

Minute of the fifty-fifth meeting of the Water Industry Commission for Scotland
Held on 2 March in Stirling

- Present:** Sir Ian Byatt (Chairman)
Professor David Simpson (Deputy Chairman)
Dr Michael Brooker
Mr Charles Coulthard
Mr Alan Sutherland (Chief Executive)
- In attendance:** Mr Ian Tait (Director of Investment – Item 6)
Mrs Katherine Russell

Chairman's opening remarks

The Chairman welcomed everyone to the meeting and thanked them for attending.

1. Apologies for absence

Apologies were received from Professor John Banyard.

2. Minute of previous meeting and review of action points

2.1 Declaration of conflicts of interest in relation to the Agenda

Mr Coulthard declared an interest as a member of the Dispute Resolution Panel for the Single Electricity Market Operator in Ireland. No conflicts of interest were reported.

2.2 Minutes of last meeting (01/10)

The Commission agreed that the minutes of the previous meeting was an accurate account of proceedings.

2.3 Review of action points (AP03/10)

The Commission were updated on actions from the previous meeting and noted it was in a satisfactory position.

3. Current Issues

3.1 Working with stakeholders and other current issues (CP13/10)

The Commission noted CP13/10, an update on the work of stakeholders and significant external events an update on important external developments.

3.2 Update from CMA

The Commission noted the written update on the work of CMA submitted by its Chief Executive, Dr Jeremy Atkinson who unfortunately was unable to attend.

The Commission looked forward to discussions with the CMA board on 2 March 2010.

4. Corporate Affairs

4.1 Office workplan (CP13/10)

The Commission noted this paper and requested an update at the May Commission meeting.

4.2 Update on the framework contracts/consultancy approvals (CP14/10)

The Commission noted this update

4.3 Finance Paper (CP15/10)

The Commission noted this paper and will continue to monitor and manage future budgets, cash flow projections and funding requests.

5. Competition

5.1 Oral update on licensees

The Chief Executive provided an oral update on licence provider activities.

The Commission noted this update.

5.2 Update on Communications (CP16/10)

The Commission noted this update.

5.3 Ondeo withdrawal (CP17/10)

The Commission were asked to consider the revocation of the water and sewerage services licenses held by Ondeo Industrial Solutions Limited. Ondeo had held its licence for over 21 months and had not become operational

within the market and had initiated the licence revocation process on its own accord.

The Commission agreed to serve the notice of revocation on Ondeo Industrial Solutions Limited with a licence revocation date of 31 March 2010.

5.4 Schedule 3 Update (CP18/10)

The Commission were updated on the determinations being made for Schedule 3 agreements.

The Commission noted this update.

5.5 Wessex transfer (CP19/10)

The Commission agreed, subject to any representations received from third parties, to grant the application made by Wessex Water to transfer their water and sewerage services licences from Wessex Water Enterprises Limited to a new subsidiary, Wessex Water Utility Solutions.

The Commission delegated authority to the Chairman and Chief Executive.

6. Investment

6.1 Oral update on investment delivery including overhang and

6.2 Investment update (CP20/10)

The Director of Investment provided the Commission with an oral update on the latest information available on Scottish Water's progress with delivering its investment programme.

The Commission noted CP20/10.

6.3 Water Resource Zone (CP21/10)

The Commission agreed that 'Stage 4' sign-off approval be provided to Scottish Water for the Camphill and Ashgrove water resource zones.

7. Strategy

7.1 IRAP (CP22/10)

The Commission discussed the "Regulatory Reform in the Scottish water and sewerage industry" paper.

7.2 Metering (CP23/10)

The Commission noted this paper.

7.3 Oxera Group Reports (CP24/10)

The Commission noted the update on the joint project with Oxera.
