



WSSL Licence Fee consultation response

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Strategy & Regulation

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11 November 2016

Dear Sir or Madam

Water supply and sewerage licensing regime – consultation on setting licence fees

Thank you for the opportunity to comment on this consultation.

We are in agreement with:

- your objectives 1, 3, 4 and 5;
- the use of a single basis for charging across England and Wales;
- the proposals for reconciling licence fees; and
- the basis for calculating the variable element of the fee.

We suggest amending your objective 2, as described in our response to Question 1 overleaf.

We accept that some costs associated with the regulation of the WSSL regime should be allocated to appointees but ask that you clarify the basis for proposing that 50% of the costs should be paid by appointees. We do not feel that applying the same percentage as MOSL has been justified, as in that situation each transaction or update generally impacts on both wholesaler and retailer. We note that CCWater has allocated 64% of its costs to the licensees and 36% to the appointees.

Our detailed responses to the questions in the consultation follow.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Colm Gibson'.

Colm Gibson
Head of Economic Regulation

Q1 Do you agree with our objectives for setting WSSL licence fees? Are there any objectives you would like to suggest?

We agree with the overall objectives. However we suggest amending objective 2 as follows:

2. ensuring the licence fee does not act as a barrier to efficient new entrants joining the market, whilst ensuring that this is not achieved by cross-subsidisation of licensees by appointees;

We agree that we must avoid unnecessary barriers to entry for efficient new entrants but feel that if charges should validly be made to licensees then these are a cost of doing business which must be accepted.

Q2 Do you agree that we should use a single basis for charging WSSL licence fees for licensees supplying eligible Welsh customers as well as those operating in England?

If you disagree, how would you propose we handle WSSL licence fees for licensees supplying eligible Welsh customers?

We agree that we should use a single basis for charging WSSL licence fees.

Q3 Do you agree with our proposals for reconciling licence fees?

We agree with your proposals for reconciling licence fees.

Q4 Do you agree with our proposals for setting licence fees based on:

- a fixed element covering 10% of the costs of running the WSSL regime; and
- a variable element, covering 90% of the costs of running the WSSL regime, based on market share?

We agree with your proposals for settling licence fees.