

**Notification that Greene King Brewing and Retailing Ltd. (“Greene King”) has applied for a Water Supply Licence and Sewerage Licence with a self-supply authorisation and proposal by Ofwat to modify the standard licence conditions that will apply to Greene King, if Greene King is granted a self-supply licence**

## About this document

Greene King Brewing and Retailing Ltd. ("**Greene King**"), a registered company with company number 03298903, whose contact address is at Westgate Brewery, Bury St Edmunds, Suffolk, United Kingdom, IP33 1QT has applied for a retail restricted to self-supply licence with authorisation for water and sewerage ("**WSSL**").

This document provides notice of the application and sets out Ofwat's proposal to modify the standard licence conditions that will apply to Greene King should it be granted a WSSL.

## **1. The application**

Greene King is a beer manufacturer, and operates public houses and bars, alongside other commercial properties. On 6 January 2017 Greene King applied for a water supply licence and a sewerage licence, with a retail authorisation limited to self-supply. If granted, this will enable Greene King to provide retail services to itself and associated persons.

A WSSL limited to self-supply will only be granted to supply premises supplied or served using the water supply or sewerage system of an undertaker whose area is wholly or mainly in England.

### **Synopsis of the business plan**

Greene King says that a self-supply licence will enable it to build on efficiency works already undertaken, whilst driving cost and consumption control in the next phase of its water management strategy. In addition, it hopes that being an active participant in the market will drive further innovation and provide a direct customer voice in MOSL discussions.

The opening up of the UK's water retail market in April 2017 gives business, charity and public sector customers more choice over where and how they source their water, including the ability to supply themselves. Greene King believes that having a self-supply licence will give it a chance to take more control over its own water use, deal directly with the suppliers and build on its water strategy programme.

In order to facilitate this application, Greene King has entered a partnership agreement with Waterscan to take on the role and responsibilities for the retail functions including meter reading, central market operating system transactions, wholesaler management, paying water and sewerage charges through the settlement process, and finding further water efficiency savings. This partnership will take the form of a contractual agreement between the parties.

Greene King has 1757 locations in England and currently receives the majority of its bills in paper format. Self- supply will enable significant savings in the administration of these accounts.

In summary, as a self-supply licensee, Greene King will:

1. pay wholesale prices – the price that retailers pay to the water companies;

2. not pay retail margin added by suppliers in the open water market;
3. become a market participant including membership of MOSL with voting rights and the ability to directly influence the market; and
4. be able to supply water services to multiple sites for its business.

## 2. Proposal to modify the standard licence conditions

Under sections 17H and 17HA of the Act, the Secretary of State has issued standard licence conditions that will apply to all water and sewerage services licensees (WSSL). The standard conditions can be found on the [government website](#).

Under sections 17H(6) and 17HA(7) of the Act, in granting a licence, Ofwat may exclude or modify those standard licence conditions to such an extent as we consider appropriate to meet the circumstances of a particular case.

On 8 April 2016 we published a [consultation on self-supply licences](#) setting out the exclusions and modifications we were minded to make to the standard conditions for self-supply licences. We received 12 responses and on 29 June 2016 we published a [document setting out our conclusions](#) on the exclusions and modifications we intended to make to the standard conditions for self-supply licences. Appendix 1 to that document provided a modified version of the standard conditions highlighting the changes we intended to make.

If we grant Greene King a self-supply licence, our intention is to issue that licence subject to modified standard conditions as reflected in appendix 1 to our 29 June 2016 consultation.

In order to modify the licence conditions, Ofwat must consult for 28 days. This will be followed by a decision on Greene King's application and the licence conditions that should apply.

### How to respond

Any person who wishes to make representations or objections with respect to the application and our proposal to modify the standard licence conditions should do so in writing (which includes by email) to Ofwat at Centre City Tower, 7 Hill Street, Birmingham, B5 4UA or by email at [casemanagementoffice@ofwat.gsi.gov.uk](mailto:casemanagementoffice@ofwat.gsi.gov.uk).

Representations must be received by Ofwat no later than 17.00 hours on 21 February 2017. Further information about how to make representations or objections, including information on the treatment of confidential information, can be obtained from Ofwat at the above address or at <http://www.ofwat.gov.uk/foi>