



22 October 2021

Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

Dear Ofwat

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

Thank you for the opportunity to respond. We have reviewed the above proposals and offer the following comments.

These proposals seek to further protect Wholesalers from the risk of Retailers exiting the market through Retailer failure. However, there are no protections in the market for Retailers who may be impacted by failed Retailers exiting the market, particularly large Retailers exiting the market. Remaining Retailers are expected to absorb the debt risk of such failures and step in to maintain retail supplies to affected customers. This includes securing the additional working capital needed to pay wholesale charges, finding additional resources needed to onboard customers and to read meters, all without any relaxation of market timescales. Furthermore, many of these customers are likely to be loss-making and therefore unattractive to Retailers. Customers' interests are not being protected in this regard. These proposals therefore highlight the severe imbalance of risk between Wholesalers and Retailers in the business retail market; specifically, that Wholesalers are protected and Retailers face considerable risks without appropriate compensatory benefits.

Notwithstanding our comments above, Wave has no objection to the proposed amendments to the Code.

If you require any further clarification or would like to discuss these issues further, then do please let me know.

With regards



Wendy Monk
Director of Regulation and Compliance