



Wholesaler Exceptional Circumstances Policy

1. Purpose

As a wholesale service provider in the English Business Retail Water Market, Anglian Water Services ("Anglian Water") recognises the importance of maintaining effective and collaborative relationships with Retailers to ensure the delivery of high-quality services to non-household customers. This policy statement sets out the circumstances in which Anglian Water may choose, at its discretion, to provide additional support to Retailers, specifically where Retailers are unable to resolve the issue due to factors outside their control.

This policy has been developed in the context of the Market Arrangements Code (MAC), the Wholesale Retail Code (WRC), and relevant Ofwat guidance and determinations. It supports market stability and fairness, especially in circumstances where rigid adherence to charging expectations where Retailers have taken all reasonable actions within their control but the exceptional circumstances could undermine Retailer viability or fairness due to exceptional external factors.

This policy does not deal with matters related to force-majeure events, market wide impacting factors for example pandemics or matters otherwise covered under market arrangements.

2. Background

Under the Open Water market framework introduced in 2017, Retailers are responsible for billing and collecting revenue from non-household customers, while Wholesalers maintain responsibility for the provision of water and wastewater services and bill Retailers for these services.

Under normal circumstances:

- Wholesalers charge Retailers based on the Primary Charges published in the Wholesale Tariff Document and governed by the Wholesale Contract.
- Retailers are responsible for paying these charges irrespective of their own customer collection performance.
- The Settlement process is managed by the Market Operator (MOSL) based on consumption data and market transactions recorded in CMOS.
- Disputes or adjustments must follow the defined dispute resolution and vacancy processes within the WRC.

3. Policy Rationale for Exceptions to Wholesale Charge Recovery

While the standard expectation is for Retailers to manage their risk and for the Wholesaler to recover charges in full, Anglian Water recognises that extenuating circumstances may arise which make this inappropriate, inequitable, or counterproductive. These include situations where Retailers face customer

non-payment driven by regulatory constraints, legal or other conditions that render standard market Retail measures such as debt recovery processes ineffective or inappropriate.

The rationale for this policy includes:

- Supporting a resilient and functional business retail market.
- Provision for unique circumstances that arrive from time to time mainly due to legacy issues.
- Improving collaboration between parties.
- Avoiding undue financial hardship on Retailers for risks that were not intended to be borne by them.
- Reflecting a shared responsibility between market participants in maintaining fair treatment.
- Providing clarity and consistency in the treatment of exceptional circumstances.

4. Circumstances in which Anglian Water may consider charge relief or non-recovery

The following are illustrative examples of scenarios in which Anglian Water may consider, on a case-by-case basis, whether to take steps as outlined in section 3. For the avoidance of doubt it is expected that a combination (not a single stand alone item) of these examples would need to be satisfied in order to benefit from this policy.

4.1 Regulatory Constraints

Where there is an outstanding Ofwat Determination greater than 6 months open and has yet to be concluded

4.2 Legal Matter

Where there are either direct or indirect legal matters that are primarily related to water and sewerage services being litigated.

4.3 Standard Interventions

Where Retailers are unable to exercise expected interventions such as credit control measures. This may include an inability to request a temporary disconnection due to the supply being mixed use. It is expected that the Retailer would be in a position to adequately demonstrate to our satisfaction their due diligence in seeking to engage and progress all avenues open to them including instigated legal proceedings in order to protect their business risk.

4.4 Complex Supply arrangements

Multi customer issues with limited powers e.g. legacy supply arrangements and / or a private shared supply with / without household premises.

5. Retailer responsibilities when seeking relief

Retailers seeking charge relief or exception under this policy must complete the following:

- Submit a formal written request with supporting evidence.
- Clearly Communicate the grounds for consideration that customer non-payment is due to multiple scenarios of the qualifying circumstances.
- Show they have followed appropriate credit control procedures (unless constrained).
- Cooperate fully with Anglian Water in understanding the context and evaluating alternatives.

6. Assessment and Governance process

Each request will be reviewed by Anglian Water's Wholesale Market Services team, with decisions subject to senior governance oversight. The process will include:

- Initial eligibility assessment.
- Request for clarifying evidence if needed.
- Final decision communicated within a reasonable timeframe (typically 20 working days).
- Where appropriate, decisions will be reported to MOSL or Ofwat if required.
- All requests will be subject to a monthly status review.
- Ensure the supply point remains in the correct market status for the duration of the exception, for example not to be marked as vacant.
- All market obligations for Retailers such as fulfilling MPF obligations continue for the supply point (e.g. meter reads and uploading to CMOS)
- Review of query applicability at a maximum frequency of 12 months

Anglian Water reserves the right to impose time limits on retrospective claims and to set conditions on the granting of relief (e.g. improvement actions, customer outreach commitments).

7. Wholesaler Intervention

Where the Wholesaler is satisfied that the circumstances of this policy have been reached there are a number of interventions that could be taken. At Anglian Water's discretion these may be applied retrospectively, where appropriate. These include:

- Temporary credit applied to the relevant primary charges invoice(s). This would not be subject to interest.
- Review of Wholesaler powers provided under the Water Industry Act of 1991.

8. Policy Review and Change Control

This policy will be reviewed periodically or in response to material changes in market codes, Ofwat guidance, or observed market events. Amendments will be shared transparently with Retailers and MOSL.

9. Contact and Further Information

Retailers seeking to engage Anglian Water under this policy should contact:

Wholesale Market Services
Anglian Water Services Ltd

Email: wsc@anglianwater.co.uk