

WATER ACT 2014

EXPLANATORY NOTES

COMMENTARY

Part 1

Water Industry

Chapter 4

Retail Exit: Non-Household Premises

Section 44: Eligible licensees

184. **Section 44** allows exit regulations to require a relevant undertaker to specify in its exit application the eligible licensee or licensees to which it proposes to transfer part of its undertaking. The regulations may also allow Ofwat to direct one or more eligible licensees to accept a transfer. Regulations under subsection (3) would give an eligible licensee an opportunity to opt out in a particular case.
185. An “eligible licensee” would be a licensee that, first, has a water supply licence with a retail authorisation; a sewerage licence with a retail authorisation; or both; and, secondly, has elected to be an eligible licensee. This is because there may be licensees that do not wish to take on so many customers at once and they may therefore elect not to be an “eligible licensee”.
186. The regulations could also make provision for Ofwat to publish a code about eligibility and how it conducts assessments on whether a licensee is an eligible licensee, with which Ofwat must comply when making these assessments. It would also be possible for exit regulations to make provision about transfers from a relevant undertaker to an eligible licensee that is associated with it.