

Schedule 3 – Credit Support Government

between

**Yorkshire Water Services
Limited**

and

[Retailer]

This agreement is made on

BETWEEN

- (1) Yorkshire Water Services Limited, a company incorporated in England and Wales (No. 02366682) whose registered office is at Western House, Halifax Road, Bradford, West Yorkshire, BD6 2SZ (the “Contracting Wholesaler”); and
- (2) [Retailer], a company incorporated in England and Wales ([Company Number]) whose registered office is at [registered address] (the “Contracting Retailer”)

BACKGROUND

- (A) Pursuant to Schedule 3 of the Business Terms contained within the Wholesale Contract, a wholesaler and a retailer may agree to an Alternative Eligible Credit Support arrangement.
- (B) This Agreement is an Alternative Eligible Credit Support arrangement between the Wholesaler and the Retailer, the purpose of which is to reduce the Eligible Credit Support required to be provided by the Retailer in connection with its Wholesale Contract with the Wholesaler dated [ADD DATE] and made under section 66E or section 117E of the Water Industry Act 1991 (“the Contract”)
- (C) Under the Contract, the Contracting Retailer is required to provide monthly Eligible Credit Support in the sum of the Credit Support Amount and in relation to that month’s Primary Charges;
- (D) The Contracting Wholesaler has agreed to enter into this Alternative Eligible Credit Support Agreement to enable it to reduce the amount of Eligible Credit Support required of the Contracting Retailer.

DEFINITION

- (1) “**Government Ownership**” for the purposes of this Agreement means it is directly or indirectly Controlled by the government of an EU member state, the government of a member of the European Economic Area, the UK Government (or any devolved administration of the foregoing including the devolved Scottish, Welsh and Northern Ireland administrations);
- (2) “**Controlled**” means:
 - a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) *cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Retailer;*
 - (ii) *appoint or remove all, or the majority, of the directors or other equivalent officers of the Retailer; and/or*
 - b) the holding beneficially of more than 50% of the issued share capital of the Retailer or any holding company of the Retailer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

- c) The Government or EU member state must hold a “Minimum Credit Rating” as described in the Wholesale Contract Schedule 1: Part 1: Objectives, Principles and Definitions.

It is agreed as follows:

1. Unless defined in this Agreement, all defined terms herein shall have the meaning given to them in the Wholesale Contract.
2. This Agreement shall take effect on the date hereof and subject to clause 10 shall continue until [DATE] when it shall automatically terminate unless otherwise agreed in writing by the parties.
3. For as long as the Contracting Retailer holds a “**Government Ownership**” the Retailer shall not be required to provide any credit support, other than this Alternative Eligible Credit Support Agreement to the Wholesaler in respect of its Credit Support Balance and payment obligations under the Wholesale Contract.
4. Nothing in this Agreement affects:
 - (A) any Unsecured Credit Allowance to which the Contracting Retailer is entitled; or
 - (B) any choice the Contracting Retailer has of the manner in which it meets the Credit Support Requirement.
5. This Agreement will automatically terminate if the Wholesale Contract terminates.
6. This Agreement may be terminated:
 - (A) by the Contracting Retailer immediately on written notice to the Contracting Wholesaler; or
 - (B) by the Contracting Wholesaler on 30 days written notice to the Contracting Retailer; or
 - (C) by the Contracting Wholesaler immediately if the Contracting Retailer in any event fails to make a payment (regardless of the amount) due under the Wholesale Contract on or before the due date, in accordance with Business Terms; or
 - (D) if the Contracting Wholesaler otherwise has reasonable grounds to believe that the contracting retailer will default on its payment obligations under the wholesale contract and in such circumstances the Contracting Wholesaler shall notify the Contracting Retailer in writing and the requirements of the Wholesale Contract relating to the provision of Eligible Credit Support shall continue as though this Agreement was not in force and effect from the date of the written notice.
 - (E) by either Party In the event that replacement Credit support arrangements take effect between the Parties.

- (F) by the Contracting Wholesaler immediately if the retailer is no longer in Government Ownership.
7. On expiry or earlier termination of this Agreement the arrangements set out herein shall end and the provision of credit support by the Contracting Retailer shall be governed exclusively by the Contract and the parties agree to co-operate with each other to the extent necessary to ensure compliance with the Contract.
8. The Contracting Retailer acknowledges and agrees:
- (A) that it is entering into this Agreement as a means of obtaining Alternative Eligible Credit Support within the meaning of Schedule 3 of the Contract; and
 - (B) that in order to comply with Schedule 3, this Agreement shall be published in full on the Contracting Wholesaler's website.
9. No variation of this Agreement shall be effective unless it is in writing and signed by or on behalf of each party.
10. In the event of a conflict between this Agreement and the Contract, the terms of the Contract shall take precedence.
11. The parties do not intend any third party to have the right to enforce any provision of this Agreement under the Contracts (Rights of Third Parties) Act 1999 or otherwise.
12. Any notices under this Agreement shall be served in accordance with the provisions of the Contract.
13. This Agreement is the entire agreement between the parties, and replaces all previous agreements, representations, and understandings between them, relating to its subject matter whether written or oral.
14. This Agreement and any non-contractual obligations arising in connection with it (and, unless provided otherwise, any document entered into in connection with it) are governed by and construed in accordance with English law. Without prejudice to the rights of the Authority, the English courts have exclusive jurisdiction to determine any dispute arising in connection with this Agreement (and, unless provided otherwise, any document entered into in connection with it), including disputes relating to any non-contractual obligations.

This Schedule 3 Alternative eligible credit agreement has been entered into on the date stated at the beginning of this document.

Signed by

for and on behalf of

Yorkshire Water Services Limited

Director/Authorised Signatory

Print Name:.....

Date:.....

in the presence of:

Witness Signature:.....

Print Name:.....

Address:

Date:

Signed by

for and on behalf of

[RETAILER]

Director/Authorised Signatory

Print Name:.....

Date:

in the presence of:

Witness Signature:.....

Print Name:

Address:

Date: