

**Minute of the sixty-first meeting of the Water Industry Commission for  
Scotland**

**Held on 2 November in Stirling**

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- Present:** Sir Ian Byatt (Chairman)  
Professor David Simpson (Deputy Chairman)  
Professor John Banyard  
Dr Michael Brooker  
Mr Charles Coulthard  
Mr Alan Sutherland (Chief Executive)
- In attendance:** Mrs Katherine Russell (Director of Corporate Affairs)  
Ms Shona Coan (Financial Controller) for item 4.1  
Mr Richard Khaldi (Senior Analyst) for section 5  
Mr Ian Tait (Director of Investment) for section 6  
Mr John Simpson (Director of Analysis) for item 7.1  
Mr David Satti (Analyst) for item 7.3  
Mrs Donna Very

**Chairman's opening remarks**

The Chairman welcomed everyone to the meeting and thanked them for attending the 61st meeting of the Commission.

**1. Apologies for absence**

None

**2. Minute of previous meeting and review of action points**

**2.1 Declaration of conflicts of interest in relation to the Agenda**

None

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## 2.2 Minutes of last meeting (07/10)

The Commission agreed that the minute was an accurate record of the meeting.

## 3. Update on current issues

### 3.1 Update on current issues (CP88/10)

The Commission noted CP88/10, an update on the work of stakeholders and other external events.

### 3.2 Update from CMA

The Commission noted the update from the CMA.

## 4. Corporate Affairs

### 4.1 Finance & Contracts paper (CP89/10)

The Commission noted this update. Separately, the Commission was informed that two members of staff had recently resigned – the Commission expressed its concern about the possible implications that a recruitment freeze may have on the work of the office.

### 4.2 Oral update on appointment of Chairman and members

The Chairman provided an oral update on the recruitment of the new Chairman and members. The Chairman reported that Munro Consulting had been appointed and that the recruitment of the new Chairman should be completed by March 2011, with the recruitment of the two new members due to take place in spring 2011.

The Commission noted this update.

### 4.3 Update of proposed legislation for Scottish Water

The Chief Executive provided an oral update on the proposed legislation of the Scottish Water Bill. The Commission was advised that the Parliamentary Counsel were yet to approve the Bill. The Commission will await update from the Scottish Government.

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## 5. Competition

### 5.1 Oral update licencees

The Chief Executive provided an oral update on licencees' activities.

The Commission noted this update.

### 5.2 Retail Workshop update (CP90/10)

The Commission was updated on the progress being made by the new retail areas stakeholder consultation groups.

The Commission welcomed the development on progress of the datalogging and metering workshops and thinks that it could be helpful in developing a long-term solution.

The Commission was updated on the progress of the stakeholder workshop relating to connection activities. The Commission looks forward to an improved connections process. The Commission noted that limiting connection rights to two contractors may breach the Competition Act.

The Commission noted that further work is required on trade effluent and understands that input is required from SEPA.

### 5.3 Wholesale charges scheme and default tariffs update (CP91/10)

The Commission welcomed the update on the proposed changes to this year's charges scheme. The Commission recognised that the Scottish Government's Principles of Charges may be impacted by proposals from Scottish Water. The Commission looks forward to clarification and a final proposed charges scheme at its December meeting.

### 5.4 Update on metering trial

The Commission was provided with an oral update by the Chief Executive on the work of the Metering Trial Advisory Group. The advisory group is a subset of the OMG with representatives from WICS, Scottish Water, Waterwatch, SEPA and Scottish Government. The Commission was advised that a proposal was due from the OMG on how the metering trials could work in Scotland.

The Commission asked that any report produced by OMG carefully set any constraints on the proposed trials.

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## **6. Investment**

### 6.1 Update on investment delivery (CP92/10)

The Commission was updated by the Director of Investment on Scottish Water's progress with investment delivery. The Commission noted the satisfactory progress being made on OMD. The Commission note the position on the overhang.

## **7. Strategy**

### 7.1 Ready Reckoner (CP93/10)

The Commission welcomed this work and thanked the office for a very useful and comprehensive paper.

### 7.2 Update on Audit Scotland & Bolt implementation (CP94/10)

The Commission noted this paper.

### 7.3 Discussion on customer engagement strategy (CP95/10)

The Commission noted the progress being made within the customer engagement workstream on the I<sup>3</sup> project.

The Commission welcomed the strengthening position of the customer role and will discuss with Scottish Water its suggestion on the make-up of the customer counterparty. It is important that a governance arrangement is in place and that it should operate within a sustainable framework of stability in prices. The Commission looks forward to receiving further updates and places a lot of importance on this work. The Commission noted that it is important that the quality regulators are involved in this process.

## **8. Communications**

### 8.1 Communications paper (CP96/10)

The Commission noted this update.

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