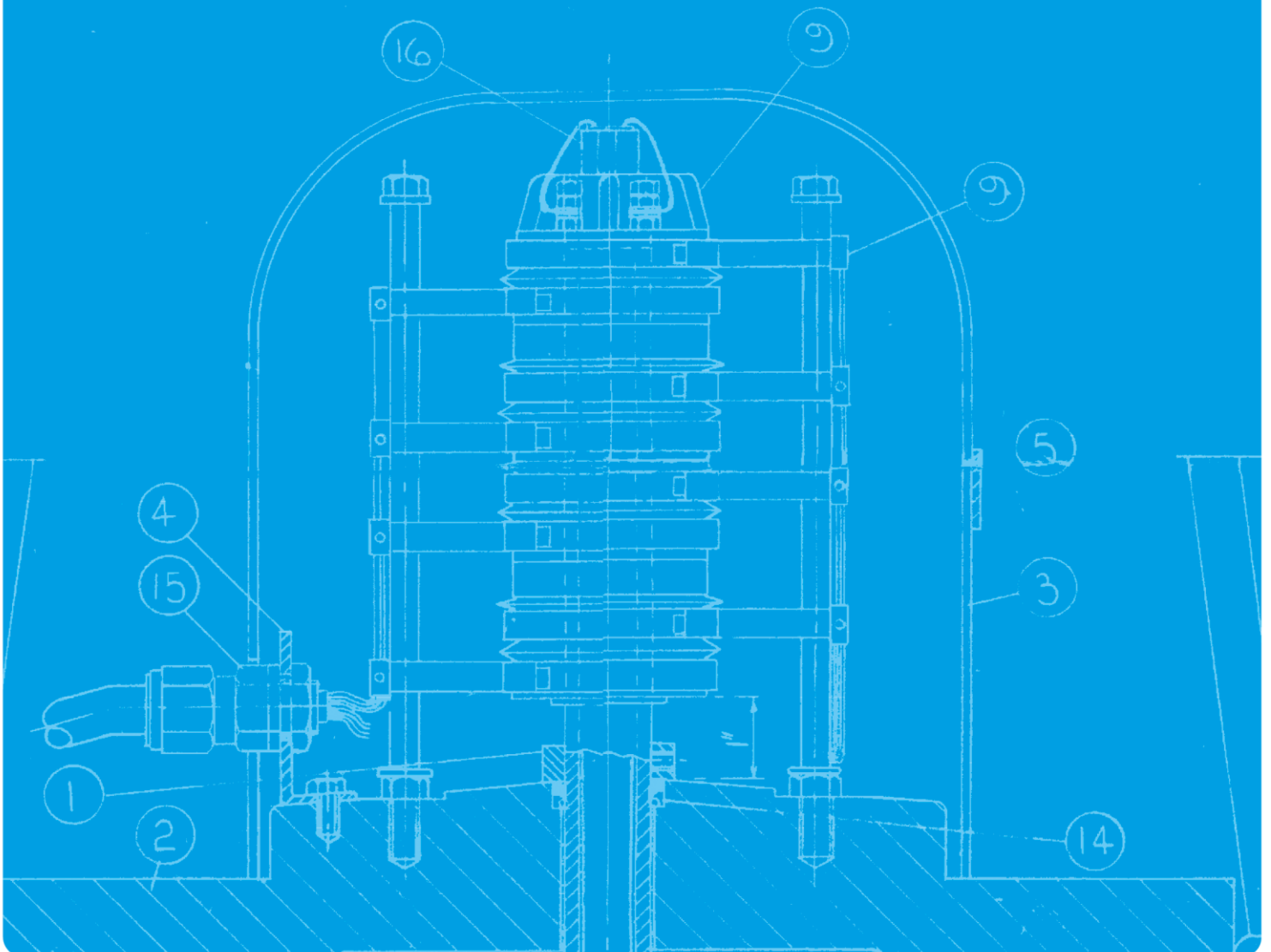


Consultation on the Wholesale Retail Code

SVT Response

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Consultation on the Wholesale Retail Code

We have reviewed the consultation with respect to the Wholesale Retail Code and have the following comment to make relating to the transitional / 1st months arrangements for the credit terms, which form part of Schedule 1 Part 2 Business Terms (clauses 9.11 and Schedules 2-4) and the Wholesale Contract (clauses 3.25 – 3.28)

We believe that the clear intent of the conditions precedent at clauses 3.25 – 3.28 of the Wholesale Contract, is that retailers who are post paying, put in place appropriate Credit Support before the contract Effective Date and before services are provided. However the mechanism for calculating the credit amount based on the P1 report, coupled with the expected implementation date for the Wholesale Contract on 1st April, appears to leave a gap in the credit support provisions in month 1 of market opening.

The calculation of the credit support amount for each retailer (assuming they're post paying) is generated from the P1 settlement report which is produced 16 days prior to the start of the month – the Retailer then has 10 days to provide the wholesaler with the Credit Support amount in an appropriate form (Guarantee, bond, letter of credit etc.). The last P1 report before market opening will be around 14th March. If the Wholesale Contract, which includes the entire W-R Code and the Business Terms, doesn't come into effect until 1st April, then Retailers will not be contractually obliged to give wholesalers any Credit Support when P1's produced in March. This leaves wholesalers with no Credit Support for the 1st month of market opening, including from those retailers who may be planning high levels of switching on day 1, which we have no visibility of.

We are seeking clarification on the credit support arrangements for month 1 of market opening and request arrangements be put in place to ensure retailers have the same obligations to provide credit support in month 1, as is intended for the remainder of the contract period.