

FAO Mr Chris Bollington  
Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham  
B5 4UA

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

22<sup>nd</sup> March 2018

Dear Mr Bollington,

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

Thank you for giving us the opportunity to provide comments and feedback on the consultation on proposed changes to how WSSL licence fees are set.

Three Sixty Water Limited supports the objectives set out in Ofwat's proposed approach in the consultation. Our responses to the specific questions are contained in the attachment to this letter.

We look forward to final publications, however should you have any queries regarding any of our responses, please do not hesitate to contact me by email at: [narissa.kirk@threesixty.company](mailto:narissa.kirk@threesixty.company).

Yours sincerely,

Narissa Kirk

Commercial Manager  
Three Sixty Water Limited

Enc.

Three Sixty Water Limited - response to consultation questions:

**Ofwat - Consultation Paper**

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

Question	Detail	Response	Comment
Q1	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?	Agree	Yes, we agree with the proposal to simplify the calculation of licence fees by licence for the costs of both Ofwat and CCWater for 2018-19 and subsequent financial years.
Q2	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?	Agree	Yes, we agree with the proposal to include wholesale charges associated with transferred businesses in the previous year when calculating market shares for 2018-19 and subsequent financial years
Q3a	What are your views on the principle of Ofwat setting licence fees for self-supply WSSL licensees for 2019-20 and subsequent financial years?		Our view is that self-supply WSSLs for 2019-20 and subsequent financial years should receive an Ofwat licence fee that is reflective of the level of expenditure

			that is incurred by Ofwat in relation to regulating this group of licensees, either specifically as self-supply WSSSLs or more generally as WSSSLs.
Q3b	Do you have any views on how licence fees for self-supply WSSSL licensees in relation to Ofwat's costs should be calculated?		The fees should reflect an apportionment of the overall relevant Ofwat costs that self-supply WSSSLs have opportunity to benefit from. We would expect the self-supply WSSSLs to receive licence fees under the same cost sharing mechanism as WSSSLs unless Ofwat determines its level of activity for self-supply WSSSLs is significantly different to that for WSSSLs. If there is a significant difference, we would expect appropriate weighting factors to be applied to the separate WSSSL groups.