

# WATER ACT 2014

---

## EXPLANATORY NOTES

### COMMENTARY

#### Part 1

#### Water Industry Chapter 4

#### *Retail Exit: Non-Household Premises*

#### *Section 47: Operation of retail market: charges etc*

189. *Section 47* allows exit regulations to require licensees to produce schemes containing terms and conditions that would apply to transferred customers in the absence of agreed terms and conditions. This would enable a form of ongoing price regulation of licensees to be introduced where customers are transferred to licensees where they have not chosen to switch to one.
190. The regulations would be able to provide for the schemes to make different provision for different purposes or areas; for publication of the schemes; and for the licensees to send a copy of the schemes to Ofwat. The regulations could also allow Ofwat to direct that the terms or conditions be modified and require the licensee to comply with this direction. This might include making such a direction enforceable under section 18 of the WIA.
191. The regulations could also require Ofwat to issue a code about providing services. This code could include provisions about the terms and conditions contained in the scheme; provision for licensees to inform customers about the schemes before they agree to other terms and conditions; provision allowing Ofwat to direct the licensee to act in accordance with the code if it is not doing so; and for the direction to be enforceable under section 18 of the WIA.
192. The regulations could also allow Ofwat to issue and enforce rules about the charges that a licensee might impose in relation to a retail exit area and, where relevant, rules about the schemes. The regulations may provide for the rules to make different provision for different purposes or areas; for Ofwat to direct a licensee to comply with the rules; for the directions to be enforceable by Ofwat; for the Secretary of State to issue guidance on the content of the rules; and for the Secretary of State to veto the rules so that Ofwat has to change them. These provisions broadly mirror the arrangements for undertakers producing charges schemes in accordance with rules produced by Ofwat under section 143 of the WIA (as amended by section 16 of this Act).