

Retail exit reform

Background

The Water Act 2014 received Royal Assent on 14 May 2014. It enables the Secretary of State to introduce regulations that will allow undertakers to exit the competitive part of the retail market with the consent of the Secretary of State. The Government is committed to ensuring that undertakers who wish to exit the market can do so when the retail market opens in April 2017.

Scope of the reform

The introduction of this reform will mean that those companies choosing to exit the non-household retail market will be able to transfer their non-household customers to a licensee and various legal duties relating to the provision of retail services to such customers will be removed.

It was recognised during the parliamentary debates that much of the detailed policy still needs to be developed in consultation with interested parties. However, the Government has already committed to the following core principles:

- a) retail exits must be voluntary (i.e. companies can choose whether to exit);
- b) retail exits must relate to the part of the market that serves non-household customers only;
and
- c) all customers must be protected.

Timeline for the reform

We will consult on the content of the draft regulations on retail exit by the end of the year and we will lay the draft regulations by 2016. This is because we want to enable undertakers to take decisions and manage risks regarding their future structure well in advance of the retail market opening in April 2017.

Next steps

We will continue to engage with the industry, consumer groups and all other interested parties over the coming months to inform our policy development. We are very interested to hear your views on the potential scope of the reforms and any concerns you might have.

- We will circulate a discussion document on the general principles of retail exit, as well as any key decisions that need to be taken, in early July 2014.
- We will hold a workshop to discuss the general principles of retail exit on 18 July 2014.
- We will publish a consultation on the content of the draft regulations in December 2014.