

AffinityWater

Alternative Eligible Credit

Consultation

November 2024



1 Introduction

The purpose of this document is to provide our stakeholders with an opportunity to provide structured feedback on the revision of our Alternative Eligible Credit Agreement.

2 Background

Affinity Water first introduced Alternative Eligible Credit in 2021. The uptake of our agreement was very popular and in 2022 we increased the levels we could offer. In March 2024 we regrettably were not able to revise our offering and instead offered a 12 month extension to our current agreement. As of March 2025 our current levels will have been in place for 3 years, so it is not only time to review the levels offered, but to rework our entire mechanism.

We have always offered a flat discount value, which has been of benefit to over 50% of our Retailers, and what we have seen over the last 3 years is that this flat discount creates a high amount of excess, which is not being or cannot be utilised fully.

Our aim is to redistribute this excess to those Retailers who require it, while not offering any less than what is received in the current agreement.

Once finalised, any new agreements would be implemented from April 2025 onwards.

3 Our Proposal

- Your 50 Day Requirement is based on your P1 value and is prior to all other discounts or reductions.
- If your 50 Day Requirement is less than or equal to £50,000, your discount is £50,000.
- If your 50 Day Requirement is over £50,000, your discount is £50,000 + 20% of your 50 Day Requirement, up to a maximum of £150,000.
- Within the most recent 3 months of your CSN being issued and relating only to Primary invoices:
 - 1 late payment will have no change to your discount.
 - 2 late payments will reduce your discount by 50%.
 - 3 late payments will reduce your discount to zero until the late payment quantity has reduced over time.

The below table maps out the current level of discount and the new level of discount you can expect to receive, allowing for a 100% discount up to a 50 Day Requirement of £62,500.

50 Day Requirement	Current AEC	Proposed AEC	New 50 Day Requirement
£500	£50,000	£500	£0
£1,000	£50,000	£1,000	£0
£2,000	£50,000	£2,000	£0
£3,000	£50,000	£3,000	£0
£4,000	£50,000	£4,000	£0
£5,000	£50,000	£5,000	£0
£10,000	£50,000	£10,000	£0
£15,000	£50,000	£15,000	£0
£20,000	£50,000	£20,000	£0
£25,000	£50,000	£25,000	£0
£30,000	£50,000	£30,000	£0
£40,000	£50,000	£40,000	£0
£50,000	£50,000	£50,000	£0
£62,500	£50,000	£62,500	£0
£70,000	£50,000	£64,000	£6,000
£80,000	£50,000	£66,000	£14,000
£90,000	£50,000	£68,000	£22,000
£100,000	£50,000	£70,000	£30,000
£150,000	£50,000	£80,000	£70,000
£200,000	£50,000	£90,000	£110,000
£250,000	£50,000	£100,000	£150,000
£300,000	£50,000	£110,000	£190,000
£350,000	£50,000	£120,000	£230,000
£400,000	£50,000	£130,000	£270,000
£500,000	£50,000	£150,000	£350,000
£750,000	£50,000	£150,000	£600,000
£1,000,000	£50,000	£150,000	£850,000

4 Questions

We would very much like to gain your feedback on this offering, and we welcome you to provide this by one of the following:

- Using the below survey link
- Emailing wholesale.commercial@affinitywater.co.uk
- Arranging a meeting/call.

Survey link: <https://forms.office.com/e/XE8UdPcBn6>

Q1 - Please state which organisation you represent.

Q2 – In your opinion, how does the revised Affinity Water Alternative Eligible Credit proposal compare to other arrangements that are currently operating in the market?

Q3 – In your opinion, how do you think the revised Affinity Water Alternative Eligible Credit proposal will benefit the market?

Q4 - Do you agree that the revised Affinity Water Alternative Eligible Credit proposal supports the Objectives and Principles of the Wholesale Retail Code?

Q5 – Please provide your views regarding whether different categories of retailers (e.g. self-supply) might be treated differently under future Schedule 3 arrangements.

Q6 –Comparing this proposal to our current agreement, are there any aspects you feel we have not addressed adequately?

Q7 - Would you be interested in signing up to this revised Affinity Water Alternative Eligible Credit proposal? If No, please explain why.

Please submit your response by **December 6th**.

Following the conclusion of this consultation and based on your feedback, our intention is to have a draft agreement in place by early 2025, ready to go live when the existing agreements expire on March 31st 2025.

We thank you for taking the time to respond to this consultation.