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Trading and procurement codes guidance review  
Ofwat  
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23 February 2018

Dear Ofwat,

**Consultation on trading and procurement codes guidance review**

Thank you for the opportunity to respond to this consultation. As the current guidance for trading and procurement codes is now over five years old, the publication of the new draft guidance has been timely and welcome from our perspective; we will shortly be submitting our proposed draft trading and procurement code.

Our responses to the consultation questions can be found overleaf. In the meantime, please do not hesitate to let me know if you have any immediate questions or if we can be of further assistance.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Iain McGuffog".

Iain McGuffog  
Director of Strategy and Regulation

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*Question 1: Do you support the new requirements or principles we have set out in section 2.2?*

The new trading dates and principles (the allocation of incentive payments between the water resources and network plus water price controls, the production of bid assessment frameworks relating to third party supply or demand bids, and evidence of assurance) are sensible additions to the framework. We particularly welcome the alignment between the new draft guidance and the requirements for the 2019 price review.

*Question 2: Do you support our proposed approach to approving new codes, as set out in section 2.3?*

We support the approach; the draft guidance helps to reduce the regulatory burden on all parties while maintaining transparency for interested stakeholders. We particularly welcome the proposal to reduce the public consultation period from six to four weeks and the proposal to automatically approve draft Codes if no comments are received.

*Question 3: Do you support our proposed approach to updating approved codes, as set out in section 2.4?*

We have no additional comments to add; we are supportive of the approach described.

*Question 4: Do you have any other comments on the draft guidance document published alongside this consultation?*

We fully support a framework that encourages water trading between companies where it is environmentally and economically rational to do so. We therefore welcome the new draft guidance, as well as the decision not to remove any of the existing principles. We are committed to trading in a transparent, sustainable and responsible manner as set out within the new draft guidelines.