



Department
for Environment
Food & Rural Affairs

Retail exits: withdrawing from the non-household retail market

Application to the Secretary of State

August 2016

Introduction

This form should be used by all statutory water and sewerage undertakers wishing to apply to exit the non-household retail market. It has been designed to be completed electronically and printed for signature.

Retail exit applications are made and considered in accordance with the provisions and requirements of the Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016 (“the exit Regulations”). The exit Regulations are available on the legislation.gov.uk website. The exit application process is run by Defra and decisions on applications are made by the Secretary of State.

The information required to be submitted along with an application is set out in the Annex. Complete and signed applications should be submitted by email to retalexits@defra.gsi.gov.uk.

Guidance notes

There are at least two parties involved in a retail exit – the undertaker requesting permission to exit (the applicant) and the acquiring licensee or licensees to whom the exiting undertaker’s non-household customers will be transferred should permission for the exit be granted.

This form should be completed by the exiting undertaker, who will need to coordinate with the acquiring licensee/s to provide all the required information. Each acquiring licensee will need to provide a letter of support for the requested exit, containing the information outlined in the Annex.

Applicants will also need to contact Ofwat if they are intending to use a transfer scheme to transfer any part of their retail business, and for any queries regarding the Supplier of Last Resort (SoLR) panel and Supplier of First Resort (SoFR) pool.

Please read all questions carefully. Some of them only apply to undertakers exiting to more than one acquiring licensee.

All word counts are indicative and are not intended to be read as a required length.

The exit application process opens on 3 October 2016. Companies seeking to exit at market opening will need to submit their applications by one of two dates in November 2016. To confirm which one applies, for an informal chat about your application or for any queries relating to this form, please contact retalexits@defra.gsi.gov.uk

A. Applicant details

1. Name of undertaker:

This should be the legal name of your organisation, as it is registered with the regulator Ofwat.

2. Address of undertaker:

3. Details of area of appointment:

4. Is your area of appointment either wholly or mainly in England? Yes No

Please note: this application process is only open to companies that are wholly or mainly in England.

5. Are you a Water and Sewerage Company (WaSC) or a Water only Company (WoC)?

WaSC WoC

Both WaSCs and WoCs are eligible to apply to exit the market. If you are a WaSC, the Regulations require that you must exit from the market for both water and sewerage retail services to non-household customers.

6. Contact details of a company representative who can be contacted about this application.

Please include representative's name, job title, office address (if different from the address given above), email address and telephone number.

Name:

Job title:

Address:

Email:

Telephone no:

B. Reasons for exit application

7. Please briefly outline your company's reasons for wanting to exit the non-household retail market.

The Secretary of State wishes to understand the high-level reasons behind your application to exit and how it will support your company's business plan. We do not require detailed facts or figures to support your reasons for exit. Please use the box below as a guide and no more than 500 words.

C. Information about acquiring licensee(s)

Undertakers are able to exit to one acquiring licensee or more than one. You are required to complete questions 9 – 12 for each acquiring licensee. For the first acquiring licensee, use this page. For any additional acquiring licensees, click the button below to request a duplicate page.

You will also need to include a 'Letter of support' from all acquiring licensees with your application. Requirements for the letter are set out in the Annex.

8. How many acquiring licensees will be involved in this exit?

Note: if you answer more than one here, click the button below to request a duplicate page which will be inserted at the back of the document. Then complete questions 9-12 for your first acquiring licensee, and use the duplicate page to complete the same information for each additional acquiring licensee.

Press to duplicate page prior to filling in if more than one required – pages will appear at the end of the PDF

9. Name of acquiring licensee:

This should be the legal name of the acquiring licensee, as registered with the regulator Ofwat.

10. Address of acquiring licensee:

11. Does the acquiring licensee hold a relevant Water Supply and/or Sewerage licence with retail authorisation(s)?

Yes

No

Evidence of licence:

Please provide evidence that the acquiring licensee holds the appropriate licence, issued by Ofwat. These should not be self-supply licences. You may provide this evidence by inserting a link to the licence on Ofwat's website in the box above.

12. Does the acquiring licensee hold an appropriate Certificate of Adequacy:

Yes

No

Evidence of certificate:

Please provide evidence that the licence includes a Certificate of Adequacy that reflects the resources that would be required were the proposed transfer to go ahead. This is required as part of Ofwat's licencing process to indicate that the licensee can take on the additional customers as part of an exit without either the existing or new customers suffering as a result of a lack of resources. This may also be provided by inserting a link to the certificate.

D. Information about proposed exit arrangements

Exit date

13. On what date do you propose to withdraw from the non-household retail market?

dd/mm/yyyy

You must insert an exact date. This is necessary to provide clarity about when the legal duties will transfer from the undertaker to the licensee/s if an exit application is approved. This date must be at least 5 months from the date of your application. It must not be before 3 April 2017. You may change the exit date to a later date by notifying the Secretary of State in writing. Any new date must fall within 2 months beginning with the exit date specified here.

Question 14 is only applicable if you are planning to exit to more than one acquiring licensee. If you are planning to exit to a single licensee, please proceed to question 15.

14. Please outline how the premises that are to be transferred to the acquiring licensees as part of the exit will be able to be identified. [Your acquiring licensees will need to confirm these arrangements in their letters of support – see the Annex]

This should be a general description of the area and/or class of non-household premises that are to be transferred to each acquiring licensee, for example: all non-household premises in area x; all manufacturing premises in the existing undertaker's area, etc. Please do not send any customer information directly to Defra. Use the box below as a guide and no more than 500 words.

Transfer of the retail business

The exit Regulations allow for transfer of assets and contractual agreements through statutory transfer schemes, which are approved by Ofwat. Special agreements with customers must be transferred in this way. In all other circumstances, statutory transfer schemes are optional.

Transfer schemes may only be used to transfer: (i) property that is in any part of England and Wales; and (ii) rights or liabilities under the law of England and Wales.

Applicants planning to use a transfer scheme are advised to contact Ofwat as soon as possible to discuss a timetable for getting approval for any transfer schemes as this must be obtained before the exit date (i.e. the date you have specified at question 13).

15. Will you be preparing a statutory transfer scheme as provided under the exit Regulations?

Yes, for special agreements only

Yes, for the whole or part of the non-household business

No – please complete the box below

If yes, please proceed to section E.

If no, please complete the box below to outline how you intend to transfer your customer base to the acquiring licensee.

The information you provide in answer to this question may be shared with Ofwat for planning purposes. Please use the box below as a guide and no more than 500 words.

E. Customer notification of an exit

The government wants the customers of an exiting undertaker to have a positive experience of the process. This section asks how you and the acquiring licensee(s) will comply with the customer communication requirements in the Regulations and make sure that customers are fully aware of the arrangements and options available to them. Please use the box below as a guide and no more than 500 words.

16. Please outline how you and the acquiring licensee(s) intend to communicate with your customers about your proposed exit from the non-household retail market. [Your acquiring licensee/s will need to confirm these arrangements in their letter/s of support – see the Annex]

F. Ensuring a seamless process for customers

This section asks how you and the acquiring licensee(s) will comply with the requirements in the Regulations to ensure that customers continue to receive a retail service that is fit for purpose until the exit date. Please use the box below as a guide and no more than 500 words.

17. Please outline the measures you have in place to ensure that customers will continue to receive a retail service that is fit for purpose until the exit date.

You may wish to include details of any other steps you will take to ensure that your customers have a positive experience of your exit. [Your acquiring licensees will need to confirm these arrangements in their letters of support – see the Annex]

G. Supplier of First Resort Pool and Supplier of Last Resort Panel

The Supplier of First Resort (SoFR) pool and Supplier of Last Resort (SoLR) panel are groups of licensees which will provide essential services in supporting the new competitive market. Members of the SoFR pool will be directed to take on customers by Ofwat where that customer fails to name a licensee when requesting a new connection or where a switched customer wants to be re-allocated. The SoLR panel will be directed to take on customers where another licensee is no longer able to supply its customers.

18. If you are exiting to a single acquiring licensee please tick all boxes that apply:

The acquiring licensee understands that the Regulations require it to be in the **SoFR** pool for the exit area

The acquiring licensee is already a member of the **SoLR** panel

The acquiring licensee has applied, or will apply to become a member of the **SoLR** panel.

Please complete question numbers 19–24 only if you are exiting to more than one acquiring licensee.

Supplier of First Resort Pool

19. Please provide the name(s) of the acquiring licensee(s) who will be participating in the Supplier of First Resort pool.

Please note: all acquiring licensees in exit areas must participate in the Supplier of First Resort Pool unless a licensee only holds a self-supply licence or the business model of the licensee makes it inappropriate for a licensee to join the pool (e.g. if Ofwat agrees that the licensee intends to only serve a certain class of customer).

20. Will any of the acquiring licensees not be participating in the Supplier of First Resort Pool?

Yes No

If yes, go to question 21; if no, go to question 23

21. **If yes**, is this because the acquiring licensee holds a self-supply licence?

Yes No

If yes, go to question 23; if no, go to question 22

22. **If no**, please provide evidence that Ofwat has confirmed that it would not be appropriate for the licensee to join the pool.

Supplier of Last Resort Panel

23. Please provide the name(s) of the acquiring licensee(s) who will be participating in the Supplier of Last Resort panel.

*Please note that **at least one** acquiring licensee in each retail exit must participate in the Supplier of Last Resort Panel.*

24. Are all participating acquiring licensees opting into the Supplier of Last Resort panel?

Yes No

If no, go to question 25; if yes, go to section H

25. **If no**, please provide the names of each acquiring licensee who will not be opting in.

H. Declaration

I, in my capacity as an authorised representative of

.....
(*the undertaker*), declare that the information in the application form above is true to the best of my knowledge and belief.

I confirm that my company will fulfil all the statutory obligations relating to retail services for non-household customers until (*the date of the exit*).

I understand that my application may be passed to Ofwat for planning purposes.

Signature

Date

dd/mm/yyyy

Please check the requirements set out in the Annex and make sure you have included everything before submitting your application.

Completed applications should be returned to retalexits@defra.gsi.gov.uk or by post to:

Retail Exits Team
Area 3B
Defra
Nobel House
Smith Square
London
SW1P 3JR

Annex – information to submit along with your application

Letter of support from acquiring licensee(s)

Please attach to your application a letter of support from each acquiring licensee. This should cover the following:

- I. Agreement that the exit arrangements as outlined in the application are correct.
- II. Information about how the acquiring licensee will communicate with the customers they will be acquiring.
- III. Details of the measures which the acquiring licensee will have in place to ensure that all customers receive a fit for purpose retail service from the exit date onwards.
- IV. Confirmation that the acquiring licensee will fulfil the statutory obligations relating to providing a retail service to all customers acquired through the exit.
- V. Information about any other measures which the acquiring licensee will take to ensure that customers have a positive experience of the exit.