



Priority changes to Instruments of Appointment and Water Supply Licences for non-household retail market opening – an Ofwat consultation

Introduction

The Consumer Council for Water (CCWater) is the statutory consumer organisation representing the interests of customers of regulated water and sewerage companies in England and Wales. CCWater has four regional committees in England and a committee for Wales. We welcome the opportunity to respond to Ofwat's consultation on priority changes to Instruments of Appointment (IoA) and Water Supply Licences (WSL) relating to the opening of the non-household retail market.

Response to questions

Q1 Do you agree with the proposal drafting changes to the IoA and WSL in removing the in-area trading ban? If not, please explain why not and your proposed alternatives.

Yes, we agree with the drafting changes proposed in the consultation.

Although we understand some of the concerns expressed by respondents to the earlier Ofwat consultation, we agree that early removal of the in-area trading ban will be beneficial to customers overall. It makes sense to remove the ban as soon as possible given the effect on incumbent companies' preparation for the opening of the non-household retail market that keeping the ban until market opening would have. We do not feel that concerns about the potential advantage an incumbent would gain from this (in terms of signing customers up to long term deals) are sufficient to warrant delaying the repeal of the ban. However, this does emphasise the need an effective communication plan to be in place ahead of market opening so customers are able to make informed choices.

Ofwat must ensure that it monitors activity in the early months of market opening to ensure that there have been no breaches of the arms length requirement. If a new entrant, or potential new entrant, perceives that there is not a Level Playing Field, this could result in significant damage to both the vibrancy of the market and the reputation of the industry.

Q2 Do you agree with the proposed new readiness condition to be added to the IoA and WSL? If not, please explain what not and include your proposed alternatives.

We understand the concerns expressed by the industry that the proposed readiness condition could be seen to duplicate the assurance work that is already in place. However, we agree with Ofwat's view that ensuring the industry is ready for Go Live is of high importance. Including this requirement within the IoA and WSL sends a strong signal that the industry is committed to taking all steps necessary to deliver an effective market.

Given the detailed assurance process being run by MOSL and Defra it would not make sense for the wording in the IoA and WSL to go into any great detail. We see the condition

as a symbolic action and as such the wording including “*General Obligations*” and “*take such steps...which are or may be necessary...*” is appropriate.

Q3 Do you have any comments about the use of existing s13 and s17J Water Industry Act (WIA91) powers to introduce the new readiness condition?

See above

Enquiries

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