



Water Services Regulation Authority (Ofwat)

Modification of the conditions of appointment (licences) of water only and water and sewerage companies

On 31 October 2013, Ofwat issued notice of its proposal to modify the conditions of appointment of all water only and water and sewerage companies. [The notice \(issued under section 13 of the Water Industry Act 1991\) can be viewed here.](#)

This notice confirms Ofwat has modified licence condition N (Fees) for the water only and water and sewerage companies for whom we are setting price controls as part of the 2014 price review. These are the largest 18 companies and Cholderton and District Water Company. The companies agreed to the modification which was set out in the section 13 notice. The modifications had effect from March 2014.

[The modified condition N for each company can be viewed on our website.](#) The background and the reasons for the modification are set out below.

Background and reasons for the modifications

The significant changes in Ofwat's approach to the 2014 price review and the scale of assurance required to guarantee its delivery have led to an increase in its costs. This meant that the cap, on the fees Ofwat can charge for the price review process, in companies' licences was insufficient to allow it to recover the costs of carrying out the 2014 price review.

This modification allowed for a licence fee increase in 2014-15 to meet the costs of the price review.

End