

**Code Subsidiary Document
No. 0005:**

**Direction to Supply Allocation
Process**

Change History

Version Number	Date of Issue	Reason For Change	Change Control Reference	Sections Affected

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Definitions

Unless expressly stated otherwise, for the purposes of this CSD:

- (a) terms defined in the Wholesale-Retail Code Part 1 (Objectives, Principles and Definitions) shall apply; and
- (b) capitalised terms relating to the titles of Data Items or Data Transactions described in CSD 0301 (Data Catalogue) shall have the meaning attributed therein.

1. Purpose and scope

1.1 Purpose

1.1.1 This document describes the processes and other arrangements required to support the Direction to Supply Allocation Process pursuant to Section 4.4.10 of the Market Terms.

1.1.2 This document should be read alongside the Direction to Supply Guidance and the Exit Regulations.

1.2 Scope

1.2.1 The processes described in this CSD include the following:

- (a) the process for a Retailer to notify the Market Operator that it is an Opted In Retailer by Area for a Year for the purposes of the Direction to Supply Allocation Process;
- (b) the process for an Opted In Retailer to seek removal from the List of Opted In Retailers by Area for the purposes of the Direction to Supply Allocation Process;
- (c) the process for the Market Operator to maintain and publish a list of those Retailers that are Opted In Retailers by Area for the purposes of the Direction to Supply Allocation Process; and
- (d) the Direction to Supply Allocation Process which the Market Operator shall use to allocate a Supply Point to an Opted In Retailer.

1.2.2 The process by which the Market Operator shall Register a New Supply Point to the relevant Incoming Retailer following a Direction to Supply is not described in detail in this CSD, and is set out in CSD 0101 (Registration: New Supply Points), as are the processes by which Wholesalers and Retailers complete the Registration of Supply Points.

1.2.3 It should be noted that where an Undertaker has not chosen to exercise its right to exit pursuant to the Exit Regulations, the Direction to Supply Allocation Process described in this CSD shall not apply. In this circumstance the relevant provisions set out in Schedule 8 of the Market Arrangements Code shall apply

instead, and the relevant Supply Point shall be registered either to the Undertaker Retail Business or a Retailer in accordance with those provisions.

2. Opt in process

2.1 Direction to Supply Opt In notification

- 2.1.1 In order to be an Opted In Retailer for the purposes of the Direction to Supply Allocation Process, a Retailer must notify the Market Operator not less than fifteen (15) Business Days prior to the start of the Year for which it is to be or wishes to be (as appropriate) an Opted In Retailer in relation to either or both Water Services and Sewerage Services for that Year.
- 2.1.2 For the avoidance of doubt, a Retailer that is an Acquiring Licensee shall be automatically included by the Market Operator in the List of Opted In Retailers by Area in relation to any Area and in relation to either or both Water Services and Sewerage Services.
- 2.1.3 Notwithstanding 2.1.1 of this CSD, a Retailer, other than an Acquiring Licensee, which is not required by its Licence to receive a Direction to Supply, may, at any time during the Year, voluntarily elect to opt in for the purposes of the Direction to Supply Allocation Process in relation to any Area in respect of which it has satisfied the Trading Conditions by sending the same notification to both the Market Operator and the Authority on the same Business Day.
- 2.1.4 Retailers shall notify the Market Operator and the Authority for these purposes in accordance with CSD 0006 (Trading Party Administration and Notification Processes) and Appendices 1 to 3 to the Direction to Supply Guidance. The details that a Retailer shall be required to provide shall include:
- (a) whether it wishes to be an Opted In Retailer in relation to Water Services or Sewerage Services or both; and
 - (b) the Area or Areas in relation to which it wishes to be an Opted In Retailer; and
 - (c) the Area(s) where its Licence requires it to be opted in.
- 2.1.5 On receipt of the details in section 2.1.4, the Market Operator shall send a confirmation of receipt to the Retailer and shall add the Retailer to the List of Opted In Retailers by Area for the purposes of the Direction to Supply Allocation Process.

2.2 Annual reminder

2.2.1 Not less than ninety (90) Business Days prior to the start of each Year, and again at thirty (30) Business Days prior to the start of a Year, the Market Operator shall send a reminder to all Retailers inviting them to consider whether they are required to be, or wish to elect to be, an Opted In Retailer for the purposes of the Direction to Supply Allocation Process for the coming Year. The reminder shall include details of whether the Retailer is an Opted In Retailer for the purposes of the Direction to Supply Allocation Process for the current Year and, if so, in respect of which Areas and Service Category or Categories within each Area.

2.3 Changes to Opted In Retailer status within a Year

2.3.1 [Section not used].

Opt in where required by Licence

2.3.2 In the event that a Retailer obtains a Licence during the course of any Year and the terms of that Licence require it to receive a Direction to Supply, the Retailer shall be permitted to opt in for the remainder of the Year and the Market Operator shall accept a notification from the Retailer in this circumstance. In this case the Retailer shall become an Opted In Retailer from the date specified by the Retailer in the notification, and such date cannot be earlier than the date upon which the notification is submitted.

2.3.3 In the event that a Retailer is required by a Licence to receive a Direction to Supply and should have opted in by sending a notification prior to the start of the Year but failed to do so, the Market Operator shall accept a notification from the Retailer in this circumstance. In this case the Retailer shall become an Opted In Retailer from the date specified by the Retailer in the notification, and such date cannot be earlier than the date upon which the notification is submitted.

Removal of opted in status in event of ceasing to satisfy Trading Conditions

2.3.4 In the event that an Opted In Retailer ceases to satisfy the Trading Conditions in relation to any Area(s), the Market Operator shall amend the List of Opted In

Retailers by Area for the purposes of the Direction to Supply Allocation Process such that the Retailer cannot be allocated any Supply Points subject to a Direction to Supply in respect of the Area(s) in respect of which it has ceased to meet the Trading Conditions, effective from the date of such cessation.

Notification to remove opt in status by Retailer

2.3.5 Where an Opted in Retailer by Area, other than an Acquiring Licensee, wishes to be removed from the List of Opted In Retailers by Area, it must notify both the Authority and the Market Operator, on the same Business Day, using the pro forma contained in Appendices 1 to 3 to the Direction to Supply Guidance confirming:

- a) whether it wishes to be removed from the List of Opted In Retailers in relation to either Water Services or Sewerage Services or both; and
- b) whether it wishes to be removed from the List of Opted In Retailers for all Areas or specified Areas only.

2.3.6 Where an Opted In Retailer, who is an Acquiring Licensee, wishes to be removed from the List of Opted In Retailers by Area, it must notify both the Authority and the Market Operator, on the same Business Day, using the pro forma contained in Appendix 2 to the Direction to Supply Guidance confirming:

- a) whether it wishes to be removed from the List of Opted In Retailers by Area in relation to either Water Services, Sewerage Services or both; and
- b) whether it wishes to be removed from the List of Opted In Retailers by Area for all Areas or specific Areas only; and
- c) the reason(s) why it is requesting removal from the List of Opted In Retailers.

2.4 Temporary suspension of Opted In Retailer status

Suspension for non-performance

2.4.1 The Market Operator may temporarily suspend a Retailer from the Direction to Supply Allocation Process, as follows:

- (a) on the last Business Day of each Month, from May to February in each Year, the Market Operator shall review data relating to the New and Partial status of Supply Points allocated by way of the Direction to Supply Allocation Process during the period from the 1 April to the end of the prior Month; and
- (b) if less than eighty percent (80%) of the Supply Points allocated to any Retailer by way of the Direction to Supply Allocation Process in that period have been made Tradable in accordance with CSD 0101 (Registration: New Supply Points), the Retailer shall be temporarily suspended from the Direction to Supply Allocation Process for the duration of the following Month.

2.4.2 In such an event the Market Operator shall remove the Retailer from the List of Opted In Retailers by Area for the purposes of the Direction to Supply Allocation Process from the date of the suspension and the Retailer shall not be allocated any Supply Points under a Direction to Supply Allocation Process until such time as the suspension is lifted.

Suspension due to Alternative Action for Insolvency

2.4.3 In the event that the Market Operator is notified by a Wholesaler that the Wholesaler has notified an Opted In Retailer pursuant to Section 11.3 of the Business Terms that the Opted In Retailer may not submit any more Transfer Registration Applications in respect of any Supply Points in the Contracting Wholesaler's Area or request any more New Supply Points in the Contracting Wholesaler's Area, the Market Operator shall remove the Retailer from the List of Opted In Retailers by Area for the purposes of the Direction to Supply Allocation Process in respect of the relevant Area and from the date notified by the Wholesaler in its notice to the Market Operator.

2.4.4 The relevant Retailer shall not be allocated any Supply Points subject to a Direction to Supply in the relevant Area until such time as the Market Operator is notified by the relevant Wholesaler that the restriction placed on the relevant Retailer pursuant to Section 11.3 of the Business Terms is no longer in effect.

2.5 List of Opted In Retailers by Area

- 2.5.1 Not less than five (5) Business Days prior to the start of the relevant Year, the Market Operator shall publish a List of Opted In Retailers by Area for the relevant Year.
- 2.5.2 The Market Operator shall update and re-publish the list within one (1) Business Day of any amendment to the Opted In Retailer status of any Retailer under any of the circumstances described in Sections 2.3 and 2.4 of this CSD.
- 2.5.3 The Market Operator shall provide to the Authority a List of Opted In Retailers by Area upon request, or in the event of any amendment to the Opted In Retailer status of any Retailer under any of the circumstances described in Sections 2.3 and 2.4 of this CSD.

3. Direction to Supply Allocation Process

3.1 List of Opted In Retailers by Area – generation and maintenance

3.1.1 The List of Opted In Retailers by Area for the purposes of the Direction to Supply Allocation Process shall comprise a number of separate sub-lists, each such sub-list identifying the Opted In Retailers for a single Service Category within a single Area for the relevant Year.

3.1.2 In respect of the first Year for which the Market Operator is required to establish the List of Opted In Retailers by Area for these purposes, the Market Operator shall generate each sub-list by identifying all the relevant Opted In Retailers for each sub-list (in accordance with Section 2 of this CSD) and then arranging all such Opted In Retailers in a random order in each such sub-list.

3.1.3 The Market Operator shall maintain the List of Opted In Retailers by Area in respect of all subsequent Years according to the following principles:

- (a) The order in which Opted In Retailers appear in each sub-list shall remain the same in all subsequent Years where there has been no change to the set of Opted In Retailers within that sub-list;
- (b) Where an Opted In Retailer is removed or temporarily suspended from a sub-list the relative positioning of the remaining Opted In Retailers shall be unaffected;
- (c) Where an Opted In Retailer is added to a sub-list then that Retailer shall be placed into the existing sub-list in a randomly allotted position in the overall order.

3.2 Allocation

3.2.1 The Market Operator shall allocate each Supply Point subject to a Direction to Supply on a sequential basis in accordance with the relevant sub-list of Opted in Retailers subject to the proviso that where a Water Services Supply Point and an associated Sewerage Services Supply Point exist at an Eligible Premises, they shall, so far as practical, be allocated to one Opted In Retailer.

- 3.2.2 Following the allocation in accordance with 3.2.1 of this CSD, the Market Operator shall immediately notify the Authority of the outcome of the Direction to Supply Allocation Process, confirming the SPID number, the relevant Wholesale Area and the name of the Retailer associated with the Water Services and / or Sewerage Services.

3.3 Process description

Step a: Market Operator allocates a Supply Point subject to a Direction to Supply

- 3.3.1 Within one (1) Business Day of receipt of a request for the creation of a New Supply Point(s) without an allocated Retailer from the relevant Wholesaler(s) in accordance with CSD 0101 (Registration: New Supply Points), the Market Operator shall allocate each such New Supply Point to an Opted In Retailer in accordance with the Direction to Supply Allocation Process set out in Section 3 of this CSD.

Step b: Market Operator creates SPID and sends notifications

- 3.3.2 On the same Business Day as it has completed Step a above, the Market Operator shall confirm the SPID in accordance with CSD 0101 (Registration: New Supply Points).
- 3.3.3 The relevant Trading Parties shall be notified of the identity of the allocated Retailer by way of the relevant Data Transactions sent in accordance with CSD 0101 (Registration: New Supply Points).