

REC22: Response to a request for information

02 December 2022

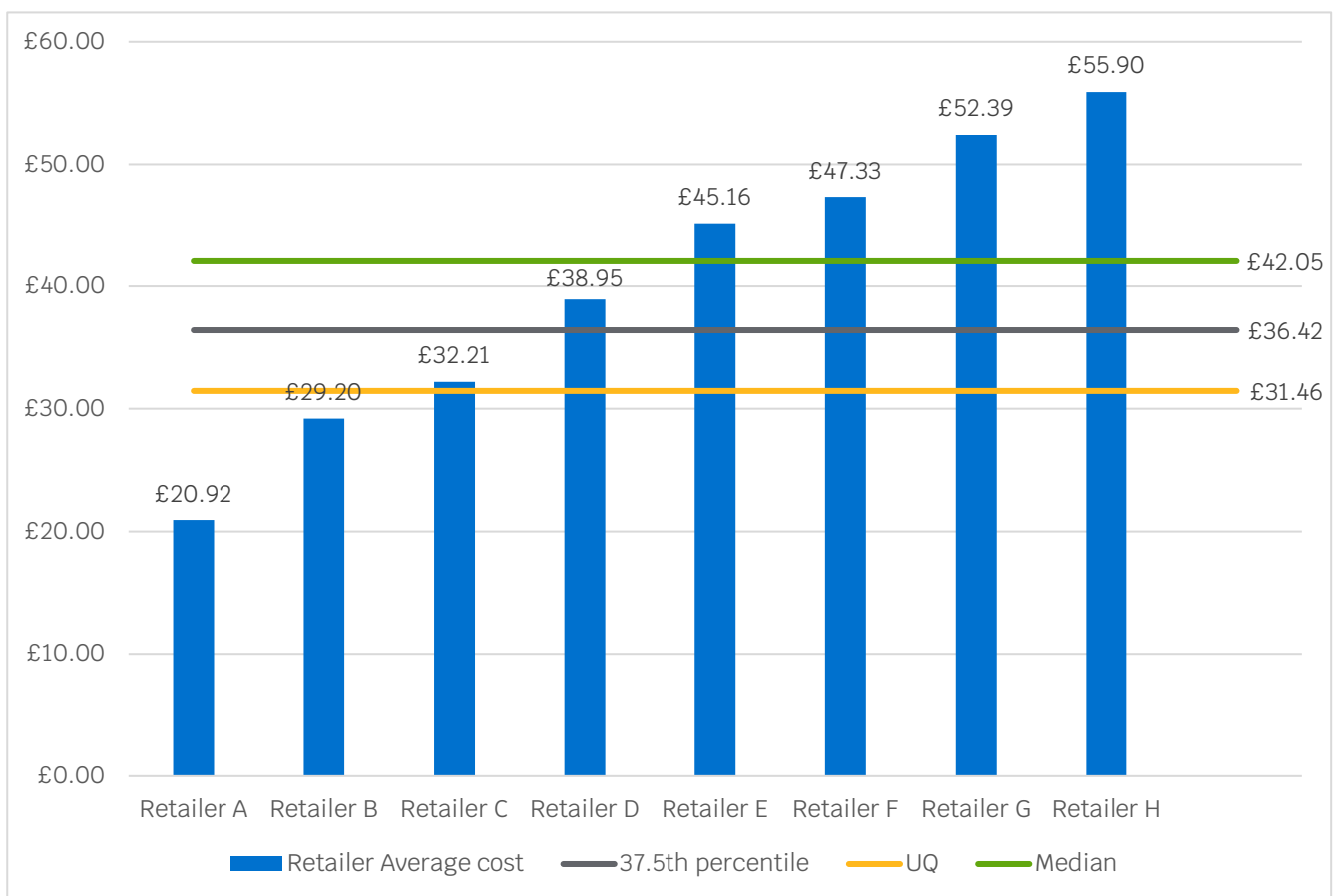
Since the publication of our [Consultation on proposals: 2021-22 review of the Retail Exit Code](#), we received a request for information from a stakeholder regarding the proposals in our Consultation. In response to this request, we have provided the following information.

1. Annex A – Section 3.2 Assessment of allowed retail cost to serve (ACTS)

a) Please recalculate Figure 3.2.2 based on retailer reported costs prior to Ofwat's adjustment to those costs.

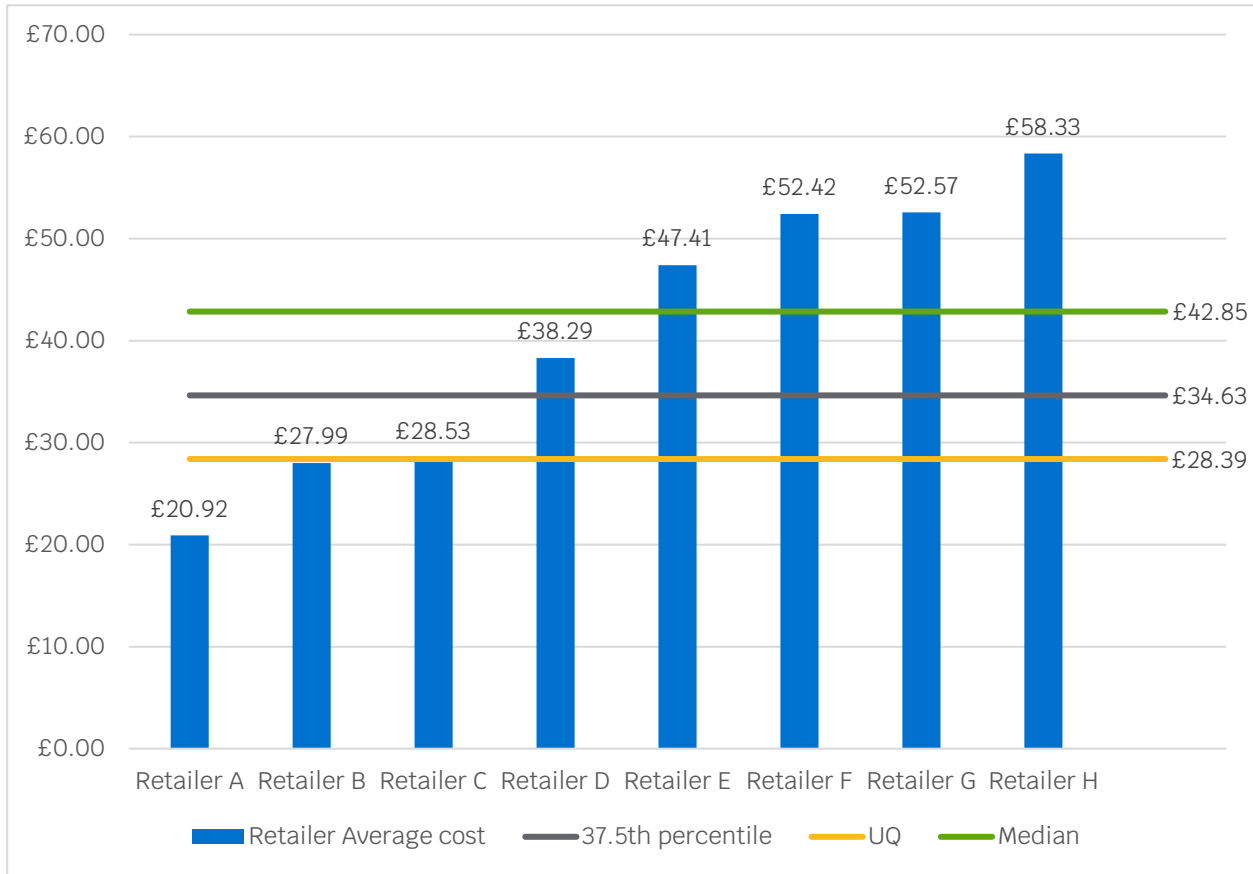
The chart below is calculated prior to any Ofwat adjustments to costs using the allocation methodology set out in our September consultation.

Revised figure 3.2.2 Retailers' average running costs – based on Retailers' reported costs prior to any Ofwat adjustments



b) Please recalculate Figure 3.2.2 using only data for the period FY21/22 and FY22/23, i.e. excluding the principal Covid-affected years.

Revised figure 3.2.2 Retailers' average running costs – based on FY21/22 and FY22/23 data



2. Proposal to adopt a glide path

Given that the 'glide path' to ACTS presents a further efficiency challenge to those retailers previously below the relevant tariffs and favours those who are at or above them, please compare the overall financial effect on retailers with that on customers:

a) On the basis proposed.

Item	Glide path year		
	2023-24	2024-25	2025-26
Estimated % of total customers at the new REC22 allowances	48%	76%	100%

Estimated % of estimated REC customer revenue from those at the new REC22 allowances	45%	74%	100%
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b) On the basis of no glide path.

Item	Glide path year		
	2023-24	2024-25	2025-26
Estimated % of total customers at the new REC22 allowances	100%	100%	100%
Estimated % of estimated REC customer revenue from those at the new REC22 allowances	100%	100%	100%