

**From:** Paul.Harrison2@gov.wales  
**Sent:** 08 January 2018 15:47  
**To:** Charging  
**Subject:** Ofwat Consultation Bulk Charges for NAVs - Welsh Government Response January 2018

Thank you for the opportunity to respond to this consultation.

Overall it is not clear how these proposals are set in the Welsh context and how they are designed to deliver Welsh Legislative and Welsh Government policy requirements. For example,

- The consultation notes that “Our website includes further guidance for NAVs regarding the negotiation of bulk supplies. This was drafted before, and not updated since, the introduction of competition in the retail business market in England in April 2017”. The Welsh Government has not introduced retail or upstream competition - therefore this is not a reason to update your guidance in respect of Wales
- The recommendations within the consultation for the treatment of income offset are based on policy decisions made as part of the “New connection charges for the future - England” which do not apply in Wales. There is no rationale provided for this in the Welsh context or how it might be applied in Wales.

The Welsh Government has taken a different approach to competition to the UK Government - for example it has not introduced retail or upstream competition, and it is not Welsh Government policy to extend or promote the NAV market - the 250Ml threshold has been retained in Wales, whilst the UK Government reduced it to 50ml.

The Frontier research commissioned by Ofwat considered primarily how the NAV market is working and the extent to which any factors currently act to prevent, distort or restrict effective competition. It did not consider whether the NAV regime should be retained in its present form. The Welsh Government [may](#) be considering this in 2018.

The Welsh and UK Government have different legislative and policy landscapes. We have no objection to Ofwat proceeding along the lines proposed in the consultation in so far as they apply to England, but we ask that Ofwat show how any proposed guidance that applies to Wales delivers Welsh Legislative and Welsh Government policy requirements. Our view is this could best be achieved by publishing separate Guidance for England and Wales and we would like to engage with Ofwat both on taking this forward, and to consider and any specific points raised by Welsh undertakers in response to this consultation. In the meantime we are not aware of anything preventing Welsh undertakers from following any relevant parts of guidance which applies to England if they found it useful to do so.

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