

Notification that Whitbread Group PLC (“Whitbread”) 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 Whitbread, if Whitbread is granted a self-supply licence

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About this document

Whitbread Group PLC ("**Whitbread**"), a registered company with company number 00029423, whose contact address is at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire, LU5 5XE 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 Whitbread should it be granted a WSSL.

1. The application

Whitbread Group PLC (“Whitbread”) is a hotel, restaurant and coffee shop operator. Amongst its brands are Costa, Premier Inn, Brewers Fayre, Beefeater Grill and Table Table. On 21 March 2017 Whitbread applied for a water supply licence and a sewerage licence, with a retail authorisation limited to self-supply. If granted, this will enable Whitbread 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

Whitbread 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. Whitbread 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, Whitbread 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.

Whitbread has 1081 supplies in England.

In summary, as a self-supply licensee, Whitbread 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 Whitbread 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 Whitbread'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.

Representations must be received by Ofwat no later than 17.00 hours on 28 April 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/>