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23 March 2018

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Dear Chris,

### **Consultation on WSSL licence fees**

We are grateful for the opportunity to comment on Ofwat's proposals in relation to WSSL licence fees. Our views incorporate those of both Anglian Water Business (National) Limited and NWG Business Limited, together as the joint venture called Wave.

We have responded to the questions posed, however, our greater concern is the overall increases in the level of annual fees to be funded by licensees. For 2018/19, we note a 50% increase in Ofwat's costs and a 28.5% increase in CCWater's costs from the previous year. This is particularly significant when Ofwat's and CCWater's licence fees are added to MOSL's fees and the costs of participating in a customer Redress Scheme. Therefore, we would like to see evidence that the overall level of costs associated with WSSLs are being monitored closely and are providing value for money.

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?*

Yes. It is sensible to use the same basis for calculating Ofwat and CCWater fees.

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?*

Yes. This seems a fair approach.

We welcome the intention to provide sufficient information so that licensees can verify that their own licence fees are correct. It would be helpful if it was made clear which settlement report had been used to calculate the market share.

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?*

As a matter of principle, we think that all retailers should contribute towards the regulatory costs associated with operating the market. In line with this, we support the principle of Ofwat licence fees for self-supply WSSL licensees. This is primarily because we believe that self-supply licensees impact on regulatory costs in a very similar way to

other licensees. All the activities driving Ofwat's costs as documented in section 3.1 of the consultation (page 12), affect self-supply licensees either directly or indirectly.

*b) Do you have any views on how licence fees for self-supply WSSL licensees in relation to Ofwat's costs should be calculated?*

Because we believe that self-supply licensees impact on regulatory costs in a very similar way to other licensees, our view is that the licence fees for self-supply WSSL licensees should be calculated in the same way as for all other licensees. This is fair to everyone and does not incur additional costs associated with creating a different methodology. We agree that self-supply licensees should be exempt from paying CCWater's licence fees.

We hope you find our comments useful and do not hesitate to contact me if you would like to discuss our comments further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wendy Monk', written in a cursive style.

Wendy Monk  
Head of Policy and Compliance