

July 2020

Interim supply: A consultation on process amendments

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1. About this document

It is a sign of a well-functioning, competitive market that companies enter and exit that market, as determined by market forces. An exit from a market can be planned, for example the sale of a company's customer book, or unplanned, for example if a company goes into liquidation. One of Ofwat's main roles is to ensure that customers' interests are protected and as such, it is important that we make sure the interim supply arrangements are fit for purpose.

The Water Industry Act 1991 (**WIA91**) establishes the overall legal framework for protecting customers in the event that a Retailer makes an unplanned exit from the business retail market, for example prompted by insolvency. Under these interim supply arrangements, Ofwat is responsible for reallocating customers to an alternative Retailer. As part of this, Ofwat has an obligation to from time to time review and if appropriate revise, the [Interim Supply Code \(ISC\)](#)^[1]. The arrangements set out in the ISC are supported by mechanisms in the [Wholesale Retail Code \(WRC\)](#)^[2].

This consultation sets out proposed incremental changes to the ISC and complementary changes to the WRC that we and the Market Operator (**MOSL**) have identified, mainly through our experience of running three interim supply events. The changes are aimed primarily at improving consistency between the ISC and WRC and also include some process changes.

We welcome your views on these proposals. This consultation will close at 5pm on **6 August 2020**.

Once we have reviewed the responses received we will work with MOSL to develop change proposals covering the amendments to the WRC and consequential changes to the Market Arrangements Code (**MAC**) for submission to the industry codes Panel. As the amendments to the WRC and the ICS are closely linked, we will wait to receive the recommendation from the industry codes Panel before we publish any decisions on amendments to the ISC.

^[1] The WIA91 makes separate provisions for a code for interim supply for water and a code for interim provision of sewerage services. Ofwat issued a single document (the Interim Supply Code) combining both codes, and therefore references to the Interim Supply Code or ISC throughout this document should be read accordingly.

^[2] Specifically the Market Terms and Code Subsidiary Document ('**CSD**') 0004

We will publish our decisions on amendments to the ISC, the WRC and the MAC at the same time and as soon as practicable following receipt of the recommendation from the industry codes Panel.

This document is structured as follows:

Section 2 explains how to respond to this consultation and sets out the consultation questions.

Section 3 sets out the background to the proposal.

Section 4 outlines our proposed amendments to the ISC, the WRC and the MAC. These include proposed amendments to:

- 4.1 The Election process¹;
- 4.2 The requirements for how and when to provide a Statement of Interim Supply Capacity;
- 4.3 The Interim Supply Offers process to enable Interim Duty Supply Points (**IDSPs**) in individual wholesale Areas to be Allocated across more than one Eligible Licensee;
- 4.4 Allocation and Registration of Licensees who have Elected to be Eligible Licensees so that the WRC reflects that there are two processes which can be used to Allocate IDSPs to a new Eligible Licensee;
- 4.5 The Interim Supplier Allocation Methodology;
- 4.6 Timetabling for the Interim Supplier Allocation Methodology;
- 4.7 Cessation of Supply;
- 4.8 Provision of information to customers following an interim supply event; and
- 4.9 Other miscellaneous proposed changes.

In addition, we are seeking views on:

- whether any problems arise from uncertainty around the exact period for which an Interim Licensee is to be treated as the supplier of a customer who exercises its right to switch away from that Licensee to a different one (see section 4.11); and
- the timeframe for the submission of Transfer Reads following an interim supply event.

Section 5 provides information on relevant code governance arrangements and modification.

¹ Described as 'opting in', 'opting out' and 'suspending' in the WRC.

The appendices of this document contain the proposed amendments to the legal drafting of the codes.

Unless otherwise specified, words and expressions used in this document are as defined in the ISC, the WRC, and the MAC as appropriate. Please note that different terminology has been used in the ISC and WRC to describe the same thing, for example (in the case of interim supply) Licensee (ISC) and Retailer (WRC); and Elect (ISC) and Opt In (WRC). The ISC uses the language set out in the WIA91 to describe parties and actions, whilst the WRC uses language appropriate to multiple processes. We do not consider that it is practical or proportionate to align these terms, and have primarily used the definitions in the ISC throughout this document.

2. Responding to this consultation

We welcome your views on this consultation by 5pm on **6 August 2020**. The specific questions which we would welcome responses on are set out below.

Please submit email responses to interimsupply@ofwat.gov.uk, with the subject **“Interim Supply: A consultation on process amendments”**. Due to the pandemic, we are currently unable to accept responses by post.

We may publish responses to this consultation on our website at www.ofwat.gov.uk, unless you indicate that you would like your response to remain unpublished. Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with access to information legislation – primarily the Freedom of Information Act 2000 (FoIA), the General Data Protection Regulation 2016, the Data Protection Act 2018, and the Environmental Information Regulations 2004. For further information on how we process personal data please see our [Privacy Policy](#).

If you would like the information that you provide to be treated as confidential, please be aware that, under the FoIA, there is a statutory ‘Code of Practice’ which deals, among other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that we can maintain confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on Ofwat.

Consultation Questions

We set out at section 4 the proposed changes to the ISC, WRC and MAC, and the reasons for these proposed changes.

Do you have any comments on the proposed changes to the ISC, WRC and/or MAC, either in terms of our reasons for the changes or the legal drafting?

1. Amendments to Election process

- a. To enable the backdating of Election following a Relevant Cessation of Supply?
- b. To codify the informal process that Ofwat and MOSL have in place to inform Licensees that an interim supply event is imminent?
- c. To highlight in CSD 0004 the obligations on Licensees to provide a Scheme and Statement to Ofwat in the specified circumstances.

- d. To align the Suspension process within the ISC and WRC.

2. Statements of Interim Supply Capacity

- a. To insert reference to Alternative Credit Support and Alternative Payment Terms into the Statements?
- b. To amend the manner in which Statements are submitted so that they are provided by reference to CSD 0006 rather than directly to an Ofwat inbox.

3. Offers process: enabling areas to be split across different Eligible Licensees

- a. To give Ofwat the discretion to determine whether IDSPs in one Area, or a relevant combination of Areas, should be Allocated to more than one Eligible Licensee?

4. Allocation and Registration of Licensees who have Elected to be Eligible Licensees

- a. To explicitly reference the Offers process in CSD 0004?
- b. The process diagrams for the Interim Supply Offers process and the Interim Supplier Allocation Process are reflective of the proposed amendments?

5. Interim Supplier Allocation Methodology

- a. To clarify that the methodology cited in CSD 0004 only applies to the Allocator process?
- b. That an Eligible Licensee's Statement on capacity should be taken into account under the Allocator process.

6. Timetabling for the Allocator process

- a. To align the obligations on MOSL and Ofwat to provide and approve a timetable for the Allocator process?

7. Cessation of Supply

- a. To extend the circumstances in which Ofwat may invoke interim supply to include where a Licensee has consented to the revocation of its License?
- b. To clarify that revocation will take precedence over Wholesale Contract termination for the purposes of interim supply.
- c. To amend the Business Terms so that all Wholesale Contracts that a Licensee has are automatically terminated when its License is revoked?

8. Provision of information to Affected Customers

- a. To enable Ofwat to extend the timeframe in which Interim Licensees must provide information to Affected Customers?

9. Other proposed changes

- a. To amend the reference from Wholesale Tariff to Wholesale Charges?
- b. To clarify that Eligible Licensees will be able to use information provided with the Notice of Relevant Cessation of Supply to inform the contents of their Interim Supply Offer?
- c. To make minor drafting changes to CSD 0004 and the MAC?

10. Customer right to switch away

- a. How long does it generally take to on-board a customer? Is this timeframe different where the customer has voluntarily moved to the Licensee in comparison to under the interim supply provisions, or gap site provisions? If yes, please provide details.
- b. Do you have any experience of Affected Customers switching away having been Allocated following an interim supply event? If yes, please provide details.
- c. If you have one, does your current Interim Supply Scheme provide details to Affected Customers of how they can switch Licensee? If yes, please provide details.
- d. Do you think the ISC should state when a new Licensee is able to continue the supply of services from the Interim Licensee? Do you consider that there are potential advantages and disadvantages (both for customers and Licensees) of codifying this requirement?

11. Submission of Transfer Reads following an interim supply event

- a. What is your view of the current timeframes for submission of Transfer Reads (set out in section 5.1.10 of CSD 0004)? In providing views on this, please set out what you consider to be an appropriate timeframe, the reasons for this, and any perceived customer detriment where this is an extension to the current limitations.

12. Do you consider that the proposed changes to the WRC and the MAC further the principles and objectives of the WRC and MAC?

3. Background to the consultation

It is a sign of a well-functioning, competitive market that companies enter and exit that market, as determined by market forces. An exit from a market can be planned, for example the sale of a company's customer book, or unplanned, for example if a company goes into liquidation.

As water and wastewater services are essential utilities, protections are in place in the event that a Licensee makes an unplanned exit from the business retail market so that IDSPs of Affected Customers' premises are allocated to an alternative Licensee (an Interim Licensee) without undue delay.

The WIA91 establishes the overall legal framework for interim supply arrangements, and provides a number of powers and duties for Ofwat. The interim supply arrangements set out in the ISC are supported by mechanisms in the WRC, and together these codes provide for the Allocation of Affected Customers to an Interim Licensee, and the roles of Ofwat and MOSL.

Together, the ISC and the WRC provide details of how Licensees are able to Elect² to be Eligible Licensees³, meaning that they are included on the List of Eligible Licensees and therefore may be considered to become Interim Licensees in the event that another Licensee exits the market in an unplanned way, and how to Suspend that Election where the Eligible Licensee does not want to participate in a particular event.

The ISC also sets out two methods that Ofwat can use to Allocate Affected Customers to an Interim Licensee:

- **Interim Supply Offers ('Offers')**: Ofwat seeks Interim Supply Offers from Eligible Licensees (those that are opted in for the relevant wholesale Area or combination of Areas). Offers from Eligible licensees set out the terms upon which they would be willing to undertake the Interim Supply for the Affected Customers.
- **Interim Supplier Allocation ('Allocator')**: Where Ofwat requests that MOSL use the Interim Supplier Allocation Process to randomly Allocate Affected Customers to an Interim Licensee in accordance with CSD 0004. This method divides IDSPs in each Area, or combination of Areas, across all Eligible

² Described as 'opt in' under the WRC

³ Acquiring Licensees (as defined at Regulation 6 of the Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016) and Licensees with a special condition to their Licence are required to Elect to be Eligible Licensees.

Licensees that have not Suspended their Election for the particular interim supply event.

To date, Ofwat, with the support of MOSL, has run three interim supply events involving two Previous Licensees, Aquaflo and Tor Water. Having run these interim supply events and reviewed the ISC and relevant parts of the WRC, Ofwat and MOSL have identified issues with the processes as currently set out in the ISC and WRC. This document sets out, for consultation, incremental changes we are proposing to make to the ISC and WRC to address these issues.

Whilst the changes we are proposing are linked, the ISC, the WRC and the MAC have separate governance and modification process. Further information has been included in section 5 of this document.

4. The proposed amendments to the ISC and WRC

We are proposing amendments to ensure that the ISC and CSD 0004 (and other affected sections of the WRC and MAC) are better aligned, consistent and clear. We have also proposed below some amendments which we consider build on the current processes by either improving efficiency or developing them further so that they are fit for purpose.

We have summarised the changes that we propose to make below and provided the rationale for the proposed amendments. We set out in the Appendices the proposed changes to each of the codes in full as follows:

- Appendix 1: ISC
- Appendix 2: relevant changes to the WRC: Schedule 1, Part 1, Definitions
- Appendix 3: CSD 0004
- Appendix 4: relevant changes to the WRC: Schedule 1, Part 4, Market Terms, section 4.3.9
- Appendix 5: relevant changes to the WRC: Schedule 1, Part 2, Business Terms, sections 10 and 11
- Appendix 6: MAC and WRC other amendments

4.1 Amendments to Election process

Both ISC and CSD 0004 provide for how Licensees can amend their interim supply opted in status. Licensees are currently required by the ISC to send notifications to both Ofwat and MOSL to Elect to be an Eligible Licensee, or remove⁴ or Suspend their Election. CSD 0004 prescribes the details of the notification which must be sent to MOSL, whilst the ISC provides the requirements for notifying Ofwat. These must include:

- a Statement of Interim Supply Capacity (“**Statement**”); and
- within a reasonable time of Electing to be an Eligible Licensee, a link to and a copy of the Scheme of Terms and Conditions that the Eligible Licensee will place Affected Customers on should they become the Interim Licensee (“**Scheme**”).

The WIA91 specifies that the ISC should provide for the arrangements under which Ofwat exercises its interim supply powers, including those relating to election and suspension and registration of elections. We are, however, aware that these processes also needs to sit within the WRC to enable the Licensee Election, or otherwise, to be recorded in CMOS. We are therefore seeking to simplify the

⁴ Described as ‘opt out’ under the WRC

processes within the two codes to ensure that they are more closely aligned, clearer and more transparent. The amendments that are proposed include:

- clarifying within the ISC that a Licensee may Elect to be an Eligible Licensee following a Relevant Cessation of Supply. MOSL are in the process of updating CMOS to enable Licensees to Elect following the revocation of the Previous Licensee License or the termination of the Wholesale Contract. This amendment to the ISC supports this change;
- codifying the informal process that MOSL and Ofwat currently undertake to inform Licensees that an interim supply event is imminent, and that Licensees who have not already Elected to be Eligible Licensees should do so to ensure that they are part of the process. This will provide Licensees that are not already Eligible Licensees with the opportunity to Elect to be so ahead of an interim supply event. By informing Licensees that an event is imminent, it will provide them with some additional time to research the relevant SPIDs and consider whether they would be able to provide interim supply to the Affected Customers;
- removing reference in the ISC to what is required within the notification to MOSL to Elect or remove the Election, as this duplicated what it in the WRC. The ISC already requires notification to be made “in accordance with the WRC”;
- amending the notification requirements for temporary Suspension of Election so that this will occur at the beginning of the interim supply process, and by reference to the Notice of Relevant Cessation of Supply. The separate reference to Suspension within the Allocator process, and MOSL’s responsibilities associated with this, will be removed; and
- including in the CSD a cross reference to the requirements in the ISC to send a Statement and Scheme to Ofwat when Electing or removing its Election.

Relevant section of code	Drafting Amendment	Reasons
ISC		
Section 4.1.3	Delete ‘for the purposes of the Interim Supplier Allocation Process’	To ensure that it is clear that the Election is in respect of both the Offers and Allocator processes.
Section 4.1.4	Delete current paragraph and insert ‘Following a Relevant Cessation of Supply, where a Licensee wishes to Elect to be an Eligible Licensee to enable it to receive the Notice of Relevant Cessation of Supply, it must do so by the date and time stipulated in the notice at	Current paragraph 4.1.4 is deleted as it is not required as paragraph 4.1.3 already clarifies that the notification to MOSL should be in accordance with the WRC where the relevant information is set out.

	section 5.3 of this code.'	Inserted text is to clarify that Licensees may Elect to be Eligible Licensees following the revocation of the Previous Licensee's Licence or the termination of its relevant Wholesale Contract. This clarification is to support the changes to CMOS that MOSL are undertaking to ensure that Election can be back-dated to the date Relevant Cessation of Supply. To ensure there is no ambiguity as to when Licensees should Elect by in these circumstances, Licensees interested in taking part in the interim supply event will need to have Elected by the date and time stated in the notice issued by MOSL under section 5.3 of the ISC in order to be included in the event.
Section 4.3.2	At the end of the paragraph insert ', in accordance with the Wholesale-Retail Code'	To simplify the removal of Election process by enabling Licensees to submit relevant information to both Ofwat and MOSL via the Market Operator interface.
Section 4.3.4	Delete whole paragraph	Not required as paragraph 4.3.3 already clarifies that the notification to MOSL should be in accordance with the WRC.
Section 4.4.4	Delete 'in accordance with the Notice of Relevant Cessation of Supply'	To simplify the Suspension process by enabling Licensees to submit relevant information to both Ofwat and MOSL via the Market Operator interface.
Insert new section 5.3	<p>Notification to Licensees</p> <p>5.3.1 Following the Relevant Cessation of Supply, the Authority shall instruct the Market Operator to issue a notice to all Licensees informing them that a Relevant Cessation of Supply has occurred in accordance with the relevant provisions of the Wholesale-Retail Code.</p> <p>5.3.2 This information notice shall include, but need not be limited to:</p> <p>(a) the Date of Cessation of Supply (which may be in the future);</p>	<p>Codifies the informal process that Ofwat and MOSL already undertake to inform Licensees that an event is imminent, and that they must Elect to be an Eligible Licensee if they're interested, thereby extending the Election window for those Licensees interested in a particular interim supply event. A corresponding amendment is proposed to CSD 0004 to ensure the obligation to issue the notice takes effect on MOSL.</p>

	(b) the name of the Previous Licensee; and (c) Where Licensee is not already an Eligible Licensee, the date and time by which it would need to Elect to be an Eligible Licensee to be part of the relevant allocation exercise.	
WRC: CSD 0004		
Section 2.1.1	Delete reference to 'the Interim Supplier Allocation Process' and insert instead 'being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code'. After 'notification to the Market Operator' insert 'and the Authority'.	To provide clarity that the Election does not only relate to the Allocator process and to simplify the Election process by enabling Licensees to submit relevant information to both Ofwat and MOSL via the Market Operator interface.
Section 2.1.2	Delete reference to 'Interim Supplier Allocation Process' and insert instead 'in respect of one or more Service Categories and/or Areas'	To provide clarity that the Election does not only relate to the Allocator process.
New section 2.1.3(d)	Insert 'confirmation that the Retailer has met, or will be meeting, its obligations under the Interim Supply Code to make, provide and publish a Scheme'	To ensure that Licensees are aware of their obligations under the ISC to make, provide and publish a Scheme
New section 2.1.3(e)	Insert 'the provision of its Statement of Interim Supply Capacity'	To ensure that Eligible Licensees meet their obligations under the ISC to provide Statements. ⁵
Section 2.1.4	Delete 'for the purposes of the Interim Supplier Allocation Process'.	To provide clarity that the Election does not only relate to the Allocator process.
Section 2.3.1	Amended drafting to remove reference to 'Interim Supplier Allocation Process', and insert 'being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code'.	To provide clarity that the Election does not only relate to the Allocator process.
Section 2.3.2	After 'notification to the' insert 'the Authority and the'	To simplify the removal of Election process by enabling Licensees to submit relevant information to both Ofwat and

⁵ Further details on changes to the ISC and CSD 0004 in relation to Statement of Interim Supply Capacity are dealt with at section 4.2 of this consultation.

		MOSL via the Market Operator interface.
Section 2.4.2	<p>Delete text up to and including 'This prior notice' and insert in its place 'The Interim Supply Code confirms that the Authority'.</p> <p>Insert 'is' between 'Opted In Retailer' and 'entitled to temporarily', and delete 'in respect of the relevant allocation exercise'.</p> <p>Insert a full stop after 'allocation exercise', and then insert new sentence 'Any Retailer wishing to temporarily suspend its Opted In Retailer status must send a notification to this effect to the Authority and the Market Operator in accordance with CSD 0006 (Trading Party Administration and Notification Process).'</p> <p>Delete from 'in setting this deadline' to the end of the paragraph.</p>	To align the CSD drafting with the ISC by confirming that Suspension will be dealt with under the ISC, but ensuring that the correct notification is provided to both MOSL and Ofwat.
Section 2.4.3	Delete the first sentence of the paragraph. Amend reference for the Suspension deadline from the Market Operator's prior notice to the Authority's prior notice.	To align with the ISC.
Section 2.4.4	Delete	Not required as process dealt with under the ISC.
Section 2.4.6 (becomes new section 2.4.5)	<p>After 'confirm receipt and,' insert 'having received confirmation from the Authority that the Retailer is entitled to suspend its Opted In Retailer status, where the Interim Supplier Allocation Process is selected by the Authority,'</p> <p>Amend reference from 'the specified allocation exercise' to 'that specified allocation exercise'</p>	An Eligible Licensee must Suspend its Election in accordance with the ISC, including by reference to the provision of information and the deadline for Suspension. This amendment clarifies that Ofwat may prevent Suspension where prescribed requirements are not met and makes it clear that MOSL will only exclude Licensees from the Allocator process. Where the Offers process is used, this role falls to Ofwat.
Section 2.4.7 (becomes new section 2.4.6)	Delete text from 'a single specified allocation exercise' to the end of the sub-paragraph and insert 'the allocation exercise(s) specified in the	Amended to confirm that the temporary suspension will apply to an interim supply event, not an individual allocation exercise. Under the

	relevant Notice of Relevant Cessation of Supply.'	ISC, Ofwat may choose to run an Offers process, but may subsequently decide to switch to the Allocator process (for example if enough Offers were not received). We do not want to have to re-run the Suspensions should this occur as this will unnecessarily extend the timeframe for the interim supply event further.
Section 2.4.8 (becomes new section 2.4.7)	Delete reference to 'Interim Supplier Allocation Process'	To provide clarity that the Suspension does not only relate to the Allocator process.
New section 3.2	<p>Notification to Retailers</p> <p>3.2.1 Following a cessation of supply, the Authority shall require the Market Operator to issue to a notice to all Retailers informing them that a cessation of supply has occurred.</p> <p>3.2.2 This information notice shall include, but need not be limited to:</p> <p>(a) The date on which the cessation of supply commences (which may be a date in the future);</p> <p>(b) The name of the current Retailer; and</p> <p>(c) Where a Retailer is not already an Opted In Retailer for the purposes of being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code, the date and time by which it would need to opt in to be part of the relevant allocation exercise.</p>	<p>Codifies the informal process that Ofwat and MOSL already undertake to inform Licensees that an event is imminent, and that they should Elect to be an Eligible Licensee if they're interested, thereby extending the Election window for those Licensees interested in a particular interim supply event.</p> <p>This is the corresponding amendment to the ISC to enable the obligation to issue the notice to take effect on MOSL.</p>
WRC: Schedule 1, Part 1, Objectives, Principles and Definitions		
New definition	Notice of Relevant Cessation of Supply: has the meaning given in the Interim Supply Code	Required where term is incorporated into the WRC.
New definition	Interim Supply Offers: has the meaning given in the Interim Supply Code	New definition required if the Offers process is to be referenced in the WRC.
New definition	Scheme: has the meaning given in the Interim Supply Code	Required where term is incorporated into the WRC.

WRC: Schedule 1, Part 4, Market Terms		
Section 4.3.9(b)	After 'notification to the Market Operator' insert 'and the Authority'	Aligns with amendment to CSD 0004.
Section 4.3.9(c)	Delete 'the Interim Supplier Allocation Process' and insert 'being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code' Amend 'Interim Supplier Allocation Process' to revised name for CSD 0004 'Interim Supply Process'	To ensure that it is clear that the removal of Election is in respect of both the Offers and Allocator processes, and to align with CSD name change.
Section 4.3.9(d)	Delete 'prior to the Market Operator carrying out the Interim Supply Allocation Process' and insert in its place ' , on or before the deadline specified in the Notice of Relevant Cessation of Supply'. Amend 'Interim Supplier Allocation Process' to revised name for CSD 0004 'Interim Supply Process'	To align with proposed changes to the ISC and CSD 0004 in relation to suspension.

4.2 Statements of Interim Supply Capacity

Eligible Licensees submit Statements to inform Ofwat of their capacity to take on IDSPs in specified Areas and Service Categories. Ofwat currently uses this data to inform its Offers process, but as explained in section 4.5 below, we are proposing also to enable MOSL to use it as part of the Allocator process.

The Statements also require Eligible Licensees to provide assurance to Ofwat that they are financially and operational capable of taking on IDSPs.

An Eligible Licensee must confirm that it is able to finance the additional costs of taking on the number of IDSPs for which it has indicated that it has, including the costs related to any additional credit support. The ISC (at section 4.2.2(d)) currently only refers to Eligible Credit Support but not to Alternative Eligible Credit Support which was introduced as an additional credit support option following implementation of [CPW019](#). We propose updating the ISC to include this reference, including inserting a definition of Alternative Eligible Credit Support, in line with that in the WRC.

Following implementation of CPW048 Trading Parties are able to agree Alternative Payment Terms. We think that the Statement should also include an assurance from Eligible Licensees that any Alternative Payment Terms that they have agreed with a relevant Wholesaler will not be adversely affected by the increase in IDSPs for which they claim capacity⁶.

Ofwat has not always received Statements from Eligible Licensees in a timely manner, or in accordance with the ISC, and we think this may be partly due to being able to submit the Statement through CMOS under CSD 0006, whilst being required to email it to Ofwat under the ISC. To help Eligible Licensees, we are proposing to align the submission processes in the ISC and CSD so that Statements only need to be submitted under CSD 0006.

Relevant section of code	Drafting Amendment	Reasons
ISC		
Section 1.1 Defined Terms	New definition Alternative Eligible Credit Support: the meaning given in the Wholesale-Retail Code	Required where term is incorporated into the Statement
Section 1.1 Defined Terms	New definition Alternative Payment Terms: the meaning given in the Wholesale-Retail Code	Required where term is incorporated into the Statement
Section 4.2.1	Insert 'in accordance with section 4.2.3' at the end of the sentence.	Directs Eligible Licensees to the circumstances in which they must provide or update their Statement.
Section 4.2.2(d)	Insert 'or Alternative Eligible Credit Support' after 'Eligible Credit Support'	To align with current credit options under the WRC and ensure Eligible Licensees have considered all the financial implications of an increase in SPIDs.
New section 4.2.2(e)	Confirmation that, where the Eligible Licensee has agreed Alternative Payment Terms with a Wholesaler, that the provision of Interim Supply to the maximum number of additional Supply Points indicated above, would not adversely affect the agreed Alternative Payment Terms.	To align with current payment options under the WRC and ensure Eligible Licensees have considered all the financial implications of an increase in SPIDs.
Section 4.2.3	Delete 'by email to interimsupply@ofwat.gsi.gov.uk ' and replace with 'and the Market	To enable Statements to be submitted to both Ofwat and MOSL via the Market Operator interface. As

⁶ If the proposed changes are made, Ofwat will update the template Statement.

	Operator in accordance with the Wholesale-Retail Code'	detailed at section 4.6 below, we are proposing to incorporate the Statements into the Allocator process and therefore MOSL must also have sight of them.
WRC: CSD 0004		
New section 2.1.3(e)	Insert 'the provision of its Statement of Interim Supply Capacity.'	To ensure that Eligible Licensees meet their obligations under the ISC to provide Statements
New section 2.5 Provision of Statement of Interim Supply Capacity	See Appendix 3 for drafting	As we are proposing to incorporate Statements into the Allocator process MOSL must also be given sight of them. Additional drafting required to enable Statements to be submitted via the WRC.
WRC: Schedule 1, Part 1, Objectives, Principles and Definitions		
New definition	Statement of Interim Supply Capacity: has the meaning given in the Interim Supply Code	Required where term is incorporated into the WRC.

4.3 Offers process: enabling Areas to be split across different Eligible Licensees

Currently the Offers process in the ISC only allows Ofwat to Allocate IDSPs in an Area, or combination of Areas, to a one Eligible Licensee. It does not enable Ofwat to split IDSPs within one Area between multiple Eligible Licensees.

We are proposing to give Ofwat the discretion, if it thinks appropriate, to split IDSPs in one Area, or a relevant combination of Areas, between multiple Eligible Licensees. This would enable Ofwat to choose to allocate IDSPs by criteria other than simply area, such as, for example, by type of Affected Customer or retail service. It also enables Offers from Eligible Licensees that would not previously have been able to bid because they were restricted by the number of IDSPs they are able to take on. We think that improving allocation flexibility may encourage more Offers, and from a wider variety of Eligible Licensees.

Relevant section of code	Drafting Amendment	Reasons
ISC		
Section 7.2.2	Amend section so that it reads:	To give Ofwat the discretion to Allocate IDSPs to one or more

	<p>'Interim Supply Offers may be sought in respect of the relevant Area or combination of Areas (as applicable). The Authority may determine that the Interim Duty Supply Points in the relevant Area or combination of Areas shall be Allocated to one or more Eligible Licensees.</p>	<p>Eligible Licensees under the Offer's process.</p>
Section 7.2.3(b)	<p>Insert after 'provide Interim Supply to', 'some or'</p>	<p>To give Ofwat the discretion to Allocate IDSPs to one or more Eligible Licensees under the Offer's process.</p>
Insert new section 7.2.4(b)	<p>Insert 'whether the Interim Duty Supply Points may be Allocated to one or more Eligible Licensees'.</p> <p>Current sub-sections (b) and (c) become sub-sections (c) and (d).</p>	<p>Where possible, to ensure Eligible Licensees are made aware of how Ofwat may Allocate the IDSPs. This information will be based the most recent Statement submitted by Eligible Licensees.</p>
Section 7.2.5(b)	<p>Amend section so that it references more than one Eligible Licensee as follows:</p> <p>'Allocate the Interim Duty Supply Points within each relevant Area or each combination of Areas (as applicable) to one or more Eligible Licensees on the terms set out in the Interim Supply Offer submitted by the Eligible Licensee or Eligible Licensees'</p>	<p>To give Ofwat the discretion to Allocate IDSPs to one or more Eligible Licensees under the Offer's process.</p>

4.4 Allocation and Registration of Licensees who have Elected to be Eligible Licensees

CSD 0004 does not currently specify how MOSL should deal with IDSPs Allocated using the Offers process other than by including passing references to 'other processes'. As a result, MOSL's systems currently apply the same steps to registration for IDSPs allocated through the Offers process as they do for those

allocated through Allocator process, some of which could otherwise be avoided. We propose amending the CSD so that it clarifies how MOSL will Register IDSPs allocated by Ofwat through the Offers process, thereby allowing for a different process to apply to that for the Allocator process.

We propose a new section 3.3 (Allocation and Registration of Opted In Retailer(s) (Interim Supply Offers) for the CSD. The current Allocator process would then be set out at new section 3.4 (Allocation and Registration to Opted In Retailer(s) (Interim Supplier Allocation Process)). We also propose changes to this new section 3.4 in comparison to the current section 3.2 to remove the current step c as suspensions will be dealt with in accordance with the ISC (as detailed at section 4.3 above).

Relevant section of code	Drafting Amendment	Reasons
CSD 0004		
CSD title	Amend to 'Interim Supply Process'	To clarify that the CSD is relevant to all interim supply allocation processes.
Section 1.1.1	Amend to remove reference to the Interim Supplier Allocation Process	To provide clarity that the CSD does not only relate to the Allocator process.
Section 1.2.1(a)	Delete reference to IDSP, and insert in its place 'being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code'	This should be a reference to the allocation exercise rather than the IDSPs themselves.
Section 1.2.1(b)	Insert reference to Interim Supply Offers	To provide clarity that the CSD does not only relate to the Allocator process.
Section 2.2.1	Delete 'for the purposes of the Interim Supplier Allocation Process' and insert instead 'pursuant to Section 4.3.9 of the Market Terms'	To provide clarity that the CSD does not only relate to the Allocator process.
New section 3.3	See Appendix 3 for legal drafting	Sets out process MOSL will follow where Ofwat selects the Offers process.
Section 3.2.1 (becomes section 3.4.1)	At the end of the sub-paragraph, insert 'under section 7.3 of the Interim Supply Code'	Insert relevant cross reference to ISC.
Section 3.2.2 (becomes section 3.4.2)	Include after 'for the relevant Areas', 'which shall not include Opted In Retailers that have temporarily suspended their Opted In Retailer status'	As Suspension will be dealt with under the ISC, references here can be removed. Amendment to (c) to make better use of defined term.

	Amend sub-paragraph (c) to instead make reference to the Designation Date. Delete sub-paragraph (d) as no longer require.	
Section 3.2.4	Delete	Not required as Suspension already dealt with under ISC
All subsequent steps		Amended to accommodate deletion of step c (section 3.2.4)
Section 3.2.5 (becomes section 3.4.3)	Delete from 'Following provision' to '(step (c) above)', so that the section starts 'The Market Operator'	Not required as step c removed.
Section 3.2.6 (becomes section 3.4.4)	Amend cross reference to step from 'f' to '5'	To accommodate deletion of step c. Alphabetical references amended to numerical references to better align with drafting elsewhere in the WRC.
Section 3.2.7 (becomes section 3.4.5)	Amend cross reference to step from 'd' to '3'	To accommodate deletion of step c
Section 3.2.9 (becomes section 3.4.7)	Delete part in brackets and amend cross reference to steps to '7' and '8' respectively.	Deletion because the Offer's process is now accounted for in the CSD. Amendment to accommodate deletion of step c.
Section 3.2.12 (becomes section 3.4.10)	Amend cross reference to step from 'h' to '6'.	To accommodate deletion of step c
Section 5.1.4	Remove 'the outcome of each allocation exercise, based on the results generated by the application of the allocation methodology' and replace it with 'a direction issued by the Authority under section 63AC(3) or section 110L(3) of the Water Industry Act 1991' so that this section reads: 'The Market Operator shall ensure that the Central Systems have the functionality to apply a high volume change of data to implement a direction issued by the Authority under section 63AC(3) or section 110L(3) of the Water Industry Act 1991.'	To add clarity that this is applicable for both the Offers and the Allocator processes.
Section 5.1.5	Remove 'allocation exercise' and replace with 'direction issued by the Authority under section 63AC(3) or section 110L(3) of the Water Industry	To add clarity that this is applicable for both the Offers and the Allocator processes.

	Act 1991' so that this section reads: 'This functionality shall include the provision of appropriate reports to confirm that the relevant data updates have been successful and to flag any exceptions. The Market Operator shall deal with any exceptions as appropriate in order to give full effect to the allocation exercise direction issued by the Authority under section 63AC(3) or section 110L(3) of the Water Industry Act 1991. The reports should also provide confirmation that following the data update there are no Supply Points remaining Registered to the relevant Retailer.'	
Process Diagrams	See Appendix 3	To describe the Offers and Allocator processes in diagrammatical format.
WRC: Schedule 1, Part 4, Market Terms		
Section 4.3.9, paragraph 3	Delete 'Once the Interim Supplier Allocation Process is complete,' so that the paragraph starts, 'The supply'. Amend reference to 'Opted In Retailer' to 'Interim Supplier'	To align with changes to CSD 0004 where both the Offer process and Allocator process are included, and better use of defined terms.
Section 4.3.9, paragraph 4	After 'If the Authority' insert 'has or'; and after 'requests the Market Operator' insert 'allocates Interim Duty Supply Points in accordance with the Interim Supply Offers process or'.	To align with changes to CSD 0004 where both the Offer process and Allocator process are included, and better use of defined terms.
Section 4.3.9(e) and (f)	Amend CSD 0004 title reference.	To align with changes to CSD 0004.
Insert new section 4.3.9(i)	'where the Authority notifies the Market Operator that it will be requesting Interim Supply Offers from Opted In Retailers in accordance with section 7.2 of the Interim Supply Code, the Market Operator shall allocate the particular Interim Duty Supply Points in accordance with the outcome of that process;'	Changes reflect proposal to split out the Offers and Allocator processes in CSD 0004.
Section 4.3.9(i) (which becomes 4.3.9(j))	Insert at the beginning of the sub-paragraph 'where the Authority requests the Market Operator carries out the Interim	Changes reflect proposal to split out the Offers and Allocator process in CSD 0004.

	Supplier Allocation Process in accordance with section 7.3 of the Interim Supply Code,'. Amend reference to 'Opted In Retailer' to 'Interim Supplier'. Amend CSD 0004 title reference.	
Section 4.3.9(j) (which becomes 4.3.9(k))	Insert 'relevant' in the first sentence between 'the' and 'allocation'. Amend CSD 0004 title reference.	To account for the different process options. To align with changes to CSD 0004.
Section 4.3.9(m)	After 'and no direction has been', insert 'or is to be' Amend CSD 0004 title reference	For clarity, this section should also be forward looking so that it's clear that where this may apply, a direction has not been, and will not be, made and to align with changes to CSD 0004.
Section 6 Part F, List of CSDs	Amend CSD 0004 title reference.	Consequential change to reflect that the title of CSD 0004 has been updated.
WRC: Schedule 1, Part 1, Principles and Definitions		
Amend definition: Interim Duty Supply Point	Remove reference to Interim Supplier Allocation Process so that it reads: 'a supply point which is to be Registered to an alternative Retailer as a result of a relevant direction issued by the Authority in accordance with section 63AC(3) or 110L(3) of the Water Industry Act 1991 or to a relevant Undertaker where section 63AC(2) or section 110L(2) of the Water Industry Act 1991 applies, and as further described in Section 4.3.9 of the Market Terms	To clarify that IDSPs relate to more than just the Allocator process.
WRC: Schedule 1, Part 3, Operational Terms		
Section L, Process B11 (purpose)	Amend second bullet point so that it reads 'has been allocated pursuant to section 4.3.9 of the Market Terms'.	To account for the different process options.
Section L, Process B11, step 1	Amend the second bullet point so that it reads 'has been allocated pursuant to section 4.3.9 of the Market Terms'	To account for the different process options.
WRC: CSD 0002		
MPS 16	Insert reference to the Interim Supply Offers process and	To account for the different process options.

	correct reference to Interim Supply Allocation Process so that the section reads: ‘For Supply Points allocated under the Interim Supply Offers process and the Interim Supplier Allocation Process these changes shall apply unless the Market Operator agrees an alternative timetable with the Retailer...’	
WRC: CSD 0006		
Section 3.1.1	Delete ‘Allocation Process’	To account for the different process options.
Section 3.2.4	Amend CSD 0004 title reference	Consequential change to reflect that the title of CSD 0004 has been updated.
WRC: CSD 0102		
Section 1.3.1(b)	After ‘Interim Supplier Allocation Process’ insert or ‘Interim Supply Offers process’ Amend reference to CSD 0004 title reference	To account for the different process options and consequential change to reflect that the title of CSD 0004 has been updated.
Section 1.3.2	Amend cross reference to Market Terms from (l) to (m)	Consequential change to reflect amendments to Market Terms.
WRC: CSD 0202		
Section 3.6.4	Amend CSD 0004 title reference	Consequential change to reflect that the title of CSD 0004 has been updated.
WRC: CSD 0301		
Data Item D4015	Delete ‘to the Interim Supplier Allocation Process’ and insert ‘pursuant to the Interim Supply Code and section 4.3.9 of the Market Terms’.	To account for the different process options.
Data Item D4015	For each of the three references in the table delete reference to ‘Interim Supplier Allocation Process’ and preceding two words and insert ‘pursuant to the Interim Supply Code and section 4.3.9 of the Market Terms.’	To account for the different process options.
WRC: CSD 0302		
Sections: 12.1.1 12.4.1	Amend CSD 0004 title reference	Consequential change to reflect that the title of CSD 0004 has been updated.

Table in 12.6 13.1.1 13.4.1		
Section 13.1.1	Amend section so that it reads: 'After an Interim Supply Offers or an Interim Supplier Allocation exercise has been undertaken, the Market Operator...	To account for the different process options.
MAC		
Schedule 1 Definitions - definition of Supply Point Register	Amend CSD 0004 title reference	Consequential change to reflect that the title of CSD 0004 has been updated.

4.5 Interim Supplier Allocation Methodology

Section 4 of CSD 0004 sets out the Interim Supplier Allocation Methodology which MOSL uses to Allocate IDSPs to an Interim Licensee where Ofwat has decided to use the Allocator process rather than the Offers process.

As well as amending section 4 to clarify that this methodology only applies to the Allocator process (in accordance with the changes proposed in 4.4 above), we propose changes to ensure that allocations under this process take account of capacity Statements. The current methodology for the Allocator process does not do this, which risks an Eligible Licensee receiving more IDSPs than it has said it is able to take on, to the detriment of both the Eligible Licensee and the Affected Customers.

Relevant section of code	Drafting Amendment	Reasons
ISC		
Section 1.1 Defined Terms	Definition of 'List of Eligible Licensees': Amend to remove reference to the 'Interim Supplier Allocation Process maintained and published by the Market Operator in accordance with the relevant provisions of' as follows: the meaning of List of Opted In Retailers by Area given in the Wholesale-Retail Code in relation to interim suppliers eligible to be allocated interim duty supply points;	To align with the WRC.
WRC: CSD 0004		

Section 4.1.1	Change title to 'Interim Supply Process methodology' and insert 'Interim Supply Offers and' so that the section reads: 'The Market Operator shall develop and maintain systems and processes to support the implementation of the Interim Supply Offers and Interim Supplier Allocation Process. This should include an appropriate means to access relevant data held within the Central Systems to ensure that each allocation exercise includes all relevant Interim Duty Supply Points.'	To ensure it is clear that the section is applicable to both the Offers and the Allocator processes.
Section 4.1.5 (a)	At the beginning of the subsection insert 'having taken account of any limitations on the number of Interim Duty Supply Points that an Opted In Retailer has specified that it has in its Statement of Interim Supply Capacity,'	To ensure any limitations on Statements are taken into account during the Allocator process.
Section 4.1.8	Insert after 'As far as possible,' 'and taking account of any limitations on the number of Interim Duty Supply Points that an Opted In Retailer has specified that it has in its Statement of Interim Supply Capacity'	To ensure any limitations on Statements are taken into account during the Allocator process.
Section 4.1.8(c)	Delete reference to paragraph (c) and instead cross reference paragraph (d)	To correct typographical error.
Section 4.1.9	In the brackets insert after 'subject, in each case, to', 'limitations imposed by an Opted In Retailers' Statement of Interim Supply Capacity and'	To ensure any limitations on Statements are taken into account during the Allocator process.

4.6 Timetabling for the Allocator process

Currently the ISC requires Ofwat to set the timetable for the Allocator process while CSD 0004 requires MOSL to do so, subject to Ofwat's approval. We propose amending the ISC so that it aligns with the CSD, enabling MOSL to set the timetable for the Allocator process, subject to Ofwat's approval. As the Allocator process is a MOSL operated process, MOSL will have a better understanding of how long it will take to Allocate SPIDs. However, Ofwat will retain approval of the overall timetable as legally the obligation rests with Ofwat to ensure that SPIDs are Allocated, and we

need to ensure that this is achieved as efficiently as possible to minimise customer inconvenience.

Relevant section of code	Drafting Amendment	Reasons
ISC		
Section 7.3.2(c)	Delete reference to 'notify' and 'of the timetable' and insert at the beginning of the section 'consider, and where it agrees with the timetable, approve the timetable proposed by'	To align with CSD 0004
WRC: CSD 0004		
Section 3.2.5 (becomes section 3.4.3)	Delete from 'Following provision' to '(step (c) above)', so that the section starts 'The Market Operator'	Not required as step c removed.

4.7 Cessation of supply

The previous interim supply events have highlighted potential improvements that could be made to the ISC and Business Terms of the WRC to broaden the circumstances in which an interim supply can be invoked, and to clarify when Wholesale Contracts will be terminated where Ofwat revokes a Licensee's Licence. We set out in the table below the proposed amendments.

Relevant section of code	Drafting Amendment	Reasons
ISC		
Section 1.1 Defined Terms	Relevant Cessation of Supply: delete 'in circumstances other than where the Licensee has consented to the revocation'	Currently Ofwat is unable to run an interim supply event where a Licensee consents to the revocation of its Licence. By deleting this restriction, it extends the options available to both Ofwat and the Previous Licensee, enabling the Previous Licensee to exit the market as quickly as possible, but ahead of corporate insolvency.
New section 5.2.3	Insert new section "Where the revocation of the Previous Licensee's Licence coincides with the termination of a Wholesale Contract between the Previous Licensee and a relevant undertaker, the revocation of the Previous	An interim supply event can be triggered by either revocation of a Licensee's Licence or termination of a Wholesale Contract. We propose an amendment to ensure it is clear that where the revocation of the Previous Licensee's

	Licensee's Licence shall take priority over the Wholesale Contract termination."	License and the termination of the Previous Licensees Wholesale Contract coincide, the revocation of the Licence will take precedence for the purpose of the interim supply process. This is to avoid having multiple interim supply events, where is it not necessary, which is disruptive to Eligible Licensees and Affected Customers.
WRC: Schedule 1, Part 2, Business Terms		
Section 10.1.4	Delete this section Subsequent sub-sections of 10.1 are re-numbered accordingly.	This section will no longer be required as it is proposed that the termination of Wholesale Contracts will occur automatically where the Previous Licensee's License is revoked.
Section 11.4.1	Current section 11.4.1 becomes section 11.4.2. New section 11.4.1 will read: "Where the Contracting Retailer's License is revoked by the Authority, the Wholesale Contract shall terminate automatically and without any requirement for further notice."	To confirm that the Wholesale Contract shall terminate automatically when a Licensees License is revoked. A Licensee cannot legally operate in the business retail market without a License, and therefore the need for a Wholesale Contract becomes obsolete on revocation.

4.8 Provision of information to customers

Section 9 of the ISC outlines the information that an Interim Licensee must provide to Affected Customers once the IDSPs have been transferred and also specifies the timeframe in which this information must be provided. We are proposing the following amendments to this timeframe:

Relevant section of code	Drafting Amendment	Reasons
ISC		
Section 9.1.1	After '(5) Business Days' insert ' , or such longer period as agreed by the Authority,'	This will allow Ofwat to agree an extended timeframe for provision of information to Affected Customers which might be required if an Eligible Licensee were to take on a large number of IDSPs. We are not proposing to extend this timeframe generally, but, where appropriate, this will enable Ofwat to take into

		account an Interim Licensee's estimation of on-boarding time, whilst also considering any detriment to an Affected Customer.
WRC: Schedule 1, Part 1, Principles and Definitions		
Amend definition: Interim Supplier	Amend the definition so that it reads: 'A Retailer which has been directed by the Authority under section 63AC(3) or section 110L(3) of the Water Industry Act 1991 in respect of Interim Duty Supply Points'	Amended to provide clarity that the Interim Supplier is one that has been directed by Ofwat following any process under the ISC, not just the Interim Supplier Allocation Process.
WRC: Schedule 1, Part 4, Market Terms		
Section 4.3.9(n)	Amend cross reference from sub-section (h) to sub-sections (i) and (j). Amend references to 'Opted In Retailer' to 'Interim Supplier' After '(5) Business Days' insert ' '; or such longer period as agreed by the Authority,'. Amend CSD 0004 title reference	To align with changes to the Market Terms, ISC and CSD 0004, and to make better use of defined terms.

4.9 Other proposed changes

Finally, we are also proposing the following miscellaneous changes:

Relevant section of code	Drafting Amendment	Reasons
ISC		
Section 1.2(g)	Delete	The term 'calendar day' is not used in the ISC therefore this section is not required.
Section 5.2.2 (a) and (b)	Remove the word 'relevant' before Previous Licensee.	Previous Licensee does not need to be preceded by 'relevant' as the definition itself makes clear which Licensee is being referred to.
Section 6.3.1	Add the words 'or inform the contents of' so that the section now reads: 'An Eligible Licensee shall only use the information provided pursuant to Section 6.1 of this code for the purposes of making a decision about whether it intends to Suspend	Amended to ensure it is clear that an Eligible Licensee is able to use the information in the RCS Notice to inform the contents of its offer.

	its Election in relation to the notified Relevant Cessation of Supply or to make or inform the contents of an Interim Supply Offer'	
Section 6.1.7 (a)	Remove 'a' and reference to 'Tariff' so that the sub-section reads 'the number of Interim Duty Supply Points in each Area subject to particular Wholesale Charges.	Wholesale Tariff is not defined in the ISC or the WRC. We consider it would be more relevant to use Wholesale Charges as this is an existing definition which will add clarity to this section.
WRC: CSD 0004		
Section 5.1	See Appendix 3 for drafting	Amend alphabetical references for each step to numerical references to better align with drafting elsewhere in the WRC.
WRC: Schedule 1, Part 4, Market Terms		
Section 4.3.9(l)	Amend all references to 'Opted In Retailer' in this sub-section to 'Interim Supplier' Amend reference to 'month' to 'Months'.	This makes better use of the defined terms as the Licensee will have been appointed Interim Supplier at this point. Month is a defined term.
MAC		
Schedule 1 Definitions - Definition of Interim Supplier Allocation Process	Delete definition	This is not used in the MAC therefore it is not required.

4.10 Customer right to switch away

The WIA91 enables Affected Customers to switch away from their Interim Licensee within three months of the Date of Relevant Cessation of Supply by giving notice in accordance with the Licensee's Scheme. It also enables Ofwat, by reference to the ISC, to make provision about the earliest date that this notice may be given and the procedure for the service of this notice.

Section 8.3(e) of the ISC currently states that an Interim Licensee's Scheme must not restrict an Affected Customer's ability to switch to another Licensee or to agreeing different terms and conditions with the Interim Licensee. However, it does not currently provide any guidance as to the earliest date at which a new Licensee (i.e. the one that the Affected Customer is switching to from the Interim Licensee) will continue to supply services. We understand that this may be having a detrimental effect on Interim Licensees, who will have applied resources to the on-boarding of such customers only for them in short order to exercise their right to switch away.

We are not proposing amendments to this section of the ISC, but instead are asking for input to establish whether this may be a problem from both a customer and Licensee perspective and, if so, what the potential solution may be. Section 2 above sets out our questions, the answers to which will be used to amend the ISC⁷, if required.

4.11 Submission of Transfer Reads following an interim supply event

Section 5.1.10 of CSD 0004 currently requires incoming retailer(s) to submit Transfer Reads within the following timeframes:

- (a) in respect of Twice-yearly Read Meters, within three Months of the Designated Date; and
- (b) in respect of Monthly Read Meters, within one Month of the Designated Date.

We would like to understand whether respondents consider these timeframes to be sufficient, noting that the Designated Date is the date on which the cessation of supply commenced. Cessation of supply will commence at the point of License revocation or termination of a Wholesale Contract. Therefore a proportion of the timeframes detailed above will be taken up by Allocation, and subsequent Transfer and Registration of the IDSPs to the Interim Licensee(s).

⁷ Where changes are made to the ISC, it may also be necessary to amend the WRC to align with any changes.

5. Code governance arrangements and modification

6.1 The ISC

The ISC is issued by the Authority pursuant to sections 63AF and 110O of the WIA91. We are required under these sections to review the code periodically and revise it if appropriate. Although there is no prescribed process for modifying the ISC, we are seeking views on the proposed changes we describe above and will use responses to this consultation to inform our decision making.

6.2 The WRC

Section 6 and 7 of the MAC provides the change process in respect of the WRC and MAC, respectively. We propose to progress the changes outlined above through issuing Authority Timetabled Change Proposals, under which we are required to set out the process that should be followed. Once we close this consultation we will provide the Panel Secretary with the timetable and process for the Authority Timetabled Change Proposals in accordance with sections 6.3.2 and 7.2.2 of the MAC, along with details of the outcome of this consultation. This is because of the need to align any amendments to the WRC and MAC with the ISC.

Subject to the outcome of this consultation, we intend to raise the Authority Timetabled Change Proposals with the Panel in due course and we will inform the Panel Secretary that they should consider the proposals at the Panel meeting on 25 August 2020.

Following receipt of the Final Report, we would intend to publish our final decisions on the Authority Timetabled Change Proposals and amendments to the ISC at the same time.

Appendix 1 – ISC legal drafting

1. Definitions and interpretation

1.1 Defined terms

In this document the following capitalised terms shall have the following meaning:

Definitions	
Term	Definition
“1991 Act”	the Water Industry Act 1991;
“Affected Customer”	any Non-Household Customer which is the owner or occupier of Premises in respect of which there has been a Relevant Cessation of Supply;
“Allocation”	the allocation of one or more Interim Duty Supply Points to an Eligible Licensee or relevant undertaker in accordance with Section 7 of this code, and “Allocate” and “Allocated” shall be construed accordingly;
“Allocation Notice”	the notice issued by the Authority in accordance with Section 7.4 of this code;
“Alternative Eligible Credit Support”	the meaning given in the Wholesale-Retail Code
“Alternative Payment Terms”	the meaning given in the Wholesale-Retail Code
“Area”	any area for which an instrument of appointment has been granted to a relevant undertaker;
“Authority”	the Water Services Regulation Authority, also known as Ofwat, established by section 1A of the 1991 Act;
“Business Day”	the period of 08:00 to 18:00 hours on any day other than a Saturday or Sunday, or Christmas Day, Good Friday or any day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971;
“Cancellation Request”	the meaning given in the Wholesale-Retail Code;

Definitions	
Term	Definition
“Date of Relevant Cessation of Supply”	the date determined by the Authority in accordance with Section 5.2 of this code to be the date on which a Previous Licensee ceased to supply any Premises with Water Retail Services and/or Sewerage Retail Services for the purposes of section 63AC and/or section 110L of the 1991 Act;
“Defaulting Trading Party”	the meaning given in the Wholesale-Retail Code;
"Delivery Hours"	the meaning given in the Wholesale-Retail Code;
“Deregistered”	shall be construed in accordance with the definition of “Deregistration” in the Wholesale-Retail Code;
“Disconnected”	shall be construed in accordance with the definition of “Disconnection” in the Wholesale-Retail Code;
“Election”	an election to be an Eligible Licensee, and “Elect”, “Elects” and “Elected” shall be construed accordingly;
“Eligible Credit Support”	the meaning given in the Wholesale-Retail Code;
“Eligibility Guidance”	the meaning given in the Wholesale-Retail Code;
“Eligible Licensee”	a Licensee with a retail authorisation or a restricted retail authorisation who has elected to be an eligible licensee in accordance with this code for the purposes of section 63AC and/or section 110L of the 1991 Act;
“Eligible Premises”	the meaning given in the Wholesale-Retail Code;
“Exit Regulations”	The Water and Sewerage Undertakers (Exit from Non-Household Retail Market) Regulations 2016; [†]
“Incoming Retailer”	the meaning given in the Wholesale-Retail Code;
“Insolvency Event”	the meaning given in the Wholesale-Retail Code;
“Interim Duty Supply Point”	a Supply Point which relates to Premises in respect of which there has been a cessation of supply of Water Retail Services and/or Sewerage Retail Services by a Previous Licensee for the purposes of section 63AC and/or section 110L of the 1991 Act;
“Interim Licensee”	an Eligible Licensee which has been directed by the Authority to continue the supply of Water Retail Services and/or Sewerage Retail Services to Premises under section 63AC(3) or section 110L(3) of the 1991 Act;

Definitions	
Term	Definition
“Interim Supplier Allocation Process”	the meaning given in the Wholesale-Retail Code;
“Interim Supply Code”	this document, being a code of that name issued by the Authority under sections 63AF and 110O of the 1991 Act, including any revisions to that code issued by the Authority from time to time;
“Interim Supply”	the continuation of the supply of Water Retail Services and/or Sewerage Retail Services to a Premises by an Eligible Licensee or a relevant undertaker following a Relevant Cessation of Supply to that Premises;
“Interim Supply Offer”	an offer submitted to the Authority by an Eligible Licensee in accordance with Section 7.2 of this code and which sets out the terms upon which that Eligible Licensee would be willing to undertake Interim Supply in the event that it was directed to do so by the Authority;
“Law”	the meaning given in the Wholesale-Retail Code;
“Licence”	a water supply licence or a sewerage licence issued under section 17A or 17BA of the 1991 Act as applicable;
“Licensee”	the holder of a Licence;
“List of Eligible Licensees”	t The meaning of List of Opted In Retailers by Area given in for the purposes of the Interim Supplier Allocation Process maintained and published by the Market Operator in accordance with the relevant provisions of the Wholesale-Retail Code in relation to interim suppliers eligible to be allocated interim duty supply points;
“List of Opted In Retailers by Area”	the meaning given in the Wholesale-Retail Code;
“Market Operator”	the meaning given in the Wholesale-Retail Code;
“New Supply Point”	the meaning given in the Wholesale-Retail Code;
“Non-Household Customer”	a person who may be identified as the customer of a Licensee for any Premises in accordance with the relevant Eligibility Guidance;
“Notice of Relevant Cessation of Supply”	the notice issued by the Authority in accordance with Section 6 of this code;

Definitions	
Term	Definition
“Opted In Retailer”	for the purposes of being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code, a Retailer who has opted in pursuant to Section 4.3.9 of the Market Terms in the Wholesale-Retail Code;
“Previous Licensee”	the Licensee or former holder of a Licence which has ceased or which shall cease (as applicable) to supply Premises with Water Retail Services and/or Sewerage Retail Services for the purposes of section 63AC and/or section 100L of the 1991 Act;
“Register”	shall be construed in accordance with the definition of “Registration” in the Wholesale-Retail Code, and “Registered” shall be construed accordingly;
“Relevant Cessation of Supply”	a cessation of supply of Water Retail Services and/or Sewerage Retail Services to Premises by a Previous Licensee for the purposes of section 63AC and/or section 110L of the 1991 Act as a result of: <ul style="list-style-type: none"> (a) revocation of the Previous Licensee’s Licence in circumstances other than where the Licensee has consented to the revocation; or (b) termination of a Wholesale Contract as a consequence of the Previous Licensee being a Defaulting Trading Party in accordance with the provisions of the Wholesale-Retail Code; or (c) the relevant undertaker not being obliged to continue the supply of water in the circumstances set out in section 63AD(1) of the 1991 Act.
“Scheme”	a scheme or schemes of terms and conditions for interim supply made by an Eligible Licensee under section 63AE or section 110N of the 1991 Act;
“Self-Supply Licensee”	a Licensee whose retail authorisation relates only to the Licensee and/or persons associated with the Licensee;
“Service Category”	the meaning given in the Wholesale-Retail Code;
“Sewerage Retail Services”	those activities authorised by a sewerage licence with a retail authorisation;

Definitions	
Term	Definition
“Statement of Interim Supply Capacity”	the document provided by an Eligible Licensee in accordance with Section 4.2 of this code and in such form as may be prescribed by the Authority from time to time;
“Supply Point”	the meaning given in the Wholesale-Retail Code;
“Suspension Deadline”	the time by which any Eligible Licensee entitled temporarily to suspend its Election in respect of any potential Allocation following a Relevant Cessation of Supply must do so, as specified within the relevant Notice of Relevant Cessation of Supply;
“Suspension”	the temporary suspension of an Election, either: <ul style="list-style-type: none"> (a) by an Eligible Licensee until such time as all Interim Duty Supply Points identified in a single Notice of Relevant Cessation of Supply have been Allocated; or (b) as a result of an Eligible Licensee having its status as an Opted in Retailer temporarily suspended in the circumstances set out in the Wholesale-Retail Code following an Insolvency Event; and “Suspend” and “Suspended” shall be construed accordingly;
“Trade Effluent Services”	the meaning given in the Wholesale-Retail Code;
“Water Retail Services”	the activities authorised by a water supply licence with a retail authorisation and/or a restricted retail authorisation;
“Wholesale Charges”	the meaning given in the Wholesale-Retail Code;
“Wholesale Contract”	the meaning given in the Wholesale-Retail Code;
“Wholesale-Retail Code”	the code of that name issued by the Authority under sections 66DA and 117F of the 1991 Act, as amended from time to time.

1.2 Interpretation

1.2.1 In this Interim Supply Code:

- (a) References to ‘this code’ are to this Interim Supply Code;

- (b) References to 'Sections' are to sections of this Interim Supply Code unless otherwise expressly stated;
- (c) Words imparting a gender include every gender and references to the singular include the plural and vice versa;
- (d) Words denoting persons include individuals and bodies corporate, partnerships, unincorporated associations and other bodies (in each case, wherever resident and for whatever purpose) and vice versa;
- (e) Save as otherwise expressly provided references to time are to local time;
- (f) References to 'writing' or 'written' shall include email;
- (g) ~~References to 'day' and 'calendar day' mean the same as one another;~~
~~(h)~~ References to the Interim Supply Code or any other document are to this Interim Supply Code or that document as in force for the time being and as amended, supplemented, varied, modified, renewed, replaced or extended from time to time in accordance with the requirements of this Interim Supply Code or that document (as the case may be);
- (h) ~~(i)~~ A reference to any body is:
 - (i) if that body (statutory or otherwise) is replaced by another organisation, deemed to refer to that replacement organisation; and
 - (ii) if that body (statutory or otherwise) ceases to exist, deemed to refer to that organisation which most substantially serves the same purposes as the original body;
- (j) ~~(k)~~ A reference to a statute or statutory provision shall, unless otherwise stated, be construed as including:
 - (i) a reference to any orders, regulations and subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) made from time to time under the statute or statutory provision whether before or after the effective date; and
 - (ii) a reference to that statute, statutory provision or subordinate legislation as in force at the effective date and as from time to

time modified or consolidated, superseded, re-enacted or replaced (whether with or without modification) after the effective date;

- (k) ~~(h)~~ References to a person shall, except where the context requires otherwise, include its successors in title and permitted assignees;
- (l) ~~(m)~~ A reference to a particular condition of a Licence shall be construed at any particular time as including a reference to any modification of that condition in force at that time;
- (m) ~~(n)~~ Any words or expressions used in the 1991 Act or the Water Act 2014 shall, unless the contrary intention appears, have the same meaning when used in the Interim Supply Code;
- (n) ~~(o)~~ The headings and contents table in the Interim Supply Code are for convenience only and do not affect its interpretation;
- (o) ~~(p)~~ In the Interim Supply Code, the words 'other', 'includes', 'including' and 'for example' do not limit the generality of any preceding words, and any words which follow them shall not be construed as being limited in scope to the same class as the preceding words where a wider construction is possible;
- (p) ~~(q)~~ In the Interim Supply Code, the words 'for the time being' mean at the relevant time now or in the future unless the context requires otherwise; and
- (q) ~~(r)~~ If there is any conflict between any of the following, the order of precedence shall be:
 - (i) any Law other than any Appointment, any Licence, the Market Arrangements Code, the Wholesale-Retail Code, the Interim Supply Code, the Retail Exit Code and the Customer Protection Code of Practice;
 - (ii) any Appointment or Licence;
 - (iii) the Market Arrangements Code;
 - (iv) the Wholesale-Retail Code;

- (v) the Interim Supply Code and the Retail Exit Code;
- (vi) the Customer Protection Code of Practice.

2. Introduction

2.1 Purpose of this code

- 2.1.1 This document is the Interim Supply Code issued by the Authority pursuant to sections 63AF and 110O of the 1991 Act.
- 2.1.2 This document has effect from 1 April 2017.
- 2.1.3 This code should be read in conjunction with the relevant provisions of the 1991 Act, the Water Act 2014, the Wholesale-Retail Code and the Exit Regulations.

2.2 Scope of this code

- 2.2.1 This Interim Supply Code makes provision about the following matters in particular:
 - (a) Part A of this code:
 - (i) sets out the procedure for electing to be an Eligible Licensee for the purposes of section 63AC and/or section 110L of the 1991 Act;
 - (ii) sets out the procedure for removal of such an Election or the temporary suspension of such an Election in accordance with section 63AC(5)(b) and/or section 110L(5)(b) of the 1991 Act;
 - (b) Part B of this code:
 - (i) describes the circumstances in which the Authority's power of direction under section 63AC(3) or section 110L(3) of the 1991 Act may be exercised;
 - (ii) describes how the Authority will determine the date on which a Previous Licensee ceased to supply Premises with Water Retail Services and/or Sewerage Retail Services for the purposes of section 63AC and/or section 110L of the 1991 Act;

- (iii) provides for the Authority to issue a Notice of Relevant Cessation of Supply and certain accompanying information;
 - (iv) describes the basis on which the Authority may decide to Allocate Interim Duty Supply Points;
- (c) Part C of this code:
- (i) sets out various requirements applying to the terms and conditions contained in any Scheme made under section 63AE or section 110N of the 1991 Act;
 - (ii) sets out obligations on an Interim Licensee to inform Affected Customers of its applicable Scheme(s) and various other matters.

3. General

3.1 Duties under this code

- 3.1.1 In carrying out its duties under this code, a Licensee (including for these purposes a Previous Licensee, Eligible Licensee or Interim Licensee) or relevant undertaker, as applicable, shall use all reasonable endeavours to:
- (a) co-operate with the Authority, the Market Operator, any other Licensee and any relevant undertaker as necessary in order to facilitate the orderly functioning of the arrangements set out in this code;
 - (b) provide all data and other information in the format and timescales required by this code; and
 - (c) make all relevant communications in the format and timescales required by this code.

3.2 Notices

- 3.2.1 All notices to be given to any Eligible Licensee by the Authority under this code shall be marked for the attention of the person or persons notified to the Authority in accordance with Section 4.5 of this code.
- 3.2.2 All notices to be given to any party under this code shall be in writing.
- 3.2.3 A notice shall be treated as having been received:

- (a) if delivered by hand (including courier) within Delivery Hours, when so delivered; and if delivered by hand outside Delivery Hours, at the next start of Delivery Hours;
- (b) if sent by first class pre-paid post, guaranteed next day delivery, post with delivery confirmation or receipt (for example, special delivery) on the later of actual receipt and 9.00 am on the Business Day after posting if posted on a Business Day, and on the later of actual receipt and 9.00 am on the second Business Day after posting if not posted on a Business Day; and
- (c) if sent by e-mail, or any other electronic means during a Business Day it is received on that Business Day and if it is sent outside of a Business Day it is received on the following Business Day.

3.2.4 In proving that a notice has been given it shall be conclusive evidence to demonstrate that delivery was made, or that the envelope containing the notice was properly addressed and posted (as the case may be).

PART A: ELIGIBLE LICENSEES

4. Election, removal and temporary suspension of Eligible Licensee status

4.1 Electing to be an Eligible Licensee

- 4.1.1 A Licensee which does not have a legal obligation to Elect to be an Eligible Licensee may Elect to be an Eligible Licensee at any time, in accordance with the further provisions of this code.
- 4.1.2 A Licensee which has a legal obligation to Elect to be an Eligible Licensee shall do so in accordance with the further provisions of this code.
- 4.1.3 The manner in which a Licensee shall Elect to be an Eligible Licensee shall be by submitting a notification to the Market Operator to be an Opted In Retailer ~~for the purposes of the Interim Supplier Allocation Process~~, in accordance with the relevant provisions of the Wholesale-Retail Code.
- 4.1.4 **Following a Relevant Cessation of Supply, where a Licensee wishes to Elect to be an Eligible Licensee to enable it to receive the Notice of Relevant Cessation of Supply, it must do so by the date and time stipulated in the notice at section 5.3 of this code.**

~~The notification submitted to the Market Operator shall include:~~

~~(a) the Area or Areas in relation to which the Licensee is Electing to be an Eligible Licensee;~~

~~(b) in respect of each such Area, whether it is to be an Eligible Licensee in relation to Water Retail Services or Sewerage Retail Services or both.~~

4.1.5 Within a reasonable time of Electing to be an Eligible Licensee, a Licensee shall confirm to the Authority in writing that:

- (a) it has made a Scheme for each Service Category and each Area in respect of which it is electing to be an Eligible Licensee;
- (b) it has provided a copy of the Scheme to the Authority; and
- (c) it has published the Scheme on its website.

4.2 Statement of Interim Supply Capacity

4.2.1 An Eligible Licensee shall make and from time to time revise a Statement of Interim Supply Capacity **in accordance with section 4.2.3.**

4.2.2 The Statement of Interim Supply Capacity shall include the following information:

- (a) the Area or Areas in which the Eligible Licensee has capacity within its business to provide Interim Supply of Water Retail Services and/or Sewerage Retail Services to Affected Customers in the event that it is directed to do so by the Authority in accordance with section 63AC(3) and/or section 110L(3) of the 1991 Act;
- (b) for each such Area, the maximum number of additional Supply Points of each Service Category in respect of which it has such capacity to provide Interim Supply or whether there is no such limit;
- (c) the maximum total number of additional Supply Points of each Service Category in respect of which it has capacity to provide Interim Supply across all Areas in respect of which it is an Eligible Licensee;
- (d) confirmation that the Eligible Licensee would be able to finance any additional costs to its business associated with the provision of Interim Supply to the maximum number of additional Supply Points indicated above, including (but not limited to) the costs of Wholesale Charges and

Eligible Credit Support or Alternative Eligible Credit Support for which the Eligible Licensee would be liable under the terms of the Wholesale-Retail Code;

- (e) Confirmation that, where the Eligible Licensee has agreed Alternative Payment Terms with a Wholesaler, that the provision of Interim Supply to the maximum number of additional Supply Points indicated above, would not adversely affect the agreed Alternative Payment Terms.
- (f) ~~(e)~~ confirmation that the Eligible Licensee would be able to provide Interim Supply to the maximum number of additional Supply Points which it has indicated without materially affecting its supply of Water Retail Services and/or Sewerage Retail Services to its existing Non-Household Customers;
- (g) ~~(f)~~ the reasons for any limitation on the number of additional Supply Points in respect of which the Eligible Licensee has capacity to provide Interim Supply;
- (h) ~~(g)~~ any expected material increase or decrease in the Eligible Licensee's capacity to provide Interim Supply and the reasons and expected timing for any such change;
- (i) ~~(h)~~ confirmation that the Eligible Licensee has suitable arrangements in place that would enable it to provide the information to Affected Customers in a full and timely manner, as required under Section 9 of this code; and
- (j) confirmation that the Eligible Licensee has suitable arrangements in place that would enable it to provide Affected Customers with timely and accurate bills.

4.2.3 An Eligible Licensee shall provide a copy of its current or revised Statement of Interim Supply Capacity to the Authority and the Market Operator by email to interimsupply@ofwat.gsi.gov.uk in accordance with the Wholesale-Retail Code in each of the following circumstances:

- (a) at the same time as it first Elects to be an Eligible Licensee;
- (b) at the same time as it Elects to be an Eligible Licensee in respect of any additional Areas and/or Service Categories;

- (c) promptly following any change in circumstances that materially affects the Eligible Licensee's capacity to provide Interim Supply;
- (d) at the same time as the Eligible Licensee Suspends its Election in accordance with the further provisions of this code;
- (e) prior to the Eligible Licensee removing its Election in respect of one or more Service Categories and/or Areas in accordance with the further provisions of this code; and
- (f) upon request by the Authority at any time and within the timescales specified in the request.

4.2.4 The Authority may at any time request in writing reasonable additional information or evidence from an Eligible Licensee to support its Statement of Interim Supply Capacity. An Eligible Licensee shall respond to any such request within the timescale specified by the Authority in any such request.

4.3 Removal of Election

4.3.1 An Eligible Licensee that no longer wishes to be an Eligible Licensee in respect of any Area and/or Service Category shall be entitled to remove its Election in respect of one or more Service Categories and/or Areas at any time, subject to the further provisions of this section.

4.3.2 Prior to removing its Election in respect of one or more Service Categories and/or Areas, an Eligible Licensee shall provide a revised Statement of Interim Supply Capacity to the Authority together with an explanation of the Eligible Licensee's reasons for removing or amending its Election, with reference to the revised Statement of Interim Supply Capacity, **in accordance with the Wholesale-Retail Code.**

4.3.3 On receipt of confirmation of removal of Election from the Authority, an Eligible Licensee may remove its Election in respect of one or more

Service Categories and/or Areas by submitting a notification to the Market Operator to that effect in accordance with the relevant provisions of the Wholesale-Retail Code.

~~4.3.4 The notification shall include:~~

~~(a) the Area or Areas in relation to which its Election is to be removed; and~~

~~(b) in respect of each such Area whether it wishes remove its Election in relation to Water Retail Services and/or Sewerage Retail Services or both.~~

4.4 Suspension of Election following a Notice of Relevant Cessation of Supply

- 4.4.1 An Eligible Licensee may Suspend its Election in respect of one or more Service Categories and/or Areas following the issue by the Authority of a Notice of Relevant Cessation of Supply, subject to the further provisions of this section.
- 4.4.2 The Authority shall not direct an Eligible Licensee to provide Interim Supply in respect of any Interim Duty Supply Points which relate to any Area and/or Service Category in respect of which the Eligible Licensee has Suspended its Election.
- 4.4.3 A Notice of Relevant Cessation of Supply issued by the Authority shall specify the Suspension Deadline. This deadline may be on the same day that the relevant Notice of Relevant Cessation of Supply is issued.
- 4.4.4 Any Retailer wishing to Suspend its Election shall send a notification to that effect to the Authority ~~in accordance with the Notice of Relevant Cessation of Supply~~ and to the Market Operator in accordance with the relevant provisions of the Wholesale-Retail Code.
- 4.4.5 Any notification that is received by either the Authority or the Market Operator after the deadline specified in the relevant Notice of Relevant Cessation of Supply shall not have any effect unless otherwise directed by the Authority.
- 4.4.6 The details that the Eligible Licensee shall be required to provide in its notification of Suspension shall include:
- (a) confirmation that it wishes to Suspend its Election in relation to the specified Notice of Relevant Cessation of Supply;
 - (b) the Area(s) in respect of which it wishes to Suspend its Election; and
 - (c) whether it wishes to Suspend its Election in relation to Water Retail Services or Sewerage Retail Services or both in each such Area.

- 4.4.7 At the same time that an Eligible Licensee sends notification to the Market Operator to Suspend its Election, the Eligible Licensee shall provide a revised Statement of Interim Supply Capacity to the Authority together with an explanation of the Eligible Licensee's reasons for Suspending its Election, with reference to the revised Statement of Interim Supply Capacity.
- 4.4.8 An Eligible Licensee shall be deemed by the Authority to have Suspended its Election in the event that its status as an Opted in Retailer has been suspended in the circumstances set out in the Wholesale-Retail Code following an Insolvency Event.
- 4.4.9 Following the Allocation of all the Interim Duty Supply Points identified in the Notice of Relevant Cessation of Supply, an Eligible Licensee which had Suspended its Election in relation to that Notice of Relevant Cessation of Supply shall immediately become an Eligible Licensee for each Area and/or Service Category that was affected by the Suspension, in accordance with its Election as an Opted-In Retailer.

4.5 Contact Details

- 4.5.1 An Eligible Licensee shall provide the Authority with the contact details of the person(s) within its organisation to whom all notices, information and directions issued under this code shall be sent. This information shall be provided at the same time as an Eligible Licensee first Elects to be an Eligible Licensee and shall be updated following any change to the relevant contact details. This information shall include contact details for use outside of Delivery Hours where this is necessary in view of the urgency of a Relevant Cessation of Supply event. It is the responsibility of the Eligible Licensee to keep contact details up to date.

PART B: PROCEDURE FOLLOWING A RELEVANT CESSATION OF SUPPLY

5. Relevant Cessation of Supply

5.1 Circumstances in which the Authority's power of direction may be exercised

- 5.1.1 The Authority shall only use its power under section 63AC and/or section 110L of the 1991 Act to direct an Eligible Licensee to provide Interim Supply in respect of any Premises in the following circumstances:

- (a) there has been a Relevant Cessation of Supply in relation to the Eligible Premises;
- (b) that Previous Licensee is not a Self-Supply Licensee; and
- (c) an Interim Duty Supply Point relating to the Eligible Premises has been Allocated to the Eligible Licensee in accordance with this code.

5.2 Date of Relevant Cessation of Supply

5.2.1 The Authority shall determine the Date of Relevant Cessation of Supply in relation to each Relevant Cessation of Supply.

5.2.2 The Date of Relevant Cessation of Supply shall be:

- (a) the date on which the ~~relevant~~ Previous Licensee's Licence was (or will be) revoked, as set out in the relevant revocation notice issued by the Authority; or
- (b) the date on which a Wholesale Contract between the ~~relevant~~ Previous Licensee and a relevant undertaker was terminated.

5.2.3 Where the revocation of the Previous Licensee's Licence coincides with the termination of a Wholesale Contract between the Previous Licensee and a relevant undertaker, the revocation of the Previous Licensee's Licence shall take priority over the Wholesale Contract termination.

5.3 Notification to Licensees

5.3.1 Following the Relevant Cessation of Supply, the Authority shall instruct the Market Operator to issue a notice to all Licensees informing them that a Relevant Cessation of Supply has occurred in accordance with the relevant provisions of the Wholesale-Retail Code.

5.3.2 This information notice shall include, but need not be limited to:

- (a) the Date of Cessation of Supply (which may be in the future);
- (b) the name of the Previous Licensee; and

- (c) Where Licensee is not already an Eligible Licensee, the date and time by which it would need to Elect to be an Eligible Licensee to be part of the relevant allocation exercise.

6. Notice of Relevant Cessation of Supply

6.1 Issue of Notice of Relevant Cessation of Supply in respect of which the Authority proposes to give a direction to an Eligible Licensee

6.1.1 The Authority shall issue a Notice of Relevant Cessation of Supply where:

- (a) there has been a Relevant Cessation of Supply in respect of which the Authority must give or proposes to give a direction under section 63AC(3) or section 110L(3) of the 1991 Act; or
- (b) a Relevant Cessation of Supply will occur at a date specified in a Licence revocation notice which has already been issued or which is issued at the same time as the Notice of Relevant Cessation of Supply and the Authority proposes to give a direction under section 63AC(3) or section 110L(3) of the 1991 Act in respect of such Relevant Cessation of Supply.

6.1.2 The Authority shall send a copy of the Notice of Relevant Cessation of Supply to each Eligible Licensee which is identified in the List of Eligible Licensees on the date on which the Notice of Relevant Cessation of Supply is issued and is eligible for at least one relevant combination of Area and Service Category in respect of the Relevant Cessation of Supply.

6.1.3 At the same time, the Authority shall also send a copy of the Notice of Relevant Cessation of Supply to:

- (a) each relevant undertaker in whose Area there is an Interim Duty Supply Point; and
- (b) the Market Operator.

6.1.4 The information to be included in a Notice of Relevant Cessation of Supply shall include (but need not be limited to):

- (a) the identity of the Previous Licensee which has ceased or which shall cease to supply the Eligible Premises as of the Date of

Relevant Cessation of Supply;

- (b) the Date of Relevant Cessation of Supply, which may be a date in the future in the circumstances described in Section 6.1.1(b) of this code; and
- (c) the Suspension Deadline, which in urgent circumstances may be on the same day that the Notice of Relevant Cessation of Supply is issued.

6.1.5 The Authority shall provide the following information to all recipients of a Notice of Relevant Cessation of Supply and/or procure that the following information is otherwise made available to the recipients:

- (a) the Area(s) in which the Relevant Cessation of Supply has occurred or shall occur; and
- (b) the number (or expected number) of Interim Duty Supply Points of each Service Category in each Area in respect of which the Relevant Cessation of Supply has occurred or shall occur.

6.1.6 The above information shall be made available prior to the deadline specified within the Notice of Relevant Cessation of Supply by which any Eligible Licensee entitled to Suspend its Election in respect of the Relevant Cessation of Supply must do so.

6.1.7 In addition to the information specified above, the Authority may provide such additional information as it considers appropriate in the particular circumstances and/or procure that such additional information is otherwise made available to the recipients. This additional information could include, but need not be limited to:

- (a) the number of Interim Duty Supply Points in each Area subject to a particular Wholesale ~~Tariff~~Charges;
- (b) the meter read history of the Interim Duty Supply Points;
- (c) the number of Interim Duty Supply Points in each Area which receive Trade Effluent Services; and
- (d) disaggregation of the number of Interim Duty Supply Points in each Area, such as by size or type of customer.

6.2 Issue of Notice of Relevant Cessation of Supply in respect of which the Authority does not propose to give a direction to an Eligible Licensee

- 6.2.1 The Authority shall issue a Notice of Relevant Cessation of Supply where:
- (a) there has been a Relevant Cessation of Supply in respect of which the Authority does not propose to give a direction under section 63AC(3) or section 110L(3) of the 1991 Act; or
 - (b) a Relevant Cessation of Supply will occur at a date specified in a Licence revocation notice which has already been issued or which is issued at the same time as the Notice of Relevant Cessation of Supply and the Authority does not propose to give a direction under section 63AC(3) or section 110L(3) of the 1991 Act in respect of such Relevant Cessation of Supply.
- 6.2.2 The Authority shall send a copy of a Notice of Relevant Cessation of Supply issued pursuant to Section 6.2.1 to the recipients identified in Sections 6.1.2 and 6.1.3 of this code.
- 6.2.3 The information to be included within a Notice of Relevant Cessation of Supply issued pursuant to this Section 6.2 shall include (but need not be limited to):
- (a) the identity of the Previous Licensee which has ceased or which shall cease to supply Premises as of the Date of Relevant Cessation of Supply;
 - (b) the Date of Relevant Cessation of Supply, which may be a date in the future in the circumstances described in Section 6.2.1(b) of this code; and
 - (c) the Area(s) in which the Relevant Cessation of Supply has occurred or will occur.
- 6.2.4 Where section 63AC(2) or section 110L(2) of the 1991 Act applies and the Authority notifies the Market Operator that no direction is to be made under section 63AC(3) or section 110L(3) of the 1991 Act, the Market Operator shall Register the Interim Duty Supply Points to the relevant undertaker for the Area in which the relevant Eligible Premises are located with effect from the Date of Relevant Cessation of Supply, in accordance with the provisions of the Wholesale-Retail Code.

6.3 Use of Information

- 6.3.1 An Eligible Licensee shall only use the information provided pursuant to Section 6.1 of this code for the purposes of making a decision about whether it intends to Suspend its Election in relation to the notified Relevant Cessation of Supply or to make **or inform the contents of** an Interim Supply Offer.
- 6.3.2 An Eligible Licensee shall comply with all applicable law in relation to such information.

6.4 Request for information from market participants and Market Operator

- 6.4.1 The Authority may issue a request to a Previous Licensee, relevant undertaker or Market Operator to provide relevant data or information to facilitate the provision of the information specified in Section 6.1 of this code.
- 6.4.2 This provision shall be without prejudice to any other rights in law under which the Authority is entitled to request information from Licensees or any other party.

7. Allocation of Interim Duty Supply Points

7.1 Selection of method of Allocation by Authority

- 7.1.1 The following provisions shall apply where the Authority has issued a Notice of Relevant Cessation of Supply in respect of which the Authority proposes to give a direction to an Eligible Licensee.
- 7.1.2 Only those Eligible Licensees identified in Section 6.1.2 of this code shall be eligible to be given such a direction under section 63AC(3) or section 110L(3) of the 1991 Act in respect of the notified Relevant Cessation of Supply.
- 7.1.3 After the relevant Suspension Deadline has passed, the Authority may decide in respect of each relevant Area or combination of relevant Areas:
- (a) that it is minded to make a direction or directions for one or more relevant Areas or for any combination of relevant Areas on the basis of Interim Supply Offers sought from relevant Eligible Licensees in accordance with the process set out in Section 7.2 of this code; or

- (b) to request the Market Operator to allocate the relevant Interim Duty Supply Points in one or more relevant Areas by implementing the Interim Supplier Allocation Process in accordance with the process set out in Section 7.3 of this code and the relevant provisions of the Wholesale-Retail Code following which a direction will be made to give effect to the outcome of that process; or
- (c) that it no longer proposes to direct an Eligible Licensee under section 63AC(3) or section 110L(3) of the 1991 Act to continue the supply in respect of the relevant Interim Duty Supply Points in one or more relevant Areas; or
- (d) that the Allocation of the relevant Interim Duty Supply Points should be undertaken on the basis of any combination of (a), (b) or (c) above.

7.1.4 The Authority may issue guidance setting out any criteria or other considerations that it shall use to select the most appropriate method of Allocation on a case by case basis.

7.2 Interim Supply Offers

7.2.1 This Section shall apply where the Authority decides pursuant to Section 7.1.3(a) of this code that it is minded to make an Allocation and direction or directions in respect of a relevant Area or any combination of relevant Areas on the basis of Interim Supply Offers sought from relevant Eligible Licensees.

7.2.2 ~~The purpose of seeking~~ Interim Supply Offers ~~may be sought~~ in respect of a relevant Area or combination of relevant Areas (as applicable). ~~shall be to Allocate all of the~~ The Authority may determine that the Interim Duty Supply Points ~~within any such the relevant~~ Area or combination of Areas ~~shall be Allocated to a single~~ one or more Eligible Licensees.

7.2.3 In respect of each such Area or combination of Areas (as applicable) the Authority shall invite each relevant Eligible Licensee to submit an Interim Supply Offer where that Eligible Licensee:

- (a) has not Suspended its Election in respect of the relevant Area or any Area within a combination of Areas in respect of which the Interim Supply Offer is being sought; and
- (b) has indicated in its most recently submitted Statement of Interim Supply Capacity that it has the ability to provide Interim Supply to ~~some~~ or all of

the Affected Customers within the Area or combination of Areas in respect of which the Interim Supply Offer is being sought.

7.2.4 The Authority shall confirm in the Interim Supply Offer invitation to each relevant Eligible Licensee:

- (a) the Area or combination of Areas in respect of which the Interim Supply Offer is being sought;
- (b) whether the Interim Duty Supply Points may be Allocated to one or more Eligible Licensees;
- (c) ~~(b)~~ the required format and content of the Interim Supply Offer; and
- (d) ~~(c)~~ the deadline by which any Interim Supply Offer must be submitted in order to be considered.

7.2.5 In respect of each Area or each combination of Areas (as applicable) in respect of which Interim Supply Offers have been invited, the Authority will take the following steps:

- (a) consider all the Interim Supply Offers received;
- (b) Allocate ~~all of~~ the Interim Duty Supply Points within each relevant Area or each combination of Areas (as applicable) to one or more ~~a single~~ Eligible Licensees on the terms set out in the Interim Supply Offer submitted by ~~that the~~ Eligible Licensee or Eligible Licensees; and
- (c) issue a direction under section 63AC(3) or section 110L(3) of the 1991 Act to give effect to this decision.

7.2.6 The Authority may issue guidance setting out the expected format and content of Interim Supply Offers and the criteria or other considerations that it will use to select the Interim Supply Offer it considers offers the best terms of Interim Supply for Affected Customers in each case.

7.2.7 After consideration of all the Interim Supply Offers received in respect of each relevant Area or combination of Areas (as applicable), the Authority may decide that the Interim Duty Supply Points in any such Area or combination of Areas shall be Allocated using one of the other methods set out in Section 7.1.3 of this code. In these circumstances the Authority will either:

- (a) instruct the Market Operator to implement the Interim Supplier Allocation Process in respect of these Interim Duty Supply Points in accordance with Section 7.3 of this code; or
- (b) instruct the Market Operator to Register these Interim Duty Supply Points to the relevant undertaker(s) in accordance with the notice issued under Section 7.4 of this code.

7.2.8 In the event that the Authority decides that the relevant Interim Duty Supply Points shall be Allocated using one of the other methods set out in Section 7.1.3 of this code, such Allocation shall be undertaken for each relevant Area independently, and any combination of Areas which may previously have been used for the purposes of inviting Interim Supply Offers shall no longer be relevant.

7.3 Particular provisions about use of the Interim Supplier Allocation Process under the Wholesale-Retail Code

7.3.1 The following provisions shall apply where the Authority has decided pursuant to Sections 7.1 or 7.2 of this code that any Interim Duty Supply Points shall be Allocated by the Market Operator on the basis of the Interim Supplier Allocation Process.

7.3.2 In these circumstances the Authority shall:

- (a) notify the Market Operator of each Area in respect of which Interim Duty Supply Points are to be Allocated on the basis of the Interim Supplier Allocation Process;
- (b) instruct the Market Operator to implement the Interim Supplier Allocation Process in respect of each such Area; and
- (c) ~~consider, and where it agrees with the timetable, approve~~ ~~the timetable proposed by the~~ Market Operator ~~of the timetable~~ within which the Interim Supplier Allocation Process is to be completed.

7.4 Notification and implementation of Allocation

7.4.1 The Authority shall notify all relevant Eligible Licensees, relevant undertakers and the Market Operator by issuing an Allocation Notice setting out its Allocation decision(s).

- 7.4.2 The Allocation Notice shall include for each relevant Area or combination of Areas the following information:
- (a) whether the Authority has made a direction(s) pursuant to section 63AC(3) and/or section 110L(3) of the 1991 Act to direct one or more Interim Licensees to continue supply and/or whether section 63AC(2) or section 110L(2) of the 1991 Act applies and no direction has been made under section 63AC(3) or section 110L(3) of the 1991 Act and that the relevant Supply Points should be Registered to the relevant undertaker(s) for the Area(s) in which the Eligible Premises are situated;
 - (b) identification of the Interim Duty Supply Points Allocated to each Interim Licensee or relevant undertaker as applicable; and
 - (c) the Date of Relevant Cessation of Supply.
- 7.4.3 The Market Operator shall Register the Allocated Interim Duty Supply Points to the relevant Interim Licensee(s) and/or relevant undertaker(s) in respect of each Area as applicable with effect from the Date of Relevant Cessation of Supply.
- 7.4.4 In all cases the Interim Duty Supply Points to be Registered to the relevant Interim Licensee(s):
- (a) shall include Supply Points Registered to the Previous Licensee at the Date of Relevant Cessation of Supply including those in the process of being Deregistered or Disconnected; and
 - (b) shall include New Supply Points in the process of being Registered to the Previous Licensee at the Date of Relevant Cessation of Supply; but
 - (c) shall not include Supply Points in the process of being Registered to an Incoming Retailer at the Date of Relevant Cessation of Supply.

PART C: BASIS OF INTERIM SUPPLY BY AN INTERIM LICENSEE

8. Provisions about Schemes

8.1 Date from which a Scheme shall apply to an Affected Customer

- 8.1.1 The date from which an Interim Licensee shall be required to continue the supply of Water Retail Services and/or Sewerage Retail Services to Eligible Premises by way of a direction under section 63AC(3) or section 110L(3) of the 1991 Act shall be the Date of Relevant Cessation of Supply.
- 8.1.2 In the absence of alternative terms and conditions being agreed between an Interim Licensee and an Affected Customer, the Interim Licensee's applicable Scheme shall be the basis upon which it shall provide Interim Supply to any such Affected Customer from the Date of Relevant Cessation of Supply.

8.2 Modification of a Scheme by an Interim Supply Offer

- 8.2.1 In the event that an Interim Licensee has been directed by the Authority to continue supply to an Affected Customer as a result of an Interim Supply Offer having been accepted in accordance with Section 7.2 of this code then:
- (a) In the absence of alternative terms and conditions being agreed between an Interim Licensee and the Affected Customer, the terms and conditions on which the Interim Licensee shall provide Interim Supply to the Affected Customer shall be its Scheme as modified by the terms of the relevant Interim Supply Offer;
 - (b) the Authority shall give a direction to the Interim Licensee that its Scheme must be so modified; and
 - (c) any such modification shall only apply in respect of the provision of Interim Supply to the Premises that were the subject of the relevant Interim Supply Offer and this shall be without prejudice to the application of the Eligible Licensee's Scheme in any other circumstances.

8.3 General requirements in respect of Schemes

8.3.1 In the making or revision of its Scheme, an Eligible Licensee shall ensure that its Scheme complies with the following:

- (a) the Eligible Licensee shall ensure that the price terms within the Scheme are reasonable in the circumstances;
- (b) the Eligible Licensee shall ensure that there is no undue preference shown to and that there is no undue discrimination against any Affected Customer compared with the Eligible Licensee's other Non-Household Customers of the same class as the Affected Customer;
- (c) the Scheme must be consistent with the Eligible Licensee's obligations under the 1991 Act and its Licence;
- (d) the Interim Licensee shall not vary or terminate the terms and conditions of its Scheme as it applies to an Affected Customer without the consent of that Affected Customer for a period of three

(3) months commencing from the date from which the Interim Licensee was required to continue the supply of Water Retail Services and/or Sewerage Retail Services to that Affected Customer's Premises by way of a direction under section 63AC(3) or section 110L(3) of the 1991 Act and subject to the Interim Licensee providing the Affected Customer one (1) months' notice in writing of such variation or termination; and
- (e) other than the right of an Eligible Licensee to submit a Cancellation Request to the Market Operator under the Wholesale-Retail Code, nothing in the Scheme shall prevent or restrict the Affected Customer's right or ability to transfer its supply of retail services to another Licensee or relevant undertaker or to other terms and conditions offered by the Eligible Licensee at any time.

9. Provision of information to Affected Customers

9.1.1 Within five (5) Business Days, **or such longer period as agreed by the Authority**, of the date of the Market Operator sending a Report in accordance with the Wholesale-Retail Code confirming that an Interim Duty Supply Point has been Registered to it as the result of the Authority's direction to provide Interim Supply to an Affected Customer, the Interim Licensee shall write to the Affected

Customer in plain and intelligible language in order to provide at least the following information:

- (a) that the Interim Licensee is now the Affected Customer's provider of Water Retail Services and/or Sewerage Retail Services and that the Previous Licensee is no longer supplying the Affected Customer;
- (b) the reason why this is the case;
- (c) the date from which the Interim Licensee commenced the provision of Interim Supply to the Affected Customer which, unless the Authority advises to the contrary, shall be the Date of Relevant Cessation of Supply;
- (d) relevant contact details of the Interim Licensee;
- (e) that the Affected Customer has the right to switch to an alternative provider of Water Retail Services and/or Sewerage Retail Services at any time;
- (f) the steps the Interim Licensee shall take to resolve any outstanding service requests and/or complaints between the Affected Customer and the Previous Licensee;
- (g) a copy of the applicable Scheme, where relevant as modified by an Interim Supply Offer in accordance with Section 8.2 of this code, or an indication where the Scheme can be found on its website; and
- (h) a statement that alternative terms and conditions from the applicable Scheme may be available and how information about such alternative terms and conditions may be obtained.

Appendix 2 – WRC: Schedule 1, Part 1, Definitions legal drafting

<p>“Interim Duty Supply Point”</p>	<p>a supply point which is to be Registered to an alternative Retailer as a result of the Interim Supplier Allocation Process or a relevant direction issued by the Authority in accordance with section 63AC(3) or 110L(3) of the Water Industry Act 1991, as appropriate, or to a relevant Undertaker where section 63AC(2) or section 110L(2) of the Water Industry Act 1991 applies, and as further described in Section 4.3.9 of the Market Terms;</p>
<p>“Interim Supplier”</p>	<p>a Retailer which has been directed by the Authority under section 63AC(3) or section 110L(3) of the Water Industry Act 1991 appointed under the Interim Supplier Allocation Process in respect of Interim Duty Supply Points;</p>
<p>“Interim Supply Offers”</p>	<p>has the meaning given in the Interim Supply Code;</p>
<p>“Notice of Relevant Cessation of Supply”</p>	<p>has the meaning given in the Interim Supply Code;</p>
<p>“Scheme”</p>	<p>has the meaning given in the Interim Supply Code;</p>
<p>“Statement of Interim Supply Capacity”</p>	<p>has the meaning given in the Interim Supply Code;</p>

Appendix 3 – WRC: CSD 0004 legal drafting

Code Subsidiary Document No. 0004: Interim **Supply** **Supplier Allocation** Process

1. Purpose and scope

1.1 Purpose

1.1.1 This document describes the processes and other arrangements required to support the Interim Supplier: **Allocation and Transfer Allocation** Process **set out in accordance with at** Section 4.3.9 of the Market Terms.

1.1.2 This CSD should be followed where the Authority:

- (a) notifies the Market Operator that it intends to make a direction pursuant to section 63AC(3) and/or section 110L(3) of the Water Industry Act 1991 and requests that the Market Operator carries out the Interim Supplier Allocation Process; and/or
- (b) notifies the Market Operator that it has made a direction pursuant to section 63AC(3) and/or section 110L(3) of the Water Industry Act 1991 and requests that the Market Operator gives effect to that direction.

1.2 Scope

1.2.1 The processes described in this CSD include the following:

- (a) the process for a Retailer to confirm to the Market Operator that it wishes to become an Opted In Retailer for the purposes of **being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code ~~Interim Duty Supply Points~~**;
- (b) the process for the Market Operator to undertake:
 - (a) **where the Authority has used the Interim Supply Offers process; or**

- (b) where the Authority has required ~~an the~~ Interim Supplier Allocation Process to be used ~~as required by the Authority~~

and to notify affected Trading Parties of the outcome of each such process;

- (c) the methodology that the Market Operator shall use to allocate Interim Duty Supply Points to Opted In Retailers as part of each Interim Supplier Allocation Process; and
- (d) the process to Register allocated Interim Duty Supply Points to an Opted In Retailer.

2. Opt in, opt out and temporary suspension process

2.1 Electing to be an Opted In Retailer

2.1.1 A Retailer that is to be an Opted In Retailer for the purposes of **being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code** ~~the Interim Supplier Allocation Process~~ should send a notification to the Market Operator **and the Authority** in accordance with CSD 0006 (Trading Party Administration and Notification Processes).

2.1.2 A Retailer shall be entitled to send such a notification and thereby opt in **in respect of one or more Service Categories and/or Areas** ~~for the purposes of the Interim Supplier Allocation Process~~ at any time.

2.1.3 The notification shall include:

- (a) the Area or Areas in relation to which it is to be an Opted In Retailer;
- (b) in respect of each such Area whether it is to be an Opted In Retailer in relation to Water Services or Sewerage Services or both; **and**
- (c) confirmation that the notification has been authorised by the Retailer's current Contract Manager;-
- (d) **confirmation that the Retailer has met, or will be meeting, its obligations under the Interim Supply Code to make, provide and publish a Scheme; and**

- (e) ~~the provision of its Statement of Interim Supply Capacity.~~

2.1.4 On receipt of the notification, the Market Operator shall confirm receipt to the Retailer and shall add the Retailer to the List of Opted In Retailers by Area. ~~for the purposes of the Interim Supplier Allocation Process.~~

2.2 List of Opted In Retailers

2.2.1 The Market Operator shall maintain and publish a List of Opted In Retailers by Area pursuant to Section 4.3.9 of the Market Terms ~~for the purposes of the Interim Supplier Allocation Process.~~ The Market Operator shall update and re-publish the list within one (1) Business Day of any amendment to the Opted In Retailer status of any Retailer.

2.2.2 The Market Operator shall provide the List of Opted In Retailers by Area to the Authority upon request and following any amendment to the Opted In Retailer status of any Retailer.

2.3 Opting out

2.3.1 An Opted In Retailer that no longer wishes to be an Opted In Retailer for the purposes of ~~being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code the Interim Supplier Allocation Process~~ shall be entitled to amend its opted in status in respect of one or more Service Categories and/or Areas, to the extent it is entitled to do so in accordance with the Interim Supply Code.

2.3.2 In order to opt out, an Opted in Retailer shall send a notification to the ~~Authority and the~~ Market Operator in accordance with CSD 0006 (Trading Party Administration and Notification Processes).

2.3.3 The notification shall include:

- (a) the Area or Areas in relation to which its Opted In Retailer status is to be amended;
- (b) in respect of each such Area whether it wishes to opt out in relation to Water Services and/or Sewerage Services or both; and

- (c) confirmation that the notification has been authorised by the Retailer's current Contract Manager.

2.3.4 On receipt of the notification, the Market Operator shall confirm receipt to the Retailer and shall update and re-publish the List of Opted In Retailers by Area accordingly within one (1) Business Day.

2.4 Temporary suspension of Opted In Retailer status

Voluntary temporary suspension

2.4.1 A Retailer may elect temporarily to suspend its status as an Opted In Retailer (to the extent it is entitled to do so in accordance with the Interim Supply Code).

2.4.2 ~~As described in Section 3 of this CSD, the Market Operator shall notify all relevant Trading Parties (every Retailer that is an Opted In Retailer for the relevant Area(s) and every relevant Wholesaler) each time it is requested to carry out the Interim Supplier Allocation Process by the Authority. This prior notice~~The Interim Supply Code confirms that the Authority shall specify a deadline by which any Opted In Retailer is entitled to temporarily suspend its Opted In Retailer status ~~in respect of the relevant allocation exercise. Any Retailer wishing to temporarily suspend its Opted In Retailer status must send a notification notice~~ to this effect to the the Authority and the Market Operator in accordance with CSD 0006 (Trading Party Administration and Notification Process). ~~In setting this deadline the Market Operator shall be mindful of any direction as to urgency and timetable received from the Authority.~~

2.4.3 ~~Any Retailer wishing temporarily to suspend its Opted In Retailer status subsequent to the Market Operator giving prior notice of a planned allocation exercise shall send a notification to the Market Operator in accordance with CSD 0006 (Trading Party Administration and Notification Processes).~~ Subject to any direction by the Authority that the notification be received any notification that is received after the deadline specified in the ~~Market Operator's Authority's~~ prior notice shall be rejected and shall not be implemented and the Retailer shall remain as an Opted In Retailer in respect of the relevant allocation exercise.

~~2.4.4 For urgent cases, where it is necessary for temporary suspension to occur on the same Business Day as the Retailer sends the notification to the Market Operator in accordance with CSD 0006 (Trading Party Administration and Notification Processes), the Market Operator shall be entitled to take whatever steps it considers reasonable in the circumstances to implement the temporary suspension process. In such cases, the Market Operator shall inform the parties of this approach at the same time as specifying the deadline in accordance with Section 2.4.2 above.~~

2.4.4 ~~2.4.5~~ The details that the Retailer shall be required to provide in its request for temporary suspension shall include:

- (a) confirmation that it wishes to suspend its Opted In Retailer status in relation to the specified allocation exercise;
- (b) the Area(s) in respect of which it wishes to suspend its Opted In Retailer status;
- (c) whether it wishes to suspend its Opted In Retailer status in relation to Water Services or Sewerage Services or both in each relevant Area; and
- (d) confirmation that the suspension notification has been authorised by the Retailer's current Contract Manager and the Authority (if required in accordance with the Interim Supply Code).

2.4.5 ~~2.4.6~~ On receipt of such a request from a Retailer, the Market Operator shall confirm receipt and, ~~having received confirmation from the Authority that the Retailer is entitled to suspend its Opted In Retailer status, where the Interim Supplier Allocation Process is selected by the Authority,~~ shall exclude that Retailer from ~~that~~ specified allocation exercise.

2.4.6 ~~2.4.7~~ For the avoidance of doubt, each temporary suspension shall only apply in relation to ~~the allocation exercise(s) specified in the relevant Notice of Relevant Cessation of Supply a single specified allocation exercise. A Retailer wishing to suspend its Opted In Retailer status must do so in relation to each individual instance of the Interim Supplier Allocation Process being carried out.~~

Suspension due to Alternative Action for Insolvency

- 2.4.7 ~~2.4.8~~In the event that the Market Operator is informed by a Wholesaler that the Wholesaler has notified an Opted In Retailer, pursuant to Section 11.3 of the Business Terms, that the Opted In Retailer may not obtain any more Eligible Premises or Non-Household Customers in the Wholesaler's Area, the Market Operator shall remove the Retailer from the List of Opted In Retailers by Area ~~for the purposes of the Interim Supplier Allocation Process~~ in respect of the relevant Area from the date notified by the Wholesaler in its notice to the Market Operator.
- 2.4.8 ~~2.4.9~~The relevant Retailer shall not be allocated any Interim Duty Supply Points in the relevant Area until such time as the Market Operator is notified by the relevant Wholesaler that the restriction placed on the relevant Retailer pursuant to Section 11.3 of the Business Terms is no longer in effect, and shall take steps in accordance with Section 11.3.1 of the Business Terms to cancel any pending or future Transfer Registration Applications which it has submitted.

2.5 Provision of Statement of Interim Supply Capacity

- 2.5.1 ~~An Opted In Retailer for the purposes of being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code shall make and from time to time revise a Statement of Interim Supply Capacity in accordance with section 2.5.2 of this CSD.~~
- 2.5.2 ~~An Opted In Retailer shall provide a copy of its current or revised Statement of Interim Supply Capacity to the Authority and MOSL in accordance with CSD 0006 (Trading Party Administration and Notification Process) in each of the following circumstances:~~
- ~~(a) at the same time as it first elects to become an Opted In Retailer;~~
 - ~~(b) at the same time as it first elects to become an Opted In Retailer in respect of any additional Areas and/or Service Categories;~~
 - ~~(c) promptly following any change in circumstances that materially affects the Opted In Retailer's capacity to act as Interim Supplier;~~

- (d) at the same time as the Opted In Retailer elects to temporarily suspend its Opted In Retailer status;
- (e) prior to the Opted In Retailer removing its Opted In Retailer election in respect of one or more Service Categories and/or Areas; and
- (f) upon request by the Authority at any time and within the timescales specified in the request.

3. Interim Supplier Allocation Process of Interim Duty Supply Points

3.1 Allocation and Registration to relevant Undertaker

3.1.1 Where section 63AC(2) or section 110L(2) of the 1991 Act applies and the Authority notifies the Market Operator that no direction is to be made under section 63AC(3) or section 110L(3) of the 1991 Act, the Market Operator shall allocate the Interim Duty Supply Points to the relevant Undertaker for the Area in which the Eligible Premises are located.

3.1.2 The process to be followed for registration of Interim Duty Supply Points is detailed in Section 5 of this CSD.

3.2 Notification to Retailers

3.2.1 Following a cessation of supply, the Authority shall require the Market Operator to issue to a notice to all Retailers informing them that a cessation of supply has occurred.

3.2.2 This information notice shall include, but need not be limited to:

- (a) The date on which the cessation of supply commences (which may be a date in the future);
- (b) The name of the current Retailer; and
- (c) Where a Retailer is not already an Opted In Retailer for the purposes of being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code, the date and time by

which it would need to opt in to be part of the relevant allocation exercise.

3.3 ~~3.2~~ Allocation and Registration to Opted In Retailer(s) (Interim Supply Offers) Process description

Step 1: Authority triggers process

- 3.3.1 The following steps should be followed where the Authority notifies the Market Operator that it intends to make a direction pursuant to section 63AC(3) and/or section 110L(3) of the Water Industry Act 1991 and will be requesting Interim Supply Offers from Opted In Retailers in accordance with section 7.2 of the Interim Supply Code.

Step 2: Cancel pending Transfers in

- 3.3.2 Promptly following step a, the Market Operator shall cancel any Transfer that is pending to the current Retailer in respect of the Interim Duty Supply Points to be allocated. The Market Operator shall send a Data Transaction T111.M (Notify Registration Cancellation) to the current Retailer in respect of the Interim Duty Supply Points to be allocated and to the pending Outgoing Retailer in respect of each such pending Transfer.

Step 3: Authority allocation and direction

- 3.3.3 Where the Authority allocates Interim Duty Supply Points in accordance with section 7.2 of the Interim Supply Code, and subsequently issues a direction under section 63AC(3) or section 110L(3) of the Water Industry Act 1991, the Market Operator shall proceed with steps 4 and 5 below.

Step 4: Market Operator notifies outcome of allocation exercise

- 3.3.4 Within one (1) Business Day of the Authority's direction (step 3 above) the Market Operator shall send a Report in accordance with CSD 0302 (Standing Reports and Data Extracts) to each Retailer that has had one or more Interim Duty Supply Points allocated or directed to it. The notification shall include confirmation of when the Registrations of the Interim Duty Supply Points that have been allocated or directed to the relevant Retailer

shall be implemented (i.e. the Designated Date to be used by the Market Operator in Registration and the timeline for implementing the Transfer).

3.3.5 In addition, prior to commencing the Registration process in respect of the relevant Interim Duty Supply Points, the Market Operator shall prepare and provide a document to all Trading Parties setting out:

- (a) the relevant Interim Duty Supply Points affected;
- (b) the relevant Opted In Retailers to be Registered to those Supply Points;
- (c) the Registration Start Date (being the Designated Date) for each Opted in Retailer; and
- (d) details of the timetable and process to be followed to implement the relevant Transfers.

Step 5: Registration of Interim Duty Supply Points

3.3.6 After receiving notice of the direction from the Authority (step c above), the Market Operator shall Register the Interim Duty Supply Points allocated to the relevant Incoming Retailer(s) with effect from the Designated Date.

3.3.7 The process to be followed for registration of Interim Duty Supply Points is detailed in Section 5 of this CSD.

3.4 Allocation and Registration to Opted In Retailer(s) (Interim Supplier Allocation Process)

Step 1a: Authority triggers process

3.4.1 The following steps should be followed where the Authority notifies the Market Operator that it intends to make a direction pursuant to section 63AC(3) and/or section 110L(3) of the Water Industry Act 1991 and requests that the Market Operator carries out the Interim Supplier Allocation Process under section 7.3 of the Interim Supply Code.

Step 2b: Market Operator notifies Opted In Retailers and affected Wholesalers

3.4.2 Promptly upon receiving a notice from the Authority (step 1a above) requesting that an Interim Supplier Allocation Process should be carried out, the Market Operator shall send a notice to the Contract Manager of every Retailer that is an Opted In Retailer for the relevant Area(s), ~~which shall not include Opted In Retailers that have temporarily suspended their Opted In Retailers status~~, as well as to the Contract Manager of each relevant Wholesaler. This notice shall include:

- (a) the identity of the current Retailer in respect of the Interim Duty Supply Points to be allocated;
- (b) the number of water and/or sewerage Interim Duty Supply Points to be allocated in each Area;
- (c) ~~the date from which the Interim Duty Supply Points shall be registered to any Opted In Retailer, allocated in accordance with the allocation methodology (which may be a date in the past); and the Designation Date.~~

~~the deadline for any Opted In Retailer to temporarily suspend its Opted In Retailer status in respect of the relevant allocation exercise.~~

~~Step c: Market Operator confirm Opted In Retailers to be included in allocation exercise~~

~~Promptly following the deadline for receipt of temporary suspension requests specified in the notice issued under step b above, the Market Operator shall establish which Opted In Retailers are to be included in the allocation exercise, having excluded any Retailers that have temporary suspended their Opted In Retailer status in accordance with the process described in Section 2 of this CSD.~~

~~The Market Operator shall publish the resulting list of the Opted In Retailers that are to be included in the allocation exercise and provide a copy to the Authority.~~

Step 3d: Authority approved timetable and directs Market Operator to undertake allocation exercise

- 3.4.3 ~~Following provision to the Authority of the list of Opted In Retailers that are to be included in the allocation exercise (step c above),~~ The Market Operator shall propose the overall timetable and approach to apply to the allocation exercise to the Authority. Upon receipt of confirmation from the Authority that the proposed timetable and approach is satisfactory, the Market Operator shall process to step ~~e~~4 below.

Step 4e: Cancel pending Transfers in

- 3.4.4 Prior to carrying out the relevant allocation exercise (step 5f below), the Market Operator shall cancel any Transfer that is pending to the current Retailer in respect of the Interim Duty Supply Points to be allocated. The Market Operator shall send a Data Transaction T111.M (Notify Registration Cancellation) to the current Retailer in respect of the Interim Duty Supply Points to be allocated and to the pending Outgoing Retailer in respect of each such pending Transfer.

Step 5f: Market Operator undertakes allocation exercise

- 3.4.5 In accordance with the Authority's direction and approved timetable step ~~d~~c above), the Market Operator shall undertake the allocation exercise in accordance with the allocation methodology described in Section 4 of this CSD.

Step 6g: Market Operator provides allocation results to Authority

- 3.4.6 Within one (1) Business Day of completing the allocation exercise, the Market Operator shall provide a report to the Authority detailing the outcome of the exercise, identifying which Interim Duty Supply Points have been allocated to which Opted In Retailers as a result of the application of the allocation methodology, the proposed timetable for implementing the Transfers within the Central Systems, as well as any other information that the Authority has requested.

Step 7h: Authority direction

- 3.4.7 If the Authority makes a direction under section 63AC(3) or section 110L(3) of the Water Industry Act 1991 ~~(whether following an Interim Supplier Allocation Process or some other process)~~, the Market Operator shall proceed with steps ~~8i~~ and ~~9j~~ below.

Step 8i: Market Operator notifies outcome of allocation exercise

- 3.4.8 Within one (1) Business Day of the Authority's direction (step ~~7h~~ above) the Market Operator shall send a Report in accordance with CSD 0302 (Standing Reports and Data Extracts) to each Retailer that has had one or more Interim Duty Supply Points allocated or directed to it. The notification shall include confirmation of when the Registrations of the Interim Duty Supply Points that have been allocated or directed to the relevant Retailer shall be implemented (i.e. the Designated Date to be used by the Market Operator in Registration and the timeline for implementing the Transfer).
- 3.4.9 In addition, prior to commencing the Registration process in respect of the relevant Interim Duty Supply Points, the Market Operator shall prepare and provide a document to all Trading Parties setting out:
- (a) the relevant Interim Duty Supply Points affected;
 - (b) the relevant Opted In Retailers to be Registered to those Supply Points;
 - (c) the Registration Start Date (being the Designated Date) for each Opted in Retailer; and
 - (d) details of the timetable and process to be followed to implement the relevant Transfers.

Step 9j: Registration of Interim Duty Supply Points

- 3.4.10 After receiving notice of the direction from the Authority (step ~~7h~~ above), the Market Operator shall Register the Interim Duty Supply Points allocated to the relevant Incoming Retailer(s) with effect from the Designated Date.

- 3.4.11 The process to be followed for registration of Interim Duty Supply Points is detailed in Section 5 of this CSD.

4. Interim Supply Processor Allocation methodology

- 4.1.1 The Market Operator shall develop and maintain systems and processes to support the implementation of the **Interim Supply Offers and** Interim Supplier Allocation Process. This should include an appropriate means to access relevant data held within the Central Systems to ensure that each allocation exercise includes all relevant Interim Duty Supply Points.

Interim Duty Supply Points

- 4.1.2 The Interim Duty Supply Points to be included in the allocation exercise shall include:
- (a) New Supply Points in the process of being Registered to the relevant Retailer; and
 - (b) Supply Points Registered to the relevant Retailer, including those in the process of being Deregistered or Disconnected.

Pending Transfers out

- 4.1.3 If there are any Supply Points currently Registered to the relevant Retailer which are in the process of being Transferred to an Incoming Retailer, the Market Operator shall take steps to complete the relevant Transfers by the Designated Date (in accordance with Section 5.1 of this CSD), and these Supply Points shall therefore be excluded from the Interim Duty Supply Points to be included in the allocation exercise.

Interim Supplier Allocation Process: Allocation principles

- 4.1.4 The particular Interim Duty Supply Points to be allocated to each Opted In Retailer shall be allocated by the Market Operator by Area and, within each Area, on a random basis, subject to the following principles:
- 4.1.5 In respect of each Area:

- (a) **having taken account of any limitations on the number of Interim Duty Supply Points that an Opted In Retailer has specified that it has in its Statement of Interim Supply Capacity**, each Opted In Retailer for Water Services within an Area shall be allocated an equal number of Interim Duty Supply Points for Water Services and each Opted In Retailer for Sewerage Services within an Area shall be allocated an equal number of Interim Duty Supply Points for Sewerage Services subject, in each case, to any rounding up or down required in order to allocate a whole number of Supply Points;
- (b) where a Water Services Supply Point and an associated Sewerage Services Supply Point exist at an Eligible Premises, they shall, so far as practical, be allocated to one Opted in Retailer; and
- (c) where the Customer Names for a number of Supply Points are determined by the Market Operator to be sufficiently similar, all such Supply Points shall be allocated to one Opted In Retailer, so far as is practical.

High level methodology

- 4.1.6 In order to implement the allocation principles set out above, the Market Operator shall include the following steps in its allocation methodology:
- 4.1.7 In respect of each Area or combination of Areas as appropriate, the Market Operator shall divide the Interim Duty Supply Points into a number of different groups, as follows:
 - (a) Water Services Supply Points where there is an associated Sewerage Services Supply Point already registered to an Opted In Retailer which supplies both Water and Sewerage Services;
 - (b) Sewerage Services Supply Points where there is an associated Water Services Supply Point already registered to an Opted In Retailer which supplies both Water and Sewerage Services;
 - (c) Groups of associated Water and Sewerage Supply Point pairs, where all such Supply Points are currently registered to the relevant

Retailer and where the Customer Name is sufficiently similar in all cases;

- (d) Water and Sewerage Supply Points at the same Eligible Premises, where both are registered to the relevant Retailer, and where the Customer Name is not sufficiently similar to that of any other such Supply Point pairs;
- (e) Water Services Supply Points where no associated Sewerage Services Supply Point is already registered to an Opted In Retailer which supplies both Water and Sewerage Services (or is not currently registered at all); and
- (f) Sewerage Services Supply Points where no associated Water Services Supply Point is already registered to an Opted In Retailer which supplies both Water and Sewerage Services (or is not currently registered at all).

4.1.8 As far as possible, **and taking account of any limitations on the number of Interim Duty Supply Points that an Opted In Retailer has specified that it has in its Statement of Interim Supply Capacity** the Market Operator shall do the following:

- (a) Allocate each Supply Point in groups (a) and (b) to the Opted In Retailer that is already responsible for the other Service Category at the same Eligible Premises;
- (b) Allocate each group of Supply Point pairs in group (c) that have a sufficiently similar Customer Name to a single Retailer, selected at random from among only those relevant Opted In Retailers which have opted in in respect of both Water and Sewerage Services in the relevant Area or combination(s) of relevant Areas;
- (c) Allocate each pair of associated Supply Points in group (de) at random from among only those relevant Opted In Retailers which have opted in in respect of both Water and Sewerage Services in the relevant Area combination(s) of relevant Areas;

- (d) Allocate Water Supply Points in group (e) at random from among only those relevant Opted In Retailers which have opted in respect of both Water and Sewerage Services or Water Services only in the relevant Area; and
- (e) Allocate Sewerage Supply points in group (f) at random from among only those relevant Opted In Retailers which have opted in in respect of both Water and Sewerage Services or Sewerage Services only in the relevant Area.

4.1.9 However, it should be noted that where the above allocation approach would not result in each Opted In Retailer for Water Services within an Area being allocated an equal number of Interim Duty Supply Points for Water Services and each Opted In Retailer for Sewerage Services within an Area being allocated an equal number of Interim Duty Supply Points for Sewerage Services (subject, in each case, to **limitations imposed by an Opted In Retailers' Statement of Interim Supply Capacity and** any rounding up or down required in order to allocate a whole number of Supply Points) then the Market Operator shall adjust the number of Supply Points included in each group to ensure as equal a distribution as possible can be achieved.

4.1.10 The Market Operator shall also seek to achieve an equitable distribution of larger (by consumption) Supply Points within each group, such that no Retailer is allocated a disproportionate number of larger Supply Points.

Detailed methodology

4.1.11 The Market Operator shall develop, document and maintain a detailed description of its allocation methodology (consistent with the principles set out above and the relevant provisions of the Market Terms). This may include the detailed procedures and algorithms to be applied.

5. Registration of Interim Duty Supply Points

5.1 Process description

Overview

5.1.1 The Interim Duty Supply Points shall be Transferred by the Market Operator to the allocated Opted In Retailers by way of an update to the Registration data held within the Central Systems.

5.1.2 The Market Operator shall implement the relevant Transfers such that each allocated Opted In Retailer shall be the Registered Retailer for all Supply Point(s) allocated to it with effect from the Designated Date.

Step 1a: Pending Transfers out

5.1.3 If there is any Supply Point currently Registered to the relevant Retailer which is in the process of being Transferred to an Incoming Retailer, and where the Registration Start Date for the pending Transfer is later than the Designated Date, the Market Operator shall ensure that every such Transfer proceeds with a Registration Start Date that is equal to the Designated Date.

Step 2b: Data update by Market Operator

5.1.4 The Market Operator shall ensure that the Central Systems have the functionality to apply a high volume change of data to implement **a direction issued by the Authority under section 63AC(3) or section 110L(3) of the Water Industry Act 1991**~~the outcome of each allocation exercise, based on the results generated by the application of the allocation methodology.~~

5.1.5 This functionality shall include the provision of appropriate reports to confirm that the relevant data updates have been successful and to flag any exceptions. The Market Operator shall deal with any exceptions as appropriate in order to give full effect to the ~~allocation exercise direction~~ **issued by the Authority under section 63AC(3) or section 110L(3) of the Water Industry Act 1991**. The reports should also provide confirmation that

following the data update there are no Supply Points remaining Registered to the relevant Retailer.

Step 3e: Notifications and data provision to relevant Trading Parties

5.1.6 Following the Registration of Interim Duty Supply Points to the relevant Retailer (step 2b above), the Market Operator shall send the same set of Data Transactions to the Retailer and other relevant Trading Parties as would be sent in respect of a standard Transfer undertaken in accordance with CSD 0102 (Registration: Transfers). The relevant Retailer is therefore referred to hereafter as the Incoming Retailer.

5.1.7 It is expected that the Market Operator shall provide or make available these notifications as close as reasonably practical to the standard timescales and the standard method set out in CSD 0102 (Registration: Transfers). However, it is acknowledged that in relation to Transfers implemented pursuant to this CSD, it may be appropriate for the Market Operator to apply a different schedule and/or method for these notifications in view of the potentially significant volume of data, and in order to avoid any adverse impact on the performance of the Central Systems or Trading Parties' systems. If the Market Operator proposes to deviate from the normal notification timetable and/or method in this way then it shall inform all the affected parties in advance, in order that they are aware of the amended timetable and/or method for receipt of the relevant notifications.

Step 4d Submit Transfer Reads

5.1.8 For all Interim Duty Supply Point(s) that are Metered, the Incoming Retailer shall make arrangements for the submission of a Transfer Read to the Market Operator in relation to all meters Registered at each such Supply Point in accordance with CSD 0102 (Registration: Transfers) and CSD 0202 (Meter Read Submission: Process), unless the Market Operator is informed of an alternative timetable by the Retailer.

5.1.9 As far as reasonably practicable, Retailers should endeavour to meet the standard timetable for submission of Transfer Reads. However, it is acknowledged that it may not be reasonably practicable to provide or procure Transfer Reads for all Interim Duty Supply Points within the normal

target timescales set out in CSD 0102 (Registration: Transfers) and CSD 0202 (Meter Read Submission: Process), particularly where a large number of Interim Duty Supply Points have been Transferred to a Retailer at the same time under the Interim Supplier Allocation Process.

5.1.10 A Retailer shall therefore be permitted to agree an alternative timetable with the Market Operator for the submission of Transfer Reads in respect of the Interim Duty Supply Points that have been Transferred to it. However, in any case:

- (a) all relevant Transfer Reads in respect of Twice-yearly Read Meters must be submitted within three (3) Months of the Designated Date; and
- (b) all relevant Transfer Reads in respect of Monthly Read Meters must be submitted within one (1) Month of the Designated Date.

5.1.11 In calculating Market Performance Standard Charges in accordance with CSD 0002 (Market Performance Framework) in relation to Transfer Reads, the Market Operator shall take account of any agreed alternative timetable for submission of Transfer Reads in these circumstances.

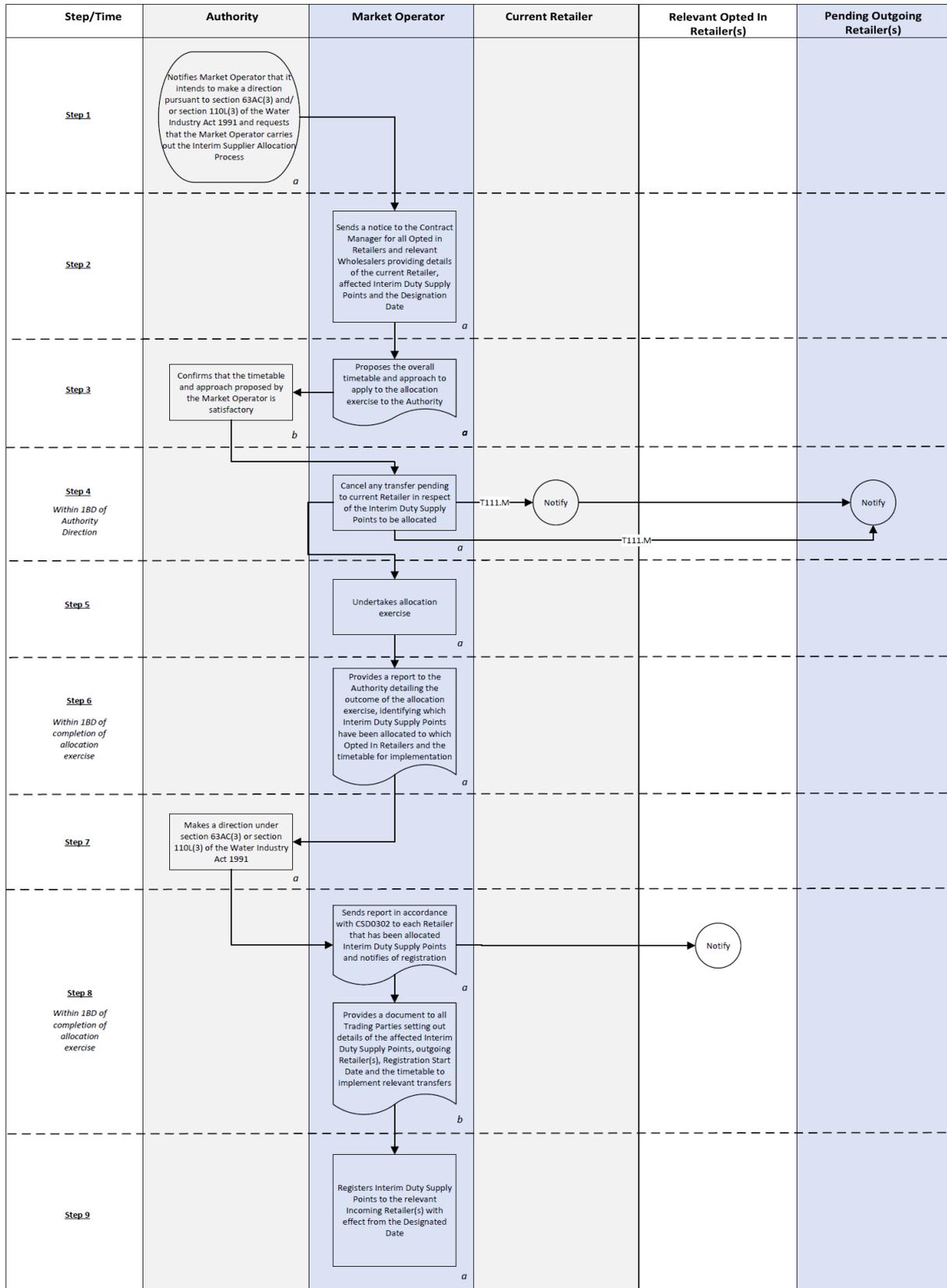
5.1.12 Where the Transfer relates to a Main Meter in a Meter Network then the Data Owner for any associated Sub Meter at the level below the Main Meter is also required to provide a Transfer Read. The Incoming Retailer is responsible for notifying the relevant Data Owner for the Sub Meter not less than ten (10) Business Days prior to the agreed date by which such read is required (taking account of any agreed alternative timetable for submission of Transfer Reads pursuant to this CSD).

Step 5e New Supply Points - provide data and make Supply Point Tradable

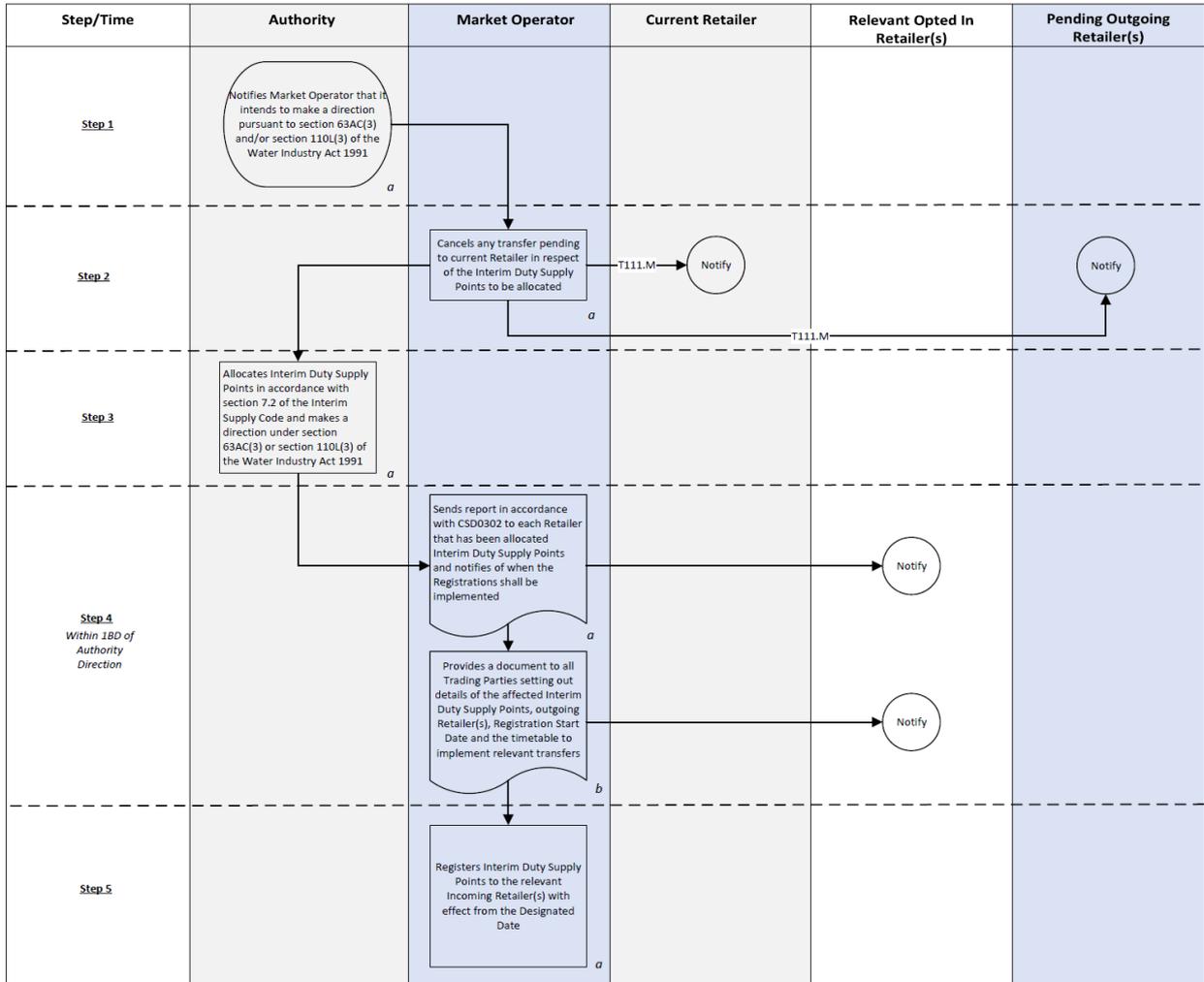
5.1.13 Where a New Supply Point has been allocated to an Incoming Retailer (i.e. a Supply Point for which a New Supply Point request has been submitted to the Market Operator, but the relevant Retailer had not yet submitted the Partial Registration Application), such Supply Point shall be registered to that Incoming Retailer as if the Incoming Retailer had submitted the Partial Registration Application, and data shall then be provided by the relevant

Incoming Retailer to make the Supply Point Tradable, in accordance with CSD 0101 (Registration: New Supply Points).

Process diagram for the Interim Supplier Allocation Process



Process diagram for the Interim Supply Offers process



Appendix 4 – WRC: Schedule 1, Part 4, Market Terms, legal drafting

Section 4.3.9

The Contracting Wholesaler and the Contracting Retailer agree that the following terms shall apply to the Contracting Retailer where the circumstances set out in section 63AC and/or section 110L of the Water Industry Act 1991 apply to any of the Contracting Retailer's Supply Points, or where the Contracting Retailer is acting in the capacity of an Opted In Retailer (as defined below).

The circumstances set out in section 63AC and/or section 110L of the Water Industry Act 1991 are assumed to apply on the termination of the Wholesale Contract by the Contracting Wholesaler under Section 11.2 of the Business Terms and/or on the Contracting Retailer being subject to an Insolvency Event.

~~Once the Interim Supplier Allocation Process is complete, †~~The supply by the allocated ~~Opted In Retailer Interim Supplier~~ shall be treated as having begun on the date on which the cessation of supply commenced.

If the Authority ~~has or~~ intends to make a direction pursuant to section 63AC(3) and/or section 110L(3) of the Water Industry Act 1991 and requests that the Market Operator ~~allocates Interim Duty Supply Points in accordance with the Interim Supply Offers process or~~ carries out the Interim Supplier Allocation Process and provided that any Supply Points are still Registered to the relevant Retailer, or any New Supply Points are still identified against the relevant Retailer (Interim Duty Supply Points), then the Market Operator shall allocate the Interim Duty Supply Points as follows:

- (a) the Market Operator shall only allocate Interim Duty Supply Points to Retailers who are entitled to Register Supply Points in accordance with Section 4.2 above, and who are Opted In Retailers;
- (b) an Opted In Retailer for Interim Duty Supply Points means any Retailer that elects to opt in by sending a notification to the Market Operator ~~and the Authority~~ (in accordance with CSD 0006 (Trading Party Administration and Notification Processes)) confirming that it wishes to opt in in relation to either or both Water Services or Sewerage Services;
- (c) an Opted In Retailer that no longer wishes to be an Opted In Retailer for the purposes of the ~~Interim Supplier Allocation Process being eligible in relation to the allocation of Supply Points pursuant to the Interim Supply Code~~ shall be entitled to amend its opted in status in respect of one or more Service Categories

- and/or Areas in accordance with CSD 0004 (Interim Supply ~~Allocation~~ Process) and to the extent permitted by the Interim Supply Code;
- (d) if an Opted In Retailer is entitled temporarily to suspend its status as an Opted In Retailer in accordance with the Interim Supply Code it shall notify the Market Operator to that effect, ~~on or before the deadline specified in the Notice of Relevant Cessation of Supply prior to the Market Operator carrying out the Interim Supplier Allocation Process~~ in accordance with CSD 0004 (Interim Supply ~~Allocation~~ Process);
- (e) a Retailer may also have its status as an Opted in Retailer temporarily suspended in the circumstances set out in CSD 0004 (Interim Supply ~~Allocation~~ Process) following an Insolvency Event;
- (f) the Market Operator shall publish a List of Opted In Retailers by Area in accordance with CSD 0004 (Interim Supply ~~Allocation~~ Process);
- (g) to avoid doubt, Interim Duty Supply Points shall not include Supply Points in the process of being Registered to an Incoming Retailer (where the Market Operator shall process such Registration as quickly as possible);
- (h) to avoid doubt, Interim Duty Supply Points shall include New Supply Points in the process of being Registered to the relevant Retailer that has ceased to make a supply available and Supply Points Registered to such Retailer including those in the process of being Deregistered or Disconnected;
- (i) ~~where the Authority notifies the Market Operator that it will be requesting Interim Supply Offers from Opted In Retailers in accordance with section 7.2 of the Interim Supply Code, the Market Operator shall allocate the particular Interim Duty Supply Points in accordance with the outcome of that process;~~
- (j) ~~where the Authority requests the Market Operator carries out the Interim Supplier Allocation Process in accordance with section 7.3 of the Interim Supply Code, the particular Interim Duty Supply Points allocated to each Interim Supplier ~~Opted In Retailer~~ shall be allocated by the Market Operator by Area and, within each Area, on a random basis, subject to principles set out in CSD 0004 (Interim Supply ~~Allocation~~ Process);~~
- (k) the Market Operator shall provide written notice to the Authority setting out the outcome of the ~~relevant~~ allocation process. If the Authority makes a direction under section 63AC(3) or section 110L(3) of the Water Industry Act 1991, the Market Operator shall Register the Interim Duty Supply Points allocated to the relevant Incoming Retailer(s) in accordance with CSD 0004 (Interim Supply ~~Allocation~~ Process);

~~Allocation~~ Process) with effect from the date on which the cessation of supply commenced (Designated Date);

- (l) each ~~Interim Supplier Opted-In-Retailer~~ shall be responsible for all Supply Point(s) Registered to it by the Market Operator from the Designated Date in accordance with this Section 4.3.9 provided that if a Non-Household Customer so allocated to an ~~Interim Supplier Opted-In-Retailer~~ serves notice (under section 63AC(9)(b) or section 110L(8)(b) of the Water Industry Act ~~(1991)~~ on the ~~Interim Supplier Opted-In-Retailer~~ within three (3) ~~m~~Months of the Designated Date that another Retailer is to continue the supply, the ~~Interim Supplier Opted-In-Retailer~~ shall notify the Market Operator to that effect and the Market Operator shall Register the affected Interim Duty Supply Points to such Retailer in accordance with CSD 0102 (Registration: Transfers);

- (m) where section 63AC(2) or section 110L(2) of the Water Industry Act 1991 applies and no direction has been ~~or is to be~~ made under section 63AC(3) or section 110L(3) of the Water Industry Act 1991:
 - (i) the Market Operator shall initially allocate the Interim Duty Supply Points to the relevant Undertaker for the Area in which the Eligible Premises are located in accordance with CSD 0004 (~~Interim Supplier Allocation~~ Process) with effect from the Designated Date; and
 - (ii) if a Non-Household Customer so allocated to the Undertaker serves notice (under section 63AC(9)(a) or section 110L(8)(a)) on the relevant Undertaker within three (3) months of the Designated Date that another Retailer is to continue the supply and the Undertaker notifies the Market Operator to that effect, the Market Operator shall Register the affected Interim Duty Supply Points to such Retailer in accordance with CSD 0102 (Registration: Transfers) with effect from the Designated Date;

- (n) once the Market Operator has allocated an Interim Duty Supply Point to the ~~Interim Supplier Opted-In-Retailer~~ in accordance with Sections 4.3.9(~~hi~~) and 4.3.9(j) above, that ~~Interim Supplier Opted-In-Retailer~~ must:
 - (i) write to that new Non-Household Customer within five (5) Business Days, ~~or such longer period as agreed by the Authority~~, of the date of receipt of notification of allocation from the Market Operator; and
 - (ii) provide a Transfer Read to the Market Operator in accordance with CSD 0004 (~~Interim Supplier Allocation~~ Process).

Section 6, Part F: List of Code Subsidiary Documents

CSD 0004: Interim ~~Supplier Allocation~~ Process

Appendix 5 – WRC: Schedule 1, Part 2, Business Terms, sections 10 and 11 legal drafting

Relevant Part of Section 10.1

Insolvency

10.1.13 the Contracting Retailer is subject to an Insolvency Event; or

~~Revocation of Licence in England and Wales~~

~~10.1.14 the Contracting Retailer's License is revoked by the Authority~~

Defaulting Trading Party under another Wholesale Contract

~~10.1.15~~ 10.1.14 where the Contracting Retailer is party to a Wholesale Contract with a Wholesaler other than the Contracting Wholesaler and has been classed as a Defaulting Trading Party under such a Wholesale Contract; or

Force majeure

~~10.1.16~~ 10.1.15 a Force Majeure Event affecting the Contracting Retailer continues for a period of at least six (6) Months;

Relevant Part of Section 11.4

11.4.1 ~~Where the Contracting Retailer's License is revoked by the Authority, the Wholesale Contract shall terminate automatically and without any requirement for further notice.~~

~~11.4.1~~ 11.4.2 Neither the Contracting Wholesaler nor the Contracting Retailer shall be entitled to terminate the Wholesale Contract other than with the consent of the other Party or pursuant to the terms of the Wholesale Contract.

Appendix 6: MAC and WRC Other Amendments

MAC, Schedule 1: Definitions

Interim Supplier Allocation Process	the process by which the Market Operator shall allocate Interim Duty Supply Points Registered to a Retailer to Opted-In Retailers in accordance with Section 4.3.9 of the Market Terms, as further set out in CSD 0004 (Interim Supplier Allocation Process);
Supply Point Register	the database (and any related business processes) which is operated and maintained by the Market Operator to facilitate the Registration of Supply Points to Retailers and the Transfer of Supply Points from a Retailer to any other Retailer and which holds the data required to comply with CSD 0003 (Volume Transfer and Volume Data Update); CSD 0004 (Interim Supplier Allocation Process); CSD 0005 (Gap Site Allocation Process); CSD 0101 (Registration: New Supply Points); CSD 0102 (Registration: Transfers); CSD 0103 (Registration: Cancellations and Erroneous Transfers); CSD 0104 (Maintain SPID Data); CSD 0105 (Error Rectification and Retrospective Amendments); CSD 0106 (Non-Market Meters); CSD 0202 (Meter Read Submission: Process); CSD 0203 (Meter Read Submission: Validation); CSD 0206 (Trade Effluent Processes); CSD 0208 (Creation and update of Wholesaler Tariff Data) and CSD 0301 (Data Catalogue);

WRC, Schedule 1, Part 3: Operational Terms

Section L

Purpose and scope of Process B11:

The purpose of this process is to enable a Retailer to request the Wholesaler to carry out a Meter Read for a Non-Market Meter of the Wholesaler, which is not installed at an Eligible Premises, and which is in a direct relationship with a meter at a Supply Point which either:

- is in the process of Transferring; or
- has been allocated pursuant to section 4.3.9 of the Market Terms under the ~~Interim Supplier Allocation Process~~.

This process only applies in respect of Non-Market Meters that are Sub Meters in a Meter Network in a direct relationship with a meter at the relevant Supply Point.

The relevant Form to use for this process is Form B/03 (Request for Non-Market Meter Read to be carried out by the Wholesaler).

Process B11 – Retailer request for Wholesaler to carry out Meter Read for a Non-Market Meter pending Transfer or allocation of a Supply Point

The purpose of this process is to enable a Retailer to request the Wholesaler to carry out a Meter Read for a Non-Market Meter of the Wholesaler, which is not installed at an Eligible Premises, and which is in a direct relationship with a meter at a Supply Point which either:

- is in the process of Transferring; or
- has been allocated pursuant to section 4.3.9 of the Market Terms under the Interim Supplier Allocation Process.

This process only applies in respect of Non-Market Meters that are Sub Meters in a Meter Network in a direct relationship with a meter at the relevant Supply Point.

The relevant Form to use for this process is Form B/03 (Request for Non-Market Meter Read to be carried out by the Wholesaler).

WRC, CSD 0002

MPS16	Late Meter Read Submission	<p>The T105.R (Submit Meter Read) is received by the Market Operator within eight (8) BD of the Meter Read Date contained within the transaction in respect of a Transfer Read. This standard applies for all Meter Treatment types except Cross-Border Meters.</p> <p>For Supply Points allocated under an the Interim Supply Offers process or the Interim Supplier Allocation Process these charges shall apply unless the Market Operator agrees an alternative timetable with the Retailer. Where this is no the case, this charge applies i.e.: T105.R is not received by the Market Operator by the agreed dates</p>
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WRC, CSD 0006

- 3.1.1 Trading Parties will be responsible for maintaining information on the Market Operator Systems in order to ensure that their contact details are kept up to date, and that they are correctly configured to show the status of any Retailer for Interim Supplier Allocation Process or Direction to Supply Allocation Process purposes.
- 3.2.4 If the Trading Party is a Retailer, the user can update the following Trading Party administration data via the screen:
- information necessary to opt in for the purposes of Interim Duty Supply Point Allocation, as detailed in CSD 0004 (Interim Supplier Allocation Process); and
 - information necessary for the purposes of Direction to Supply Allocation per Service Category per Wholesaler Area, as detailed in CSD 0005 (Direction to Supply Allocation Process).

WRC, CSD 0102

- 1.3.1 This CSD covers the transfer process for an individual Supply Point. Retailers shall undertake all Transfers using the process described in this CSD, including where the Retailer wishes to transfer multiple Supply Points e.g. due to a Non-Household Customer having multiple Eligible Premises, with the exception of:
- (a) Volume Transfer in the circumstances set out in Section 4.3.5 and 4.3.6 of the Market Terms, or a Volume Data Update in the circumstances set out in Section 4.3.7 and 4.3.8 of the Market Terms, which is all set out in CSD 0003 (Volume Transfer and Volume Data Update); and
 - (b) Transfers resulting from an Interim Supplier Allocation Process **or an Interim Supply Offers process** under Section 4.3.9 of the Market Terms, which is set out in CSD 0004 (Interim **Supplier Allocation** Process).
- 1.3.2 This CSD also covers Transfers of an individual Interim Duty Supply Point where a Non-Household Customer serves notice on an Undertaker within three (3) months of the Designated Date, as described in Section 4.3.9~~(tm)~~(ii) of the Market Terms.

WRC, CSD 0202

- 3.6.4 The requirements in relation to the submission of Transfer Reads in respect of allocated Interim Duty Supply Points are set out in CSD 0004 (Interim **Supplier Allocation** Process).

WRC, CSD 0301

Data Item Number	D4015
Data Item Name	Interim Supplier Allocation Status
Data Item Logical Type	UTF-8string(12)
Member of unique serial set	No
Member of Valid Set	Yes
Data Group	Market
Data Owner	Market Operator
Description	Identifies whether a Retailer has opted in pursuant to the Interim Supply Code and section 4.3.9 of the Market Terms to the Interim Supplier Allocation Process
Further Details	
Used in Data Transaction	

D4015	Interim Supplier Allocation Status	OPTIN	Retailer has opted in pursuant to the
-------	------------------------------------	--------------	--

			Interim Supply Code and section 4.3.9 of the Market Terms to the Interim Supplier Allocation Process
		OPTOUT	Retailer not opted in pursuant to the Interim Supply Code and section 4.3.9 of the Market Terms of the Interim Supplier Allocation Process
		INVOLSUS	Retailer suspended due to alternative action for insolvency
		VOLSUS	Retailer voluntarily suspended pursuant to the Interim Supply Code and section 4.3.9 of the Market Terms from impending Interim Supplier Allocation Process

WRC, CSD 0302

12.1 Introduction

12.1.1 The Market Operator provides a Report to relevant Trading Parties in advance of each Interim Supplier Allocation Process requested by the Authority, providing advance notice of the scope and timetable of the upcoming allocation exercise, in accordance with CSD 0004 (Interim ~~Supplier Allocation~~ Process).

12.4.1 Report scope

The Report shall include all information required as set out in CSD 0004 (Interim ~~Supplier Allocation~~ Process).

12.6 Detailed Record Content

Field Name	Date Item (D Number)
Current Retailer of Interim Duty Supply Points	D4011

Wholesaler ID	D4025
Number of water Interim Duty Supply Points to be allocated in Area	Calculated by Central Systems
Number of sewerage Interim Duty Supply Points to be allocated in Area	Calculated by Central Systems
Designated Date	In accordance with CSD 0004 (Interim Supplier Allocation Process)
Deadline for temporary suspension notification	In accordance with CSD 0004 (Interim Supplier Allocation Process)

13.1 Introduction

13.1.1 After ~~undertaking~~ an ~~Interim Supplier Allocation~~ exercise ~~has been undertaken~~, the Market Operator sends an individual Report to each Opted In Retailer that has been allocated one or more Interim Duty Supply Points in accordance with CSD 0004 (Interim ~~Supplier Allocation~~ Process).

13.4 Report scope

13.4.1 The Report shall include all information required as set out in CSD 0004 (Interim ~~Supplier Allocation~~ Process).

Ofwat (The Water Services Regulation Authority)
is a non-ministerial government department.
We regulate the water sector in England and Wales.

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