

Ofwat Consultation Response

Revise the application process for Water Supply and Sewerage Licences limited to Self-Supply

Brief synopsis

Ofwat are proposing to modify the WSSL application process for applications limited to self-supply, to better reflect the information Ofwat require to assess these types of applications.

In the current application form and supporting guidance document, there is limited information about self-supply. As a result self-supply applicants are required to provide information that would be relevant to a standard WSSL application but less so to a WSSL limited to self-supply, and are asked to provide additional information after they submit their original application. Ofwat believe it may be difficult for potential applicants to fully understand the application requirements for a WSSL limited to self-supply.

What is proposed?

Reflecting the lessons Ofwat, applicants and other regulators involved in the application process have learnt from the first self-supply applications received and assessed, they propose to publish a separate application form and guidance document that is tailored to self-supply applications. These will:

- Better explain the differences between standard WSSL applications and those limited to self-supply, so that potential applicants can understand their options and what an application would require.
- Recognise where different information is required to assess those applications limited to self-supply.
- Be clearer in requiring all necessary information upfront rather than risk delays as a result of us seeking further information after the application is made.
- Apply a lower application fee for self-supply applications because the work entailed to complete our assessment is different and in most cases less than that required to process a standard WSSL application.

Waterscan comments on the Draft Guidance

The application guidance notes, application form and application process are well-drafted and substantial improvements on the current arrangements. At the recent Self-Supply User Forum, where all current licensees and applicants were present, the consultation documents were reviewed and overwhelmingly approved by the Forum.

The following observations are taken from the Forum and the licencing team at Waterscan where further clarification would, in our collective view, be beneficial. It is hoped and expected these changes will encourage businesses to consider Self-Supply as an option at the same time as making the obligations and responsibilities clear and open.

4.3.2 – Forecast of applicants projected cost savings

Waterscan recommend that the 'Unit' column should not have pre-defined units and that the applicant is able to use units that suit their application. For example, most of the Companies Waterscan work with operate in cubic meters not mega litres.

4.4.3 Requirements of the DWI

Waterscan understand the regulatory requirement to provide wholesome water, the definition of water unfit for human consumption and the penalties for supply such water. However, this needs to be clarified that these remain a Wholesaler obligation and the licensees will work with the DWI and the Wholesaler as and when required. This drafting implies the Self-Supply licensee has the responsibility for supplying wholesome water and they do not.

Waterscan understand the appointed company's Water Recourse Management Plan and Drought Plan but again this is the responsibility of the Wholesaler and needs to be clear as well as the role of the licensee.

4.4.4 Requirement of the EA/NRW

Waterscan understand the potential environmental impacts and ensure all Self-Supply customer understand these. The responsibility of the sewerage system and treatment lies with the Wholesaler and it is their obligation to maintain this. This drafting implies the Self-Supply licensee has the responsibility for treating wastewater and they do not.

Waterscan will work with Self-Supply customers to demonstration knowledge and awareness and Waterscan will provide training before market entry and continual improvement and employee behaviour training.

Waterscan comments on the Draft Application

B8 – Please could you provide further clarification on what you expect to see regarding assets?

C3 - Please could you provide further clarification on what you expect to see regarding associated persons? We followed the reference to the Water Act Schedule 2A but could not easily find the relevant section.

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