



**Response to the sixteenth licensing consultation — modification of the standard licence conditions
January 2008**

On 6 December 2007, the Commission gave notice of its proposal to modify the standard conditions applying to water and sewerage services licences. The proposed modifications would: oblige licensed providers to comply with the Commission's Disconnections document; clarify the obligation to offer the default tariffs and standards of service; and address minor typographical errors and points of clarification. This document provides the Commission's response to representations made by interested parties.

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MODIFICATION OF THE STANDARD LICENCE CONDITIONS — THE COMMISSION'S RESPONSE

Background

The Commission determined standard conditions for water and sewerage services licences on 17 May 2007. On 26 September 2007, the Commission modified those standard conditions to make specialist and self-supply licences available.

On 6 December 2007, the Commission published its Disconnections document and indicated that the document would be enforceable on licensed providers through a licence condition. On the same day, the Commission gave notice of its proposal to modify the standard licence conditions to incorporate the obligation in relation to the Disconnections document. The notice also proposed modifications to clarify licensed providers' obligations to offer the default tariffs and standards of service. It also proposed to address minor typographical errors and points of clarification.

The Commission's notice invited representations on the Commission's proposals to be made by 7 January 2008. The Commission received representations from Satec and Business Stream. Their comments, and the Commission's responses, are summarised below. The Commission thanks all who participated in the consultation.

Summary of representations and the Commission's response

Respondents were generally supportive of the Commission's proposals. Two substantive questions were raised.

First, one respondent sought clarification of the purpose of the amendment to standard licence condition A9, Clause 2. This clause requires licensed providers to operate within the regime established by the Water Services etc. (Scotland) Act 2005, when providing services to customers which they have purchased from Scottish Water at a wholesale level.

The amendment relates to one-off activities (metering, for example), whose charges are set in Scottish Water's charges scheme but not calculated by the CMA. The amendment removes any doubt that the licence permits such activities.

A second question asked whether a licensed provider could satisfy its obligation in standard licence condition B1, to make a customer aware of the existence of the default tariffs and standards, by publishing the information on its website. The Commission's aim in proposing this amendment was to ensure that a customer would know the default package was available when considering an offer from a licensed provider. As such, publishing the information on a website and drawing the customer's attention to that fact would probably be sufficient in most circumstances.

Next steps

The Commission has today published a direction modifying the standard licence conditions in accordance with the notice it published on 6 December 2007. The direction, along with consolidated version of the standard licence conditions, is available on the Commission's website, www.watercommission.co.uk.