

**CCW's response to the Water Services  
Regulation Authority (Ofwat) consultation:  
Notice of proposal to insert a special  
licence condition in the licences of  
Anglian Water Business Limited and to  
revoke the licences of NWG  
Business Limited**

## **1. Introduction**

- 1.1 CCW is the independent voice for business and domestic water consumers in England and Wales. We welcome the opportunity to comment on this consultation.
- 1.2 Ofwat is consulting on its proposal to revoke Northumbrian Water Group Business' (NWG Business) Water Supply and Sewerage licence (WSSL), and its proposal to insert a special condition into Anglian Water Business' (AWB) licences. This follows the merger of the two retailers, now trading as Wave Limited, and the resulting transfer of all business customers and assets of NWG Business to AWB on 31 August 2018.
- 1.3 NWG Business wishes to give up its WSSL to rely on AWB's WSSL and has requested that Ofwat revoke them. It is intended that this will take effect by 31 March 2020. In order to provide important customer protection ahead of the requested retail exit of NWG Business, Ofwat propose to insert a special condition into AWB' licences to oblige AWB to be the backstop supplier in Northumbrian Water's area of supply.

## **2. Detailed Response**

- 2.1 We support Ofwat's proposed actions in respect of the request to revoke NWG Business' WSSL. In an interim supply event, it is essential that a mandatory backstop supplier is in place to take on responsibility for business customers where no other suppliers have opted in to provide retail services in the area of appointment. If a business customer's existing supplier exits the market, there is no facility to allow them to choose an alternative until they have been selected one through the Interim Supply Process. Business customers are reliant on this process remaining robust and effective.
- 2.2 We, therefore, support the proposal to require a new backstop supplier in Northumbrian Water's area of appointment. Provided that business customers are ensured protection from the gap that licence revocation and the resulting retail exit creates, and as the business customers and assets of NWG Business' were transferred to AWB in 2018, we can understand the reasons behind the revocation request.
- 2.3 We agree with the proposal that the replacement backstop supplier in Northumbrian Water's area should be AWB. While AWB is currently only the 'Acquiring Licensee' for Anglian Water's area of appointment, it formed part of a joint venture with NWG Business trading as Wave Limited. As the consolidated business now wishes to revoke one of its licences, it is a reasonable condition that they retain responsibility for the affected area of appointment. This also aligns with

the promises made to NWG Business' customers in Wave's communication to them in June 2018, which made clear that responsibility for their services, including current terms and tariffs, remained unchanged.

- 2.4 In response to the insertion of the special licence condition being subject to AWB' agreement, however, we seek clarification on the actions that will take place in the event of a failure to agree. In the absence of change to AWB's licence conditions, we would not support the revocation of NWG Business' WSSL until the necessary provisions have been made to ensure that a mandatory backstop supplier is in place, and the vital protection of business customers is guaranteed.
- 2.5 To ensure customer protection, there must be no gap in Ofwat's process. We expect the special licence condition to be inserted into AWB's WSSL at the same time as the licence revocation of NWG Business takes effect.

## **Enquiries**

Enquiries about this consultation should be addressed to:

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