



# Portsmouth Water Open Water Alternative Credit Arrangements Agreement

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## Contractual Agreement

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### 1. Contract

This Wholesale Contract is made on 1<sup>st</sup> June 2025

Between Portsmouth Water, a company incorporated in England & Wales (No. 02536455) whose registered office is at PO Box 8, West Street, Havant, Hampshire, PO9 1LG (the Contracting Wholesaler); and Castle Water Limited, a company incorporated in England & Wales No. SC475583 whose registered office is at 1 Boat Brae, Rattray, Blairgowrie, Scotland, PH10 7BH (the Contracting Retailer).

### 2. Background

- a. Under and in accordance with the Business Terms of the Wholesale Contract dated 01 April 2017, which was made and entered into under section 66D or section 117E of the Water Industry Act 1991 (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.

- b. The Contracting Wholesaler and the Contracting Retailer may agree an Alternative Eligible Credit Support arrangement under Schedule 3 of the Business Terms of the Contract.
- c. The Contracting Wholesaler and the Contracting Retailer have agreed to enter into this Alternative Eligible Credit Support Agreement (the "Agreement") to enable reduction of the amount of Eligible Credit Support required of the Contracting Retailer on the basis that the Contracting Retailer has established payment history with the Contracting Wholesaler in respect of the Contract whereby the Contracting Retailer has paid all Primary Charges due under the Contract by the due date for payment in the 12 months preceding the date of this Agreement.
- d. This Agreement replaces and supersedes all prior agreements and understandings, oral, written, and implied, between the Parties with respect to the subject matter of this Agreement. All such prior agreements and understandings are hereby terminated and deemed of no further force or effect.

### 3. Operative Provisions

- 1. The Parties have agreed as follow
  - a. This Agreement shall take effect on the date this Agreement is signed by both Parties (the "Commencement Date") and shall continue until terminated in accordance with clause 4 of this Agreement, unless otherwise agreed in writing by the Parties.
  - b. Notwithstanding anything to the contrary in the Contract, with effect from the first Credit Support Notice issued by the Contracting Wholesaler to the Contracting Retailer during the term of this Agreement, the Contracting Retailer will be required to provide Eligible Credit Support each month only on the Credit Support Requirement as discounted by the Unsecured Credit Discount in accordance with this Agreement (the "Discounted Credit Support Requirement") provided that the Credit Support Requirement for that Month is never less than £0 (zero).
- 2. The Unsecured Credit Discount applicable to the Contracting Retailer in each relevant Month will be determined as follows:

- a. An unsecured credit amount of 40% (provided that the Contracting Retailer has (in accordance with Section 9 of the Business Terms), paid to the Contracting Wholesaler all Monthly Primary Charges (including Reconciliation Balances) due in each Month for a period of twelve (12) consecutive Months immediately prior to the relevant Month in which the Unsecured Credit is applied.
  - b. Applicable (when the functionality becomes available from Portsmouth Water) all Monthly Primary Charges (including Reconciliation Balances) due in each Month have been paid in full via Direct Debit (DD) or Bankers' Automated Clearing System (BACS).
  - c. Discount will be applied, save where the Contracting Retailer may have missed the due date for payment of monthly Primary Charges on a maximum of 2 occasions in the operational rolling 12-month period.
3. Nothing in this Agreement affects any Unsecured Credit Allowance to which the Contracting Retailer is entitled under Schedule 2E of the Business Terms and the Contracting Retailer's access to such Unsecured Credit Allowance,
4. If during the term of this Agreement the Contracting Retailer having been granted 40% Unsecured Credit in accordance with clause 3 above fails to pay all or part of any monthly Primary Charges under the Contract on or before the due date, in accordance with the Business Terms of the Contract, on two (2) or more occasions in any rolling 12 month period, then the Contracting Wholesaler may at its absolute sole discretion elect to suspend the Unsecured Credit Discount and it will no longer apply in the calculation of any Discounted Credit Support Requirement.
5. If the Contracting Retailer is able to fulfil anew the conditions set out in clause 3 above to requalify for the grant of the Unsecured Credit Discount then the Contracting Wholesaler may in such circumstances at its sole absolute discretion elect to renew the grant of the Unsecured Credit Discount to the Contracting Retailer when the Contracting Retailer has fulfilled the clause 3 conditions or to terminate the Agreement in its entirety (in accordance with clause 4 below) at any time before the Contracting Retailer so requalifies.
6. The Contracting Wholesaler may at its absolute sole discretion elect to review, suspend, or remove the entitlement of the Contracting Retailer to Alternative Eligible Credit Support and/or the application of any Unsecured Credit Discount in the calculation of any Discounted Credit Support Requirement under this Agreement, if:

- a. the Contracting Retailer becomes a Defaulting Trading Party under the Contract, or is otherwise in breach of the Contract; and/or
- b. the Contracting Wholesaler (acting reasonably) believes that the Contracting Retailer will default on its payment obligations under the Contract, for example (but without any limitations as to relevant circumstances or grounds, following the publication of legal notices such as a winding-up petition or other insolvency proceeding; commencement of court action to recover amounts owed to others; making of an adverse court judgement; writ's for possession of property or garnishee notices; etc.).

7. This Agreement will automatically terminate on the termination for any reason of the Contract.

## 4. Disclosures

1. The Contracting Retailer acknowledges that the Contracting Retailer's Credit Worthiness Grade and knowledge of the occurrence of a Negative Credit Event are both fundamental conditions upon which the Contracting Wholesaler relies for the entering and continuation of the Alternative Credit Support arrangement agreed by the Parties under this Agreement. Accordingly, the Contracting Retailer warrants that as at the date of this Agreement:
  - a. it does not know and does not have reason to believe that it does not hold Credit Worthiness Grade; and/or
  - b. it is not aware that a Negative Credit Event is occurring;
  - c. undertakes and agrees to promptly disclose to the Contracting Wholesaler the fact that it no longer holds the agreed Credit Worthiness Grade or that a Negative Credit Event has occurred if and when that event occurs;
  - d. and acknowledges and agrees that the Contracting Wholesaler may obtain information about the maintenance of the Contracting Retailer's Credit Worthiness Grade and/or the occurrence of a Negative Credit Event from sources other than the Contracting Retailer and may, acting reasonably, rely upon knowledge obtained from such information.
2. The contracting retailer shall supply an updated credit worthiness document on

- a. each 12-month anniversary of the contract date.
- b. Upon any expectation or any anticipated change in credit worthiness
- c. Upon any change of control within the contracting retailers business model

## 5. Variation, Termination and Dispute

1. This Agreement may be terminated:
  - a. by the Contracting Retailer at any time on 60 days written notice to the Contracting Wholesaler; or
  - b. by the Contracting Wholesaler on 60 days written notice to the Contracting Retailer; or
  - c. by the Contracting Wholesaler with immediate effect on written notice to the Contracting Retailer if any of the circumstances set out in clauses 3.4 or 3.6(b) above occur;
2. 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.
3. 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;
  - b. that in the event of any late payment of any sum due (regardless of the amount) under the Contract the Contracting Wholesaler may issue notice under Section 11.2.1 of the Business Terms two (2) days after the payment due date; and
  - c. that in order to comply with the schedule 3 of the Business terms, this Agreement shall be published in full on the Contracting Wholesaler's website.

4. No variation of this Agreement shall be effective unless it is in writing and signed by or by duly authorised representatives on behalf of each Party.
5. Except as and only to the extent provided in this Agreement, the Contract remains in full force and effect.
6. In the event of a conflict between this Agreement and the Contract, the terms of the Contract shall take precedence.
7. All terms defined in the Contract shall have the same meaning in this Agreement unless expressly stated to the contrary.
8. 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.
9. Any notices under this Agreement shall be served in accordance with the provisions of the Contract.
10. 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.
11. 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.


6. Signatories

Signed by  .....

[Insert Position]..... CEO

for and on behalf of ..... Castle Water Limited

Authorised Signatory

Signed by  .....

[Position]..... CN Hardyman

for and on behalf of Portsmouth Water