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Registered in Scotland
No: SC065527

Dear Sirs,

Response to Incumbent Water Companies and the Development of Effective Markets' letter

Many thanks for the opportunity to provide feedback to support your current review: we very much look forward to seeing the output in due course.

We have provided responses to the relevant questions where we feel we could add value. With regards to questions 16a & b we have not had any direct engagement with the Wholesalers; however, we employ Waterscan to manage the Wholesaler relationship so we would expect the Wholesalers to have engaged directly with them and anticipate Waterscan responding directly to this.

Question 17a

Do you offer alternative credit arrangements under Schedule 3 of the Business Terms of the Wholesale-Retail Code? If you have, what have you agreed and why? If not, or if you have refused a request for Schedule 3 terms, why not / why refused?

3 of 3 active alternative credit arrangements under Schedule 3. Two are Wholesaler driven templates (Severn Trent Collateral Floor Agreement and Yorkshire Water Credit Support 100) and one self-supply tailored offering by United Utilities based on proportionate methodology of the D & B max recommended credit limit.

Question 17b

Do you offer alternative payment arrangements, under Section 9.2.4 and Schedule 3A of the Business Terms of the Wholesale-Retail Code Please describe. If not, why not?

Currently drawing up retailer tailored Alternative payment arrangement that aligns with Retailers Supply Chain Portal with invoices and payment reconciled through Retailer global supply portal.



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Question 17c

Do you offer tailored offerings under (a) or (b) above to reflect specific characteristics of retailers (for example, self-supply retailers)? If not, please explain why this is the case.

Proposals for Self-Supply tailored offerings based on a proportionate methodology to incorporate Retailers credit worthiness and payment behaviour to date have submitted, to Severn Trent and United Utilities. The tailored proposal is based on accessing up to 2% Unsecured Credit of the Dun & Bradstreet maximum recommended credit limit.

The proposal has been accepted by United Utilities allowing Heineken UK Ltd to access an unsecured credit allowance of £790,000 in support of a P1 credit support balance requirement of £450k per month. No formal responses have been received from Severn Trent, 4 months from the date of submission. Levels of engagement has been slow.

Yours sincerely

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Heineken UK Limited