance review
Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

26 March 2018

To Whom It May Concern

Re: Trading and procurement codes – consultation on updating our guidance

We welcome the opportunity to respond to this consultation.

This letter, at Annex 1, sets out our views on the four specific questions as set out in the consultation document.

If you wish to discuss any points raised in this response please do not hesitate to contact me.

Kind regards.

Yours faithfully

Alex Plant
Regulation Director



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Annex One – consultation question responses

Q1: Do you support the new requirements or principles we have set out in section 2.2?

Yes, we support the new requirements, namely that:

- the import incentive applies to expenditure during the relevant price control period only;
- the trading and procurement code should provide reassurance on the approach taken to allocate any incentives payments for each trade between the relevant wholesale controls;
- The trading and procurement code should provide reassurance that it is consistent with the company's bid assessment framework which is to be introduced at PR19; and
- The trading and procurement code should explain and illustrate the assurance processes that the company has in place for agreeing trades.

The proposed changes maintain and strengthen the application of the principles of transparency and non-discrimination which should be the core of any approach to trading.

Q2: Do you support our proposed approach to approving new codes, as set out in section 2.3?

Yes, we support the proposed approach. The proposal to streamline the approval process improves efficiency and is proportionate to the subject, given the initial review by Ofwat itself and that the guidance for the trading codes is clear in its requirements.

Q3: Do you support our proposed approach to updating approved codes, as set out in section 2.4?

Yes, we support the proposed approach.

Q4: Do you have other comments on the draft guidance document published alongside this consultation?

No, we have no further comments.