



Self-supply

In Scotland all public sector, non-profit and business customers are eligible to apply for a self-supply licence. Customers who opt to self-supply buy their water and sewerage services direct from the wholesaler, Scottish Water. They also take on responsibility for their own retail services, such as reading the meter and managing the bills.



How the market works

The market for retail water and sewerage services in Scotland has been open to competition since April 2008.

This means that all public sector, non-profit and business organisations can choose their supplier. A number of different suppliers are licensed to operate in the market. They buy the wholesale water and sewerage services from Scottish Water then sell it to their customers along with a wide range of other retail services (such as meter reading, leak detection and water efficiency advice).

Over two-thirds of eligible customers in Scotland are already getting a better deal in this way – through lower prices, better services or both. Some customers have switched, others have simply negotiated a better deal with their existing supplier.

The legislation that enabled market opening also included an option for customers to take out a self-supply licence. Self-supply is where a customer buys water and pays for their sewerage to be removed direct from the wholesaler, Scottish Water.

Who manages the market?

It is the Commission's role to oversee the operation of the market. As part of this role, we process and assess licence applications from potential licensed suppliers, including from customers who are interested in self-supply. We also regulate the wholesale charges Scottish Water can collect over each five-year regulatory control period.

In the run up to market opening we also established an independent organisation, the Central Market Agency (CMA). The CMA controls the flow of information within the market and registers switches by customers between retail suppliers. It also calculates the wholesale bills all suppliers pay Scottish Water.

How does 'self-supply' work?

As a self-supplier, you would receive your services direct from Scottish Water. You would pay Scottish Water the appropriate wholesale charge for those services. Wholesale charges are published in advance for each forthcoming financial year.

If you decide to self-supply you would no longer receive any of the retail services that are currently provided by your current retail supplier.



As a self-supply licence holder you would be eligible to:

- supply multiple sites that you own or operate;
- receive your water and sewerage services at the wholesale price from Scottish Water; and
- either carry out the operational requirements of the licence yourself or sub-contract the work to a third-party of your choosing.

You would also be able to take part in the CMA's technical panel and to nominate and vote for members of the CMA board. As such you will be helping the market to respond to customers' needs by having your say in the way the market evolves.

What are the benefits of self-supply?

With a self-supply licence you are able to buy water and wastewater services direct from Scottish Water (the wholesaler) at the exact same regulated wholesale prices that the other licensed providers pay. This saves you the difference between the retail charges you currently pay and the wholesale price.

Over the current regulatory control period (2010-15), wholesale charges are falling at a faster rate than the default retail prices – this means a self-supply licence could well benefit your organisation more than you think.

As a self-supplier, you will also benefit from the measures we have put in place to ensure a level playing field. You will receive wholesale services from Scottish Water on the same terms and at the same price as any other supplier in Scotland.

What are the responsibilities of a self-supplier?

As a self-supplier you would be responsible for all of the services that your licensed supplier currently performs for you. These include:

- reading your own meter;
- submitting these readings to the CMA so that it can calculate your wholesale charges bill; and
- arranging any wholesale services you may need direct with Scottish Water.



You would also need to put in place your own emergency and on-site maintenance measures, and be capable of dealing with wholesale billing direct from Scottish Water (wholesale charges must be paid in advance to Scottish Water).

You would also be required to pay fees for us to administer your licence and to the CMA as a contribution towards the costs it incurs in operating the market.

How do I become a self supplier?

In order to become a self supplier you must submit a licence application to us. The documentation associated with submitting an application, and descriptions of the types of licences available can be found on our website.

Further information

There are a number of relevant documents.

The Market Code explains the duties of market participants, how the CMA was established and is governed, and how the CMA calculates wholesale charges. All market participants must sign up to the Market Code. This document can be viewed on the CMA's website at www.cmascotland.com

The Operational Code governs the way Scottish Water provides services such as new connections, metering and trade effluent to licensed providers. The document can be viewed on Scottish Water's website at www.scottishwater.co.uk. You can also find out on the website about Scottish Water's current wholesale charges scheme.

The Wholesale Services Agreement (WSA) is the contract under which Scottish Water agrees to provide those services that licensed providers have paid for through their wholesale charges. The terms of this agreement are negotiated between Scottish Water and each supplier. We have published a template WSA as a basis for these negotiations. The template, along with more information about the licence application form, guidance and fees are available on www.watercommission.co.uk



Find out more

If you want to know more you should visit:

- the 'New suppliers' section of our website www.watercommission.co.uk;
- the CMA's website www.cmascotland.com; and
- Scottish Water's website www.scottishwater.co.uk.

If you would like to talk to someone about applying for a self-supply licence, you can contact us on 01786 430200 or email enquiries@watercommission.co.uk.

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Water Industry Commission for Scotland

First Floor, Moray House, Forthside Way, Stirling FK8 1QZ

T 01786 430200 **F** 01786 430233

E enquiries@watercommission.co.uk

www.watercommission.co.uk

