



Consultation on Ofwat's Section 13 proposals to modify company licences

1. The Consumer Council for Water (CCWater) is the statutory consumer organisation representing water and sewerage consumers in England and Wales. CCWater has four regional committees in England and a committee for Wales.
2. We welcome the opportunity to respond to Ofwat's December 2012 consultation on its proposals to modify the conditions of appointment (licences) of all appointed water only and water and sewerage companies.
3. We welcome Ofwat's acknowledgement that its earlier licence modification proposals to allow greater flexibility to make changes to licences in the future created a perception of uncertainty that may have made the sector more risky to invest in. This could have affected the cost of capital, and ultimately customers' bills.
4. The revised proposals to create separate wholesale and retail price controls only focus on changes needed to enable the 2014 price review and the market reform for business customers required by the draft Water Bill¹. We welcome this greater clarity.
5. We recognise that additional licence modifications may be required in the future to facilitate further change. We expect further proposals to be supported by an assessment of the potential impacts on companies, investors and customers.
6. The uncertainty generated by Ofwat's earlier licence modification proposals has been unhelpful and seems to have delayed the publication of the draft methodology for the 2014 price review. We now look forward to working with Ofwat, other regulators, companies and stakeholders on delivering investment and price packages for 2015-20 that are acceptable and affordable for customers.

Enquiries

Enquiries about this consultation response and requests for further information should be addressed to:

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¹ Draft Water Bill (July 2012) Clauses 1 - 6 and Schedules 1 -5 <http://www.official-documents.gov.uk/document/cm83/8375/8375.pdf>