

Review of the non-household retail market – Notice of the Commission’s Decision on its Interim Approach to Licensing

June 2018

The Commission has published on 25 May 2018 an Open Letter informing Stakeholders that it would undertake a review of the water and sewerage non-household retail market to ensure it keeps on working well for customers and market participants. The Commission also set out in a separate Open Letter its proposed interim approach to licensing during this forthcoming Review.

In light of the issues identified the Commission proposed that, pending the outcome of the Review, it should suspend any consideration of any new or existing applications for either a self-supply or specialist licence.

The Commission invited stakeholders to comment on the proposed approach to licensing and received responses from six Licensed Providers, Scottish Water, Central Market Agency, Citizens Advice Scotland and three parties who have applied, or plan to apply, for water and sewerage licences. We would like to thank all stakeholders for their comments. Most respondents have expressed concerns on various aspects of the self-supply arrangements. The three applicants / potential applicants have expressed their disappointment about the proposed suspension of licence applications for self-supply.

Having carefully considered all representations made by stakeholders and in views of its functions and duties, the Commission has decided that it will not accept new applications for self-supply or specialist licences, and will suspend its consideration for either of these licence types, for the duration of the Review. As regards self-supply licences, the Commission recognises the disappointment felt by applicants / potential applicants at the impact of the interim approach. However, given the nature of the issues identified in relation to the existing self-supply arrangements and the risks, outlined in the second Open Letter, associated with proceeding with a ‘business as usual’ approach to licensing the Commission believes that deferring any consideration and processing of self-supply and specialist licence applications is consistent with its duty to ensure an orderly functioning of the market. Generalist licences will continue to be processed as normal during the Review period.

The Commission will take into account the views and questions raised by Stakeholders on the issues set out as part of the Review. The Commission will also publish the scope of the Review and its timeline for, and the opportunities for stakeholders to contribute to, the Review by the end of September 2018.

This document has been sent to Scottish Government, the Central Market Agency Limited, Scottish Water, Citizens Advice Scotland, all Licensed Providers participating in the Scottish water market, licence applicants and all parties who responded to the consultation. It is also on the Commission’s website at: www.watercommission.co.uk