

Our Ref: [REDACTED]

Your Ref:

29 October 2021



Ofwat
4th Floor
21 Bloomsbury Street
London
WC1B 3HF

SES Water
London Road
Redhill, Surrey,
RH1 1LJ
Telephone: 01737 772000
Facsimile: 01737 766807
Website: www.seswater.co.uk
Email: contactus@seswater.co.uk

Dear Ofwat

Response to proposals to deal with un-invoiced Wholesaler charges in the event of an unplanned Retailer exit

Many thanks for the opportunity to respond to the above consultation, please find below responses to the questions raised.

1. Does the proposed approach deliver the following policy aim in a way that is consistent with our statutory duties?

A: Yes

2. Do you agree that it is appropriate to apply company specific Totex cost sharing rates to amounts relating to un-invoiced revenue to be recovered via the RFI mechanism in the event of a Retailer failure?

A: Yes. Given that un-invoiced revenue is analogous to a bad debt that has not yet been invoiced, the totex cost sharing rates are appropriate to apply in such circumstances. However, further detail on how "underperformance" in the calculation should be defined would be helpful.

3. Do you have views that alternative approaches may be more effective or straightforward to implement?

A: We have no further views on alternative approaches to implement.

4. Do you agree with the proposed change to the WRC? Please explain your answer.

A: Yes, the proposed change will encompass amounts owed by retailers that have not been invoiced.

5. Do you agree with proposed amendments to the legal drafting? Please explain your answer.

A: Yes, the proposed amendments clarify the amounts owed by retailers which can be drawn on by credit support held by the wholesaler, which is in line with the proposed change within the consultation.

6. Do you agree that the proposed change to the WRC furthers the objectives and principles set out in WRC Schedule 1, as described in section 4?

A: Yes

We are happy to elaborate our view on the points raised above if you have any queries.

Yours faithfully



Paul Kerr
Group Chief Financial Officer