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Retail Market Opening Programme
Ofwat
21 Bloomsbury Street
London
WC1B 3HF

3 June 2016

Sent by email only: retaillicensing@ofwat.gsi.gov.uk

Dear Sirs

Re: Retail market opening – further changes to all instruments of appointment: a consultation

Thank you for the opportunity to respond to the Consultation referenced. Dŵr Cymru Welsh Water's response to the Consultation is set out below.

Proposed new conditions

- **MAC condition** – we do not foresee any issues in DCWW complying with the new MAC condition.
- **Stapling condition** – as we have stated in our previous responses to licensing changes consultations, DCWW is not seeking any derogations from the proposed regulatory and legislative arrangements because it could make it more difficult for us to demonstrate competition law compliance in the event of a challenge. However, we think clarification is required in the drafting of DCWW's licence condition given the different statutory position in Wales; ie. that there is currently no provision in the Water Act 2014 for retail exit in Wales and the eligibility threshold (of 50 mega litres per year) set by Welsh Government is not changing and only applies to retail water services and not sewerage services. We therefore think it is important that it is made clear in our licence condition that the Stapling Condition only applies to DCWW's activities involved in providing clean water services to our small number of eligible customers.
- **Customer Protection Code of Practice** – we are concerned about the proposed new licence condition requiring DCWW to comply with the Customer Protection Code of Practice when it only applies to the small number of DCWW's eligible customers. We have concerns around the proportionality of including these obligations in our licence, and given the nature of our relationship with eligible customers, we consider that the Code will not give us the flexibility to deliver the service that our customers want and expect. If an obligation to comply with the Code does become a licence condition for DCWW we would want it to make clear that our obligation to comply is limited to our eligible customers (as currently drafted it applies to all non-household customers). If the application is limited to eligible customers, in practice the requirements for microbusinesses will not apply.

Proposed amendments to existing conditions

We do not see any issue with the proposed amendments to existing conditions, and welcome the simplification of the licence conditions in general, and changes to terminology to ensure consistency.

Yours faithfully

Nicola Williams
General Counsel and Company Secretary

Glas Cymru Cyfyngedig

We welcome correspondence
in Welsh and English.

Rydym yn croesawu gohebiaeth yn
y Gymraeg neu yn Saesneg.