

Retail exit project update: November 2014

Background

The Water Act 2014 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 (“retail exit”). The government will ensure that undertakers who wish to exit the market can do so when the retail market opens in April 2017.

The policy driver for enabling retail exits is to extend choice for market participants and to ensure a well functioning competitive market. In enabling retail exits, the government is not seeking to require companies to exit or to shape the market in any particular way but, rather, it is putting in place a framework that will allow the competitive market to evolve.

Progress update

We plan to consult in December 2014 on the key policy choices that will inform the content of the exit regulations. As set out in our October update, our overall approach to the exits policy can be summarised as *“a light-touch process designed to allow undertakers the freedom to choose their preferred business strategy for the non-household retail market, while maintaining a directly comparable level of protection for all customers irrespective of their undertaker’s choice”*.

We have held a series of constructive discussions with key stakeholders over the past few weeks on how best to address the following issues:

- ensuring that all transferred customers that are served by a licensee have a clear set of baseline terms and conditions covering both service and price;
- enabling customers to retain these protections if they are transferred again after the initial exit;
- securing that all transferred customers will continue to be able to access both a wholesale and retail service;
- making sure that any new customers in an exited undertaker’s former area of appointment can access both a wholesale and retail service;
- creating sufficient flexibility for licensees that choose to take on large-scale customer transfers or specialise in providing niche services; and
- designing a transparent, light-touch applications process that provides a high level of certainty for applicants.

Next steps

We will provide further information about the detail of our policy when we consult on the proposed content of the draft regulations in December 2014. In the meantime, we are very interested to hear your views on the potential scope of the reforms. Please get in touch with us at the following email address: RetailExitsConsultation@defra.gsi.gov.uk.