

July 2018

Trust in water

**Consultation on an application for a Water Supply
Licence and Sewerage Licence with a self-supply
authorisation by Heineken UK Limited**

About this document

Heineken UK Limited (“**Heineken**”), a registered company with company number SC065527, whose contact address is at 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ has applied for a retail restricted to self-supply licence with authorisation for water and sewerage (“**WSSL**”).

This document provides notice of the application and sets out Ofwat’s proposal to modify the standard licence conditions that will apply to Heineken should it be granted a WSSL.

1. The application

Heineken is a pub, beer and cider company. On 27 June 2018, Heineken applied for a water supply licence and a sewerage licence, with a retail authorisation limited to self-supply. If granted, this will enable Heineken to provide retail services to itself and associated persons.

In order to facilitate this application, Heineken have entered into a partnership agreement with Waterscan Limited (“**Waterscan**”) to take on the role and responsibilities for the retail functions including meter reading, CMOS transactions, wholesaler management and finding further water efficiency savings. As such, Waterscan will act as the managing agent for Heineken and provide technical support and services while Heineken will build relationships with wholesalers and pay water and sewerage charges through the settlement process.

A WSSL limited to self-supply will only be granted to supply premises supplied or served using the water supply or sewerage system of an undertaker whose area is wholly or mainly in England.

Synopsis of the business plan

Heineken is a leading pub, cider and beer company and the name behind drinks brands such as Strongbow, Bulmers, Heineken®, Foster's, Kronenbourg 1664 and Desperados. Heineken has breweries, cider plants and offices in Edinburgh, Tadcaster, Manchester, London, Hereford and Ledbury, and are a supporter of British agriculture, sourcing 100% of its malt and barley for UK brewed beer from UK farms and maltsters.

Heineken has a sustainability strategy, “Brewing a Better World”, which sets out its priorities and 2020 commitments. It has a strong focus on sourcing sustainability through sustainable farming, protecting water resources, reducing CO2 emissions through its “Drop the C” programme.

Water is a key component for its business, from growing hops, barley and apples to producing beer. In 2017 Heineken launched its global water programme, “Every Drop”. Since 2008, it has lowered its water use by 21% and has invested in more efficient equipment. Over £100 million has been invested into modernising its Manchester and Hereford sites and installing modern, efficient equipment. It is also making its existing equipment more efficient and finding new ways of doing things to reduce water use both at its sites and at the consumer level.

Self-supply for Heineken UK Ltd provides an opportunity to build on the works already undertaken and develop its partnership with Waterscan whilst driving cost and consumption control. In addition, it hopes that being an active participant in the market will drive further innovation and provide a direct customer voice in MOSL discussions.

2. Proposal to modify the standard licence conditions

Under sections 17H and 17HA of the Act, the Secretary of State has issued standard licence conditions that will apply to all water and sewerage services licensees (WSSL). The standard conditions can be found on the [government website](#).

Under sections 17H(6) and 17HA(7) of the Act, in granting a licence, Ofwat may exclude or modify those standard licence conditions to such an extent as we consider appropriate to meet the circumstances of a particular case.

On 8 April 2016 we published a [consultation on self-supply licences](#) setting out the exclusions and modifications we were minded to make to the standard conditions for self-supply licences. We received 12 responses and on 29 June 2016 we published a [document setting out our conclusions](#) on the exclusions and modifications we intended to make to the standard conditions for self-supply licences. Appendix 1 to that document provided a modified version of the standard conditions highlighting the changes we intended to make.

On 1 March 2018, we began a [consultation on a proposal to modify the standard licence conditions that apply to water supply licences and sewerage licences](#). This consultation included proposed modifications to ensure that the standard licence conditions apply to licences limited to self-supply. This consultation ended on 3 April 2018 and we expect to publish the decision document in respect of this consultation in July 2018. We will notify ongoing applicants of any changes made to the standard licence conditions as a result of this consultation.

In order to modify the licence conditions, Ofwat must consult for 28 days. This will be followed by a decision on Heineken's application and the licence conditions that should apply.

How to respond

Any person who wishes to make representations or objections with respect to the application and our proposal to modify the standard licence conditions should do so in writing (which includes by email) to Ofwat at Centre City Tower, 7 Hill Street, Birmingham, B5 4UA or by completing the [webform](#).

Representations must be received by Ofwat no later than 17.00 hours on 3 August 2018. Further information about how to make representations or objections, including

information on the treatment of confidential information, can be obtained from Ofwat at the above address or at <http://www.ofwat.gov.uk/foi/>

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