

September 2022

Notice that CMBC Supply Limited has applied for a water supply licence and a sewerage licence with retail authorisations, limited to self-supply

About this document

CMBC Supply Limited ("**CMBC**"), a registered company with company number 08626420, whose contact address is at Marston's House, Brewery Road, Wolverhampton, England, WV1 4JT, has applied for a retail Water licence and Sewerage Licence ("**WSSL**") restricted to self-supply.

This document provides notice of the application.

1. The application

On 14 September 2021, CMBC applied for a water supply licence and a sewerage licence, with a retail authorisation limited to self-supply. If granted, this will enable CMBC to provide retail services to itself and associated persons.

We published a [notice regarding this application](#) on 2 February 2022.

On 24 August 2022, Carlsberg Marston's Brewing Company Limited updated us about its company structure and has asked that we republish this notice, as CMBC (the applicant) is the appropriate body within this structure to become the licence holder.

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.

1.1 Synopsis of the business plan

CMBC states it is one of the newest, historic brewers in the UK. It is formed out of a joint venture between Carlsberg UK and Marston's PLC, who are both shareholders. CMBC states these shareholders combine over 300 years of shared values, history and heritage in UK brewing.

CMBC states it provides its customers and consumers with "an unrivalled portfolio" of lagers, ales and craft beer brands from the very best of two master brewing teams, plus those under licence from valued partners.

CMBC states it owns and operates a brewery and distribution network across the UK, including:

- the Carlsberg brewery in Northampton;
- London Fields in Hackney;
- Marston's in Burton upon Trent;
- Banks's in Wolverhampton;
- Wychwood in Witney, Oxfordshire;
- Jennings in Cockermouth, Cumbria;
- Ringwood in Hampshire;
- Eagle in Bedford;
- plus a National Distribution Centre in Northampton and
- some other UK-wide distribution depots.

CMBC states it intends to use the minimum amount of water throughout the brewing process, and to make the most of every drop. It aims to halve water use per hectolitre (“hl”) of beer produced by 2030, to use just 1.7 hl/hl, eliminating water waste.

CMBC targets:

| | |
|---------|--|
| By 2022 | <ul style="list-style-type: none">• 25% reduction in water usage at its breweries.• Explore going below 2.0 hl/hl at all high-risk breweries. |
| By 2030 | <ul style="list-style-type: none">• 50% reduction in water usage at its breweries.• Safeguard shared water resources in high-risk areas. |

CMBC recognises that reaching its zero targets will not be an easy task and currently many of the solutions for eliminating carbon and wastewater at its breweries do not exist yet. To address this, it explained that the Carlsberg laboratory in Copenhagen, consisting of the Young Scientists Community (which it considers are some of the world’s brightest postdoctoral researchers) is tasked with identifying new methods and technologies to meet its targets.

Prior to the joint venture, CMBC states several of Marston's PLC breweries and distribution depots were supplied under the Marston’s PLC self-supply licence and have been since December 2017. It states that each brewery has its own reporting framework in place, utilising AMR data and meter reads sent from the on-site engineers, displaying both live consumption and cost data broken down into each billed service component. Having these sites operated under the self-supply model already, CMBC states it has seen how having a self-supply licence allows companies to take more control over their data and tailor their water reporting whilst also benefitting from the direct Wholesaler relationship to build on the success of water programs already in place. 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.

In order to facilitate this application, CMBC states it has entered a partnership agreement with 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 CMBC and provide technical support and services while the business will build on its key relationships with wholesalers and pay water and sewerage charges through

the settlement process. This partnership will take the form of a contractual agreement between the parties and will be submitted as part of the licence process.

As a self-supply licensee, CMBC intends to serve 21 sites and do the following:

1. Pay wholesale prices – the price that retailers pay to the water companies
2. Not pay retail margin added by suppliers in the open water market
3. Become a market participant including membership of MOSL with voting rights and the ability to directly influence the market
4. Be able to supply water services to multiple sites

2. Standard licence conditions

Under sections 17H and 17HA of the Water Industry Act 1991 (“**the Act**”), the Secretary of State has issued standard licence conditions that apply to all water and sewerage services licensees. The standard conditions can be found on the government website at <https://www.gov.uk/government/publications/water-supply-and-sewerage-licencing-regime-standard-licence-conditions>.

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.

Following consultation, on 10 September 2018, Ofwat modified the standard licence conditions to make them applicable to self-supply licensees.

Under Part A.2 of the Standard Licence Conditions Ofwat may issues a Condition A2 direction bringing certain provisions of the Standard Licence Conditions into effect. In order to regulate self-supply licensees in a proportionate manner, some of the provisions that apply to other licensees are not brought into effect for self-supply licensees. These relate to the obligation to provide an annual certificate of adequacy (A.4); the provision on arm’s length transactions (A.7); and the requirement to comply with the Customer Protection Code of Practice (B.2). A provision that only applies to self-supply licensees is brought into effect, namely the requirement to publish and keep up to date, a list of all the associated companies that are being supplied by the licensee.

2.1 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 email to licensing@ofwat.gov.uk.

Representations must be received by Ofwat no later than 17.00 hours on 29 September 2022. 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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