
9 March 2017

Designation of Qualifying Scheme

Ofwat recently published a notification [to holders of Water Supply Licences and Combined Licences granted under the Water Industry Act 1991 \(WIA91\)](#) of our intention to use a statutory transition scheme to help prepare for the opening of the expanded business retail market in April 2017. The transition scheme is referred to as a 'qualifying scheme' in Schedule 11 of the Water Act 2014 ("WA14").

In particular, we explained that we would use the qualifying scheme to:

- Revoke all old Water Supply Licences (WSLs) (an "old" WSL is defined in Schedule 11 to the WA14 as a water supply licence granted under old section 17A of the WIA91), including Combined Licences; and
- Provide that the compensation payable in respect of the revocation of each WSL under the scheme shall be nil.

Under the provisions of Schedule 11 of the WA14, which is given effect by section 91 of the WA14, Ofwat may use a 'qualifying scheme' to establish the necessary transition arrangements for water supply licensing. Under paragraph 2(3) of Schedule 11, a scheme is only a qualifying scheme if it is made by us and it makes provision about the matters set out in paragraph 2(4) of Schedule 11, namely provision about revocation of old WSLs. A qualifying scheme may also contain provision about matters set out in paragraphs (5) and (6), although that list is not exhaustive.

Ofwat has today formally designated the qualifying scheme.