



Finance and Governance
Ofwat
City Centre Tower
7 Hill Street
Birmingham
B5 4UA

17 October 2018

Dear Sir

Re: Consultation under section 13 of the Water Industry Act 1991 on proposed modification to simplify various conditions of all undertakers' licences

Thank you for the opportunity to formally respond to the above mentioned consultation. As you will be aware, CCWater has worked closely with Ofwat on the proposed modifications to the licence conditions, and for the most part, we are happy that our comments have been reflected in the proposed modifications. However, there are a few additional comments that we would like to make.

Condition G - Codes of Practice

We have previously voiced our concerns about the removal of the condition making it a requirement for companies and CCWater to meet annually. We agree that engagement needs to take place between us and companies and note that the wording of the current condition does not specify what this engagement should look like. It is important that there are tools in place to ensure that we can engage with companies. The removal of this condition would remove a valuable failsafe tool for us to ensure that companies are obligated to meet with us at least once a year. We therefore cannot give agreement to the removal of this condition.

However, we do consider that the current wording could be simplified and would suggest the following: *The Appointee shall at the request of the Consumer Council for Water meet them at least once a year and on such other occasions as the Consumer Council for Water may reasonably request.*

Condition I - Ring-fencing

In our [response](#) to the Ofwat "Change of control - general policy and its application to Thames Water" consultation in June we supported moves to consistently apply ring fencing arrangements so that all customers receive the same level of protection, regardless of the individual ownership structure of the company that serves them. The new Condition I allows for this and subsequently, we support this change in licence conditions.

Additionally, we suggested that appointees should periodically demonstrate that they adhere to these ring fencing requirements, this is also included in the proposed new licence conditions.

Condition Q - Interruptions to supply because of drought

We consider that the recent focus of the Guaranteed Standards Scheme (GSS) payments means that the payments included in the licence conditions for interruptions to supply due to drought should be revisited.

For example, the £10 per day for household customers is the same rate which currently applies for other supply interruptions over 12 hours. This may increase as part of the GSS review. In addition, the non-household rate of £50 per day, is double the current GSS rate for businesses experiencing interruptions for other reasons.

We would expect that Condition Q is amended so that there is consistency with the outcomes of the GSS review.

Conditions R1 and R2 - Open Water Programme and Retail Market Opening

We have not previously commented on the removal of conditions R1 and R2. However, we agree that these conditions are now redundant and have no concerns about their removal.

I hope that you find our comments useful, but please do not hesitate to contact me on 0121 345 1058 or at hannah.bradley@ccwater.org.uk if you would like to discuss our response further.

Yours Faithfully

Hannah Bradley
Senior Policy Manager (Market Intelligence)