



Report on competition enquiries and complaints

1 April 2006 to 31 March 2007

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1. Purpose

- 1.1 This report sets out information about competition enquiries and complaints we have received under the Water Supply Licensing (WSL) regime and the Competition Act 1998 (CA98). It gives details of the type and volume of enquiries and complaints received between 1 April 2006 and 31 March 2007 and how we dealt with them.
- 1.2 Section 2 of this report sets out the issues arising from the WSL regime. Section 3 sets out issues arising from information we receive about potentially anti-competitive behaviour. Section 4 reviews the work that we have carried out on appeals before the Competition Appeal Tribunal (Tribunal). Section 5 discusses briefly policy developments since our last report.

2. Water supply licensing

- 2.1 In December 2005, the WSL regime (which was introduced into the Water Industry Act 1991 (WIA91) by the Water Act 2003 (WA03)) came into force¹. We were concerned that there has been little or no progress in the development of market competition under the WSL regime. Therefore, in November 2006 we decided to conduct an internal review of market competition in the water industry. The purpose of this internal review was to summarise the current state of the competitive market and to identify how we could improve prospects for competition. The main focus of the internal review was on WSL but it also covered inset appointments and self-lay.
- 2.2 In April 2007, we published the Outcomes Paper² of our internal review and set the scene for what we propose to do next. Two particular aspects of the WSL regime, set in legislation, were found to be significant constraints to WSL competition: the Costs Principle and the eligibility threshold. More details are set out in the Outcomes Paper. We will follow our internal review with a more extensive public consultation later in 2007 on wider aspects of market competition. We will also consult, in April 2007, on the smaller but more immediate changes that we can make to the WSL regime.
- 2.3 The WIA91 gives us specific powers to make determinations on enquiries and resolve disputes relating to certain aspects of the WSL regime. Our 'Procedure for handling water supply licensing determinations' sets out our powers and our approach to using them to handle determinations. We also provide advice to stakeholders on all aspects of the WSL regime and respond to general enquiries. This section summarises our activity in relation to WSL determinations and general enquiries.

¹ In this document, all references to the WIA91 are to the WIA91 as amended by the WA03

² [http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/competitionreview_070404.pdf/\\$FILE/competitionreview_070404.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/competitionreview_070404.pdf/$FILE/competitionreview_070404.pdf)

Enquiries and disputes

WSL enquiries

2.4 We use the term 'enquiry' to refer to specific questions that we are asked on issues such as points of procedure or clarification of our guidance.

2.5 The table below sets out the number of enquiries by category received between 1 April 2006 and 31 March 2007. In 2006-07 we received 56 enquiries, compared with 109 in 2005-06.

Table 1: Number of WSL enquiries by category

	Appointed water company/ reporter	Licensees and Potential licensees	Business customer	Private supplier	Representative ³	Other ⁴	Totals
Licence application enquiries including prohibitions	0	3	2	3	6	0	14
Wholesale master agreements	2	0	0	0	1	0	3
Access codes, access code guidance	2	0	0	0	0	0	2
New licensee arrangements / prices including secondary supplies	3	2	0	0	0	0	5
How to switch supplier	0	0	4	0	1	0	5
Eligibility to switch supplier	1	0	0	0	0	0	1
Supplier of last resort	0	0	2	0	0	1	3
General ⁵	4	1	0	1	0	17	23
Totals	12	6	8	4	8	18	56

2.6 Our average response time to WSL enquiries is six working days. Of the 56 enquiries received, we answered 51% within five working days and 21% within six to ten working days. Twenty-eight percent of the enquiries received took more than ten working days to respond to. The majority of WSL enquiries

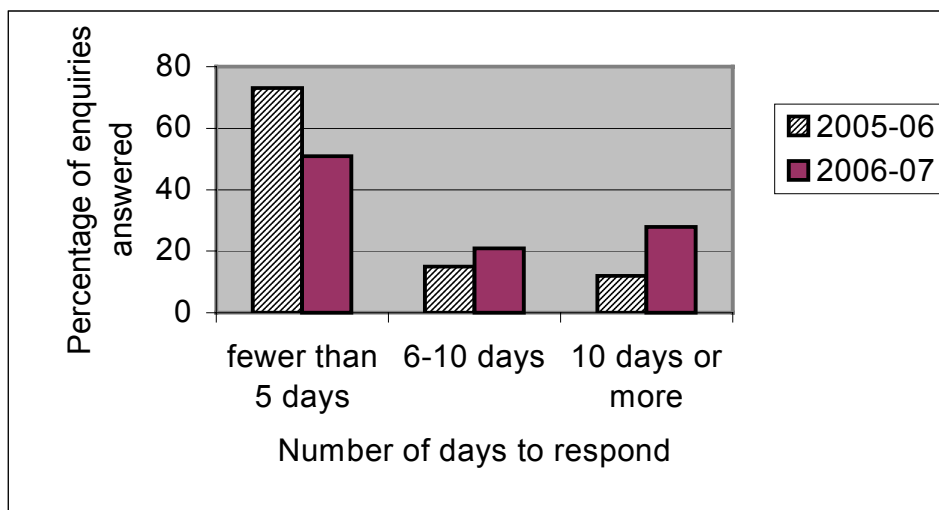
³ 'Representative' refers to situations where, for example, a legal representative has raised questions on behalf of a client.

⁴ 'Other' includes students raising questions in relation to their studies and members of the public asking for general background on the WSL regime.

⁵ 'General' includes one-off questions such as companies seeking clarification on specific aspects of the WSL regime.

we receive are by e-mail. Figure 1 shows a comparison of our response rates for 2005-06 and 2006-07. The average response time is slower in 2006-07 than in 2005-06 because as the WSL regime has developed enquiries have become more detailed and focussed on more complex issues.

Figure 1: WSL enquiry response rates



Disputes

2.7 We use the term 'dispute' to describe a situation where two parties cannot reach agreement on an issue. Our determination powers relate to the following specific issues.

- **Eligibility** – we can determine whether a proposed supply arrangement complies with the eligibility requirements of the WIA91.
- **Access terms and conditions** – if a licensee and an appointed water company have followed our access code guidance but cannot agree the terms and conditions of a proposed access agreement, we can determine the period for and the terms and conditions on which an appointed water company is to perform any duty under the WSL regime.
- **Conditions for refusing supplies** – under sections 66A to 66C WIA91, the duties of primary and secondary undertakers to provide supplies of water and to permit introductions of water do not apply if certain conditions are satisfied. A licensee can ask us to determine whether any of those conditions are satisfied.

2.8 Despite highlighting our determination powers, in particular on access terms and conditions, to date we have not been asked to make a formal determination. We have given informal guidance on eligibility issues, although no-one has yet made a formal determination.

3. CA98 complaints

3.1 The CA98 came into force on 1 March 2000. Under section 31 WIA91 we can, concurrently with the Office of Fair Trading (OFT), apply and enforce

CA98 in relation to anti-competitive agreements and abuses of dominant positions concerning commercial activities connected with:

- the supply of water;
- securing a supply of water; or
- the provision or securing of sewerage services in England and Wales.

In particular, we have powers to investigate anti-competitive agreements and abuses of a dominant position⁶. Following the coming into force of the WA03, the application of CA98 in the water sector is now subject to the specific provisions of the WSL regime.

Complaints and cases

- 3.2 We receive various communications (by e-mail, telephone and post) that express concerns about potentially anti-competitive conduct. We call these complaints. When we decide to investigate a complaint we refer to this as a case. We have tried to keep the classification of complaints and cases consistent with our previous reports. The figures published in this report are not necessarily consistent with those published by other concurrent competition authorities.
- 3.3 When we receive a complaint we consider carefully, amongst other things:
- the consumer harm involved;
 - which of our powers would be the most appropriate to address the complaint;
 - the complainant's views;
 - the benefits of setting a precedent for the market;
 - the size of the market; and
 - our resource constraints.
- 3.4 We cannot investigate a complaint under the CA98 unless we have reasonable grounds for suspecting an infringement (the criterion specified in section 25 CA98) of either the:
- Chapter I prohibition, which prohibits agreements between, decisions by or concerted practices of undertakings which prevent, restrict or distort competition and may affect trade within the United Kingdom; or the
 - Chapter II prohibition, which prohibits any conduct in a market by one or more undertakings which amounts to the abuse of a dominant position, and which may affect trade in the United Kingdom.
- 3.5 We are, therefore, unlikely to consider complaints unless they are supported by substantive evidence and information, although we do take account of the resources available to the complainant and we might ask the complainant for further information to decide whether to open an investigation. We are happy to speak to complainants before they make a complaint. Our leaflet, 'A guide

⁶ Section 2 of 'The Competition Act 1998 – The Application in the Water and Sewerage Sectors' (OFT 422) explains these powers. The guidance refers to the Director General of Water Services, the predecessor of the Water Services Regulation Authority (Ofwat).

to complaining to Ofwat under the Competition Act 1998⁷, describes the type of information we expect complainants to submit.

Choosing between regulatory and competition powers

3.6 Where a complaint raises issues which might fall within the scope of both the WIA91 and the CA98, we can decide on the most appropriate powers to use. Section 5 of the Department of Trade and Industry (DTI)/HM Treasury report 'Concurrent Competition Powers in Sectoral Regulation' recommended that, "While in many cases it may be appropriate to exercise sectoral powers, regulators should carefully consider the grounds for deciding on the use of either competition or regulatory powers in economic regulation and give clear explanations for their decisions." In our public response to the report we committed to publishing the factors we take into account when assessing whether to use sector-specific or CA98 powers in this report.

3.7 We use the most appropriate legislation to address the issues raised by a complaint. When a complaint meets the criteria for being considered under both our competition and regulatory powers the main factors we take into account when choosing between them are:

- whether regulation specifically addresses the complaint;
- whether we are developing policy that will address the issues raised by the complainant;
- the complainant's wishes, in cases where a complainant has expressed a preference for our competition or regulatory powers;
- the speed with which enforcement action is likely to progress under either competition or regulatory powers;
- the extent to which a particular enforcement route would resolve the issues raised in the complaint;
- the scope for interim measures, should it be appropriate, under competition or regulatory powers;
- resource implications associated with the different routes;
- the deterrent effect of the different routes; and
- the availability of damages to a complainant.

3.8 The above criteria provide a guide to the main factors we take into account when deciding whether to use regulatory or competition powers in a particular instance. However, they are not necessarily set out in order of priority; each complaint needs to be considered individually. We seek, where appropriate, to apply consistent policy principles to similar subject matters, regardless of the powers we are applying.

Complaints received

3.9 Table 2 sets out the number of complaints received, analysed by area of complaint, from 1 April 2006 to 31 March 2007. During this time, we received

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[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/complaining_to_ofwat_guide280406.pdf/\\$FILE/complaining_to_ofwat_guide280406.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/complaining_to_ofwat_guide280406.pdf/$FILE/complaining_to_ofwat_guide280406.pdf)

13 complaints and closed 15. In the previous year we received 15 and closed 14.

- 3.10 We have not put the names of complainants into the table because our normal practice is to keep the identities of the parties to a complaint confidential. Part 9 of the Enterprise Act 2002 contains a general rule that no information that has been obtained under the CA98 should be disclosed without the consent of the person who gave the information and the person (or business) to whom the information relates. An important exception to this is where disclosure is made to allow us to carry out our functions (these include functions under CA98 Part I and the WIA91).
- 3.11 Information obtained or held by us with regard to investigations under the CA98 (or the Enterprise Act 2002) is likely to be exempt from disclosure under the Freedom of Information Act 2000 (FOIA). Section 44 FOIA states that where the disclosure of information is “prohibited by another enactment” it is exempt information for the purposes of the FOIA.

Table 2: Areas of complaint between 1 April 2006 and 31 March 2007

	Ongoing as of 01.04.06	Received	Closed	Ongoing as of 31.03.07
Pipe diversion	0	1	1	0
Pipe laying	0	2	2	0
Charges for trade effluent	0	3	3	0
Common carriage/ Network access	0	1	1	0
Retail competition	1	1	2	0
Tankered waste	0	1	1	0
Special agreements	0	2	2	0
Procurement procedures	0	2	2	0
Appeals	3	0	1	2
Total	4	13	15	2

Outcome of complaints

- 3.12 We approach complaints in the most appropriate way depending on the specific nature of each complaint. Table 3 sets out the outcome of complaints between 1 April 2002 and 31 March 2007.

Table 3: Outcome of complaints between 1 April 2002 and 31 March 2007⁸

Outcome	2002-03	2003-04	2004-05	2005-06	2006-07
No grounds for investigation	8	3	2	1	3
Company agreed to change its behaviour	3	2	1	0	0
Complaint outside the CA98	6	2	3	5	4
Negotiation between parties resolved the issue	1	0	3	3	0
Complainant pursued alternative solution/did not pursue the issue	0	0	0	2	1
Closed on grounds of administrative priority	7	0	0	0	0
Developing policy on relevant issue(s)	0	2	1	1	0
Appeal to the Tribunal/Tribunal gave judgment	0	5	0	1	1
Made a decision	1	0	3	1	0
No grounds for action	0	0	0	0	4
General enquiry	0	0	0	0	2
Total	26	14	13	14	15

4. Appeals to the Tribunal

- 4.1 Certain decisions we take under the CA98 may be appealed to the Competition Appeal Tribunal. The Tribunal may confirm, set aside or vary our decision, remit the case to us or make any other decision that we could have made. Further details on the Tribunal's role are available on its website (www.catribunal.org.uk).
- 4.2 During 2006-07 we were involved in six appeals before the Tribunal.

Table 4: Appeals to the Tribunal

Appeal	Case number	Registered	Status
Albion Water v Ofwat (Shotton)	1031/2/4/04	02.04.2004	Closed 19.01.07
Albion Water v Ofwat (Shotton)	1034/2/4/04(IR)	28.05.2004	Current
Albion Water v Ofwat (Shotton)	1046/2/4/04	23.07.2004	Current
Albion Water v Ofwat (Bath House)	1042/2/4/04	12.07.2004	Judgment on costs 08.01.07
Aquavitae v Ofwat (Shotton)	1045/2/4/04	21.07.2004	Discontinued 12.01.07

⁸ Data for 2000-02 is available in previous editions of this report.

Independent Water Company v WSRA	1058/2/4/06	13.01.2006	Main judgment 26.01.07
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Shotton

- 4.3 On 11 December 2000, Albion Water Limited (Albion Water) complained about the terms Dŵr Cymru Welsh Water (Dŵr Cymru) offered for access to its distribution and treatment infrastructure to supply water to Albion Water's customer, Shotton paper mill. Following our decision of 26 May 2004, Albion Water appealed to the Tribunal on 23 July 2004 (case 1046).
- 4.4 On 22 December 2005, the Tribunal handed down an 'interim judgment'. A second hearing took place in May and June 2006. The Tribunal handed down a second judgment on 6 October 2006. This was followed by further hearings. The Tribunal handed down a third judgment on 18 December 2006. In that judgment the Tribunal:
- set aside parts of our decision;
 - found that Dŵr Cymru held a dominant position;
 - referred back to us work on the partial treatment and transport costs of non-potable water supply in Wales and in particular the system supplying Shotton paper mill, and on whether the access price was unfair within the meaning of the Chapter II prohibition (the work is to be completed by June 2007); and
 - found Dŵr Cymru had engaged in a margin squeeze.
- We are currently working on the work referred to us by the Tribunal.
- 4.5 The Tribunal handed down a judgment on costs on 8 January 2007. The Tribunal required Dŵr Cymru and us to pay a total of £275,000 (plus VAT where applicable) towards Albion Water's costs.
- 4.6 The Tribunal rejected Dŵr Cymru's request for permission to appeal the Tribunal's judgments to the Court of Appeal on 2 February 2007. Dŵr Cymru sought permission from the Court of Appeal to appeal on 20 February 2007.
- 4.7 Two related Shotton cases were closed in January 2007. Albion Water's appeal of 2 April 2004 (case 1031), pre-dating our decision of May 2004, was formally closed on 19 January 2007. Aquavitae's appeal of 21 July 2004 against our decision (case 1045) was formally discontinued on 12 January 2007.
- 4.8 In the interim measures case (case 1034) the Tribunal made an order by consent for Dŵr Cymru to give a discount off its bulk supply price to Albion Water. The main development in 2006-07 was that on 20 November 2006 the Tribunal ruled that the discount should be increased from 2.05 p/m³ to 3.55 p/m³ (making the discount worth approximately £19,000 a month).

New Bath House/Albion Yard

- 4.9 The Tribunal handed down its judgment on 31 March 2006 (see the 2005-06 report for details). The Tribunal gave its judgment on costs on 8 January

2007. The Tribunal awarded Albion Water £39,000 (plus VAT where applicable) of its costs against us.

Independent Water Company

4.10 On 8 November 2005 Lanara Group (Lanara) complained to us about the behaviour of Bristol Water in relation to an inset proposal by Independent Water Company (IWC), a subsidiary of Lanara, for a housing development at Weston Road, Long Ashton, near Bristol. Lanara also sought interim measures. This followed an earlier complaint on 20 May 2005 (which IWC had subsequently withdrawn).

4.11 We informed Lanara, in a letter dated 25 November 2005, that we did not have the power to impose the interim measure requested and subsequently decided not to open a CA98 investigation into Lanara's complaint. On 12 January 2006, IWC lodged an appeal with the Tribunal against our decision not to investigate, under CA98, IWC's complaint about the alleged behaviour of Bristol Water plc in relation to an inset proposal by IWC. The hearing on the preliminary issue of admissibility took place on 9 June 2006.

4.12 The Tribunal handed down its judgment on 26 January 2007. The Tribunal found IWC's appeal to be inadmissible because:

- we had not expressed a view on whether the Chapter II prohibition had been infringed; and
- the appeal in relation to interim measures was not contained in the notice of appeal and there were no exceptional circumstances justifying giving permission for the notice of appeal to be amended. The case will not, therefore, proceed to a full hearing.

The Tribunal handed down its judgment on costs on 4 April 2007. The Tribunal awarded us £3,000 (plus VAT where applicable) of our costs.

5. Developments since last report

DTI/HMT review of concurrency

5.1 In May 2006, the DTI and HMT published a report on 'Concurrent Competition Powers in Sectoral Regulation'⁹. The report made eight recommendations in relation to how concurrency works and how the concurrent regulators use their competition and regulatory powers. The OFT and the concurrent regulators had six months to respond.

5.2 The Concurrency Working Party (CWP) responded to the recommendations on concurrency on 18 December 2006. As a member of the CWP, we are one of the signatories to that response¹⁰. The CWP suggested improvements to concurrency such as more use of working groups to discuss issues of common interest and case seminars. The OFT responded to the recommendation addressed to it on 31 January 2007¹¹.

⁹ <http://www.dti.gov.uk/files/file29454.pdf>

¹⁰ <http://www.caa.co.uk/docs/5/ergdocs/cwpresponse.pdf>

¹¹ http://www.ofr.gov.uk/shared_ofr/reports/ofr_response_to_consultations/ofr900a.pdf

- 5.3 Each concurrent regulator also responded individually to the recommendations on how the concurrent regulators use their competition and regulatory powers. We responded on 13 December 2006¹². We supported the report's goal of improving how concurrency works and how the regulators apply their concurrent competition powers. However, we noted that for several reasons water supply and sewerage service provision was likely to remain a relatively heavily regulated industry for the foreseeable future.

Revised CA98 guidance

- 5.4 We aim to consult on a revised version of our guidance 'The Competition Act 1998 – The Application in the Water Industry and Sewerage Sectors' (OFT 422) in November 2007. This was something we had originally planned to do during 2005-06. We delayed this work, however, to take account of experience of our internal review of market competition.

Pro Bono competition law advice

- 5.5 In the autumn of 2006 a new legal advice service concerning competition law was launched, the Competition Pro Bono Scheme. This offers two hours of free legal advice. Details and a link to the service can be found on our website¹³. The scheme is entirely independent of Ofwat (and we do not accept responsibility for any advice given by the scheme). Free legal advice may also be available from other sources.

¹²[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/ofwat_resDTI_HM.pdf/\\$FILE/ofwat_resDTI_HM.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/ofwat_resDTI_HM.pdf/$FILE/ofwat_resDTI_HM.pdf)

¹³<http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/Content/competition-act-1998>

Annex 1 Obtaining further information

You can obtain further information from the following publications:

- Water Supply Licensing: guidance on eligibility (November 2005)
[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_eligibility171105.pdf/\\$FILE/wsl_eligibility171105.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_eligibility171105.pdf/$FILE/wsl_eligibility171105.pdf)
- Water Supply Licensing: customer transfer protocol (November 2005)
[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_customer_transfer_protocol041105.pdf/\\$FILE/wsl_customer_transfer_protocol041105.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_customer_transfer_protocol041105.pdf/$FILE/wsl_customer_transfer_protocol041105.pdf)
- Water Supply Licensing: access code guidance (September 2006)
[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_access_code_guidance290906.pdf/\\$FILE/wsl_access_code_guidance290906.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_access_code_guidance290906.pdf/$FILE/wsl_access_code_guidance290906.pdf)
- Water Act 2003: Water supply licensing - applying for a Water Supply Licence: guidance (July 2005)
[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wslapplication_guidance0705.pdf/\\$FILE/wslapplication_guidance0705.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wslapplication_guidance0705.pdf/$FILE/wslapplication_guidance0705.pdf)
- Water Act 2003: Water supply licensing – proposed procedure for handling water supply licensing determinations (November 2005).
[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_determinations_procedure171105.pdf/\\$FILE/wsl_determinations_procedure171105.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_determinations_procedure171105.pdf/$FILE/wsl_determinations_procedure171105.pdf)
- Water Supply Licensing: strategic supplies guidance (December 2005)
[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_strategic_supplies_guidance.pdf/\\$FILE/wsl_strategic_supplies_guidance.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/wsl_strategic_supplies_guidance.pdf/$FILE/wsl_strategic_supplies_guidance.pdf)
- A guide to complaining to Ofwat under the Competition Act 1998
[http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/complaining_to_ofwat_guide280406.pdf/\\$FILE/complaining_to_ofwat_guide280406.pdf](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/AttachmentsByTitle/complaining_to_ofwat_guide280406.pdf/$FILE/complaining_to_ofwat_guide280406.pdf)
- The Competition Act 1998 – The application in the water and sewerage sectors (OFT 422)
http://www.ofwat.gov.uk/advice_and_resources/publications/guidance/competition-act/of422
- Information note 45: Competition law in the water and sewerage industry
<http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/Content/infonote45>

Glossary of terms

Access: when an appointed water company either: (1) provides an entrant with a wholesale supply of water to a licensee for the purpose of making a retail supply of water to the premises of a licensee's customer; or (2) allows the introduction of water by the licensee into its supply system for the purpose of supplying water to the premises of a licensee's customer.

Access code: an appointed water company's document describing how to access its supply systems and the terms and conditions on which it will grant access. The access code sets out the standard terms and conditions common to all appointed water companies and the terms and conditions specific to that company.

Appointed water company: the term used to describe the regulated water only and water and sewerage companies who supply water and sewerage services to customers in England and Wales. Also known as a 'regulated company' or 'undertaker'.

Concurrent competition authorities: under the CA98 the sector regulators (Ofwat, the Office of Gas and Electricity Markets (Ofgem), the Office of Communications (Ofcom), Office of Rail Regulation (ORR), Office of Regulation Northern Ireland (OfReg NI) and the Civil Aviation Authority (CAA)) have, with two exceptions, all the powers of the OFT to apply and enforce its provisions with respect to the sectors they regulate. The exceptions are that only the OFT may issue guidance on penalties or make and amend the OFT's rules.

Concurrency Working Party: the group which brings together the OFT and the concurrent competition authorities to ensure the consistent application of competition law in the UK and to discuss competition policy developments.

Interim measures directions (under CA98): directions given by a competition authority where it has begun a CA98 investigation but has not yet completed it when it is necessary to act urgently to prevent serious, irreparable damage to a particular person (or group of people) or to protect the public interest.

Licensee: a company holding either a retail licence or a combined licence. Also known as a 'licensed water supplier'.

Secondary supply: a water supply licensee can ask a water undertaker for a wholesale supply of water to enable it to supply its customers in a neighbouring undertaker's area (known as the primary water undertaker). This is known as a secondary supply and the water undertaker who provides the supply of water is known as a secondary water undertaker.

Tribunal: The Competition Appeal Tribunal is a specialist judicial body with cross-disciplinary expertise in law, economics, business and accountancy. The function of the Tribunal is to hear and decide appeals and other applications or claims involving certain competition or economic regulatory decisions.

Water supply licensing (WSL): from 1 December 2005, eligible non-household customers who are likely to be supplied with at least 50 megalitres of water a year at each premises may be able to choose their water supplier from a range of new companies entering the market, referred to as licensees. This is known as the WSL regime.

Water Services Regulation Authority (Ofwat): The Water Services Regulation Authority was created by the Water Act 2003. It replaced the Director General of Water Services as the economic regulator of the water industry in England and Wales. The organisation continues to be known as 'Ofwat'.

Wholesale Master Agreement (WMA): WMAs cover all the main terms and conditions of wholesale supply arrangements between licensees and water undertakers, except for premises-specific conditions.