



Llywodraeth Cymru  
Welsh Government

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2 February 2016

Thank you for providing us with the opportunity to comment on your consultation 'Priority changes to Instruments of Appointment and Water Supply Licences for non-household retail market opening.

This consultation proposes changes to English and Welsh undertakers licences. The reasons provided primarily focus on the implementation of market reform which is a UK Government policy that applies to water undertakers based wholly or mainly in England. It is not clear from the consultation document how the proposals will affect Water Undertakers that are wholly or mainly in Wales, or their customers. The document does not refer specifically to Welsh Government water policies; the Water Strategy for Wales, or any of the well being goals set out in the Well Being of Future Generations (Wales) Act 2015, which underpin all Welsh Government policy making.

If Ofwat decide to proceed with these changes, they should make clear in their submission to the Welsh Government and our regulated companies (i.e. Dwr Cymru Welsh Water and Dee Valley Water) what the practical affects are of the proposals; who they will affect and how and why they are being proposed for these companies. We understand that the proposal to amend licences to ban in-area trading will not affect the companies regulated by the Welsh Government, as they have not set up licencees. The proposal on readiness will apply only in relation to business customers who are currently eligible in Wales to switch their water supplier (i.e. those with an annual water usage of over 50 mega litres), and that this is necessary to protect the Welsh companies from potential breaching of competition law.

These points will need to be addressed in any request to implement these proposed changes.

We look forward to ongoing and early engagement with Ofwat as future consultations and proposals are considered so that they can be developed and evidenced within the context of Welsh Government policies and legislative framework.

Yours sincerely

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