

**DIRECTION FROM THE WATER SERVICES REGULATION AUTHORITY TO
[Licensee] UNDER REGULATION 30 OF THE WATER AND SEWERAGE
UNDERTAKERS (EXIT FROM NON-HOUSEHOLD RETAIL MARKET)
REGULATIONS 2016**

1. Interpretation

Unless otherwise specified:

- (a) References to (the “**Authority**”) are references to The Water Services Regulation Authority;
- (b) References to Regulation(s) are references to The Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016;
- (c) References to (the “**Code**”) are references to the Retail Exit Code issued by the Water Services Regulation Authority pursuant to Regulation 30 of The Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016;
- (d) Capitalised terms shall have the meaning prescribed in Section 1.1 of the Code.

2. Background

- 2.1 The Code prescribes maximum allowed charges which may be charged to Customer Group One Customers and Customer Group Two Customers. Annex 1 and Annex 2 of the Code sets out a formula prescribing the maximum amount a Licensee can charge **each Customer in each Charging Year** in respect of its Business Retail Activities.
- 2.2 Under Regulation 30(3), if the Authority considers that a water supply licensee or sewerage licensee is not acting as required by the Code, it may give the licensee a direction to do, or not to do, a thing specified in that direction.
- 2.3 On 17 June 2022 the Authority asked [Licensee] under Condition 8 of Part A of the Water Supply and Sewerage Standard Licence Conditions to provide details of its Charges Scheme and whether any of its Customer Group One Customers or Customer Group Two Customers were currently paying above the maximum amount prescribed in the Code.

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- 2.4 On [date], [Licensee] confirmed to the Authority that it applies the protections in the Code as an average, thereby some Customer Group One and Customer Group Two Customers are currently paying more than the maximum amount a Licensee can charge **each Customer in each Charging Year** permissible under the Code.
- 2.5 This indicates that [Licensee] is in breach of the Code, as the formula prescribing the maximum amount which can be charged to each Customer Group One Customer and Customer Group Two Customer applies to each individual Customer and not as an average across two or more Customers. Some Customer Group One Customers and Customer Group Two Customers are therefore paying more than the maximum amount a Licensee can legitimately charge **each Customer in each Charging Year** permissible under the Code.
- 3.** [Direction under Regulation 30 of The Water and Sewerage Undertakers \(Exit from Non-household Retail Market\) c2016](#)
- 3.1 [Commencement and Duration](#)
- 3.1.1 This Direction shall take effect from 01 April 2023.
- 3.1.2 This Direction shall remain in effect until such time as the Authority directs otherwise.
- 3.2 [Actions for \[Licensee\]](#)
- 3.2.1 The Authority hereby directs that:
- (a) [Licensee] must comply with Annex 1 and Annex 2 of the Code. [Licensee]'s charges to each Customer Group One Customer and Customer Group Two Customer in each Charging Year in respect of its Business Retail Activities shall not exceed the charge permissible under the relevant Code in force at any given time.

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3.3 Monitoring

3.3.1 [Licensee] is directed to provide a statement to The Authority by 20 February 2023 outlining how they will return to compliance with the Code from 1 April 2023.

In accordance with Regulation 30(4) it is the duty of [Licensee] to comply with these Directions. This duty is enforceable by the Authority under Section 18 of the Water Industry Act.

Dated: 31 January 2023

Signed on behalf of the Authority by Shaun Kent