

19 March 2018

By email to: [licensing@ofwat.gsi.gov.uk](mailto:licensing@ofwat.gsi.gov.uk)



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Please ask for      Helen Orton  
Our Ref                HMGO/tb/190318  
Your Ref

Dear Chris

**Water Supply and Sewerage Licensing Regime – consultation on proposed changes to how licence fees are set**

Thank you for the opportunity to respond to this consultation.

1. Do you agree with our proposal to simplify the calculation of licence fees by calculating the flat fee element of licence fees by licence for the costs of both Ofwat and CCWater for 2018-19 and subsequent financial years?

In our view the proposal is balanced, transparent and benefits from introducing some elements of simplification. We would therefore support it.

2. Do you agree with our proposal to include wholesale charges associated with transferred businesses in the previous year when calculating market shares for 2018-19 and subsequent financial years?

We believe that this would result in a fair allocation of licence fees which is reflective of expected activity in the year. We would therefore support it.

3 a. What are your views on the principle of Ofwat setting licence fees for self-supply WSSL licensees for 2019-20 and subsequent financial years? b. Do you have any views on how licence fees for self-supply WSSL licensees in relation to Ofwat's costs should be calculated?

In our view, in order to have a fair marketplace, self-supply WSSL licensees should take a fair and reasonable share of costs based upon the activities which support their regulation and market activity. However, perhaps it should be recognised that certain activities are less or not applicable to self-supply licensees and therefore these costs could be excluded when calculating fees.

If you have any queries in relation to this response please do contact me at [h.orton@portsmouthwater.co.uk](mailto:h.orton@portsmouthwater.co.uk).

Yours sincerely

Helen Orton  
Finance Director