



SHEPHERD+ WEDDERBURN

# Implementing Retail Competition in Scotland

## *Supplier entry/licensing/key licence issues*

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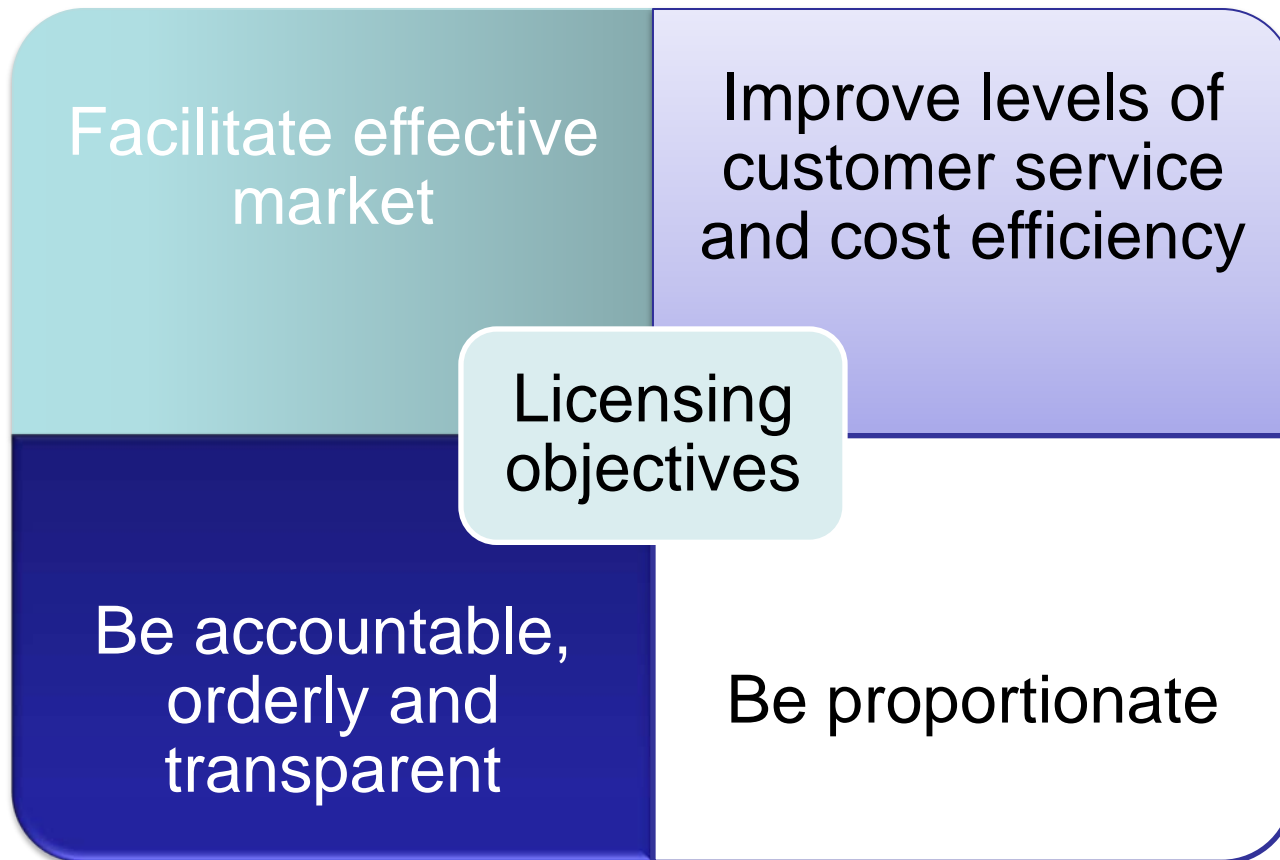
# Overview

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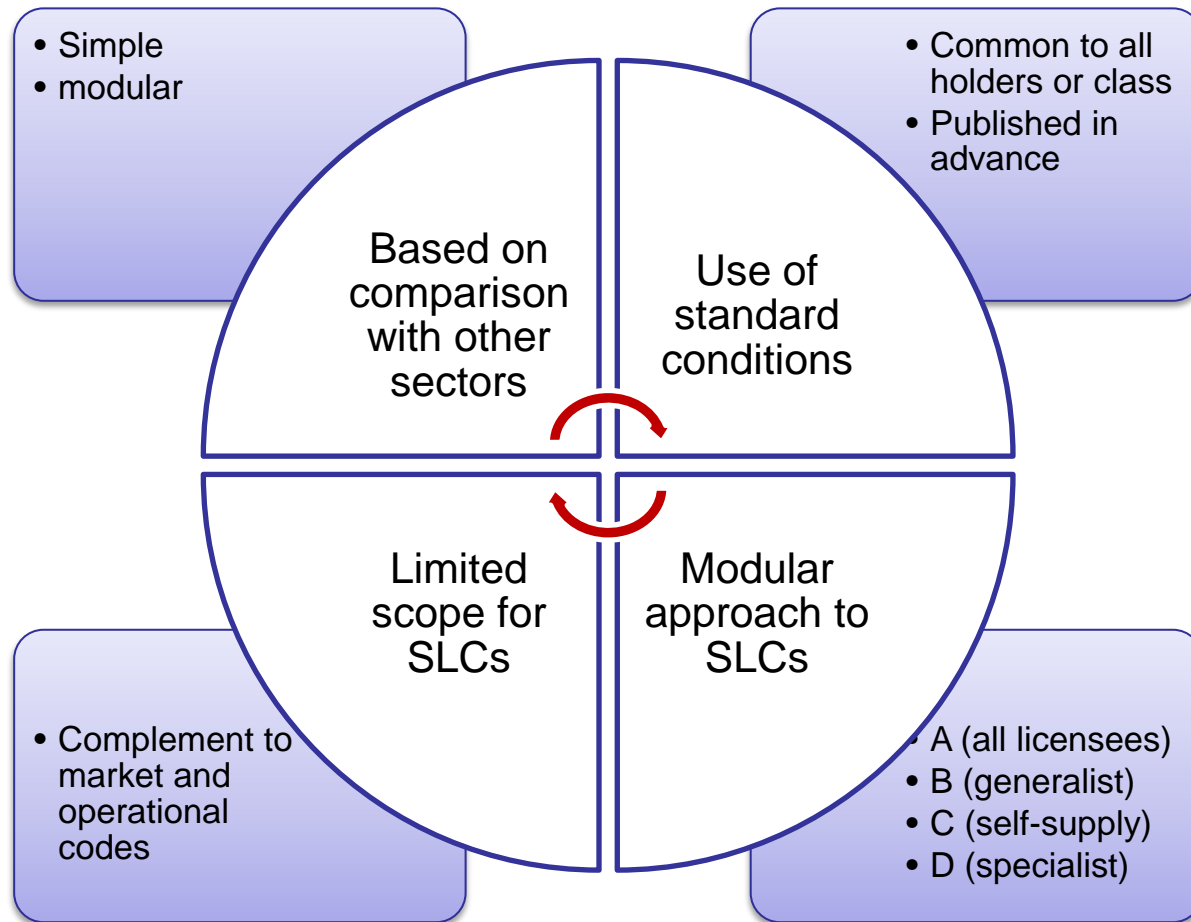
- Overall approach
- Licence design
- Licensing of Business Stream
- Licensing new entrants
- Key licence issues

## Overall approach to licensing

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# Licence design

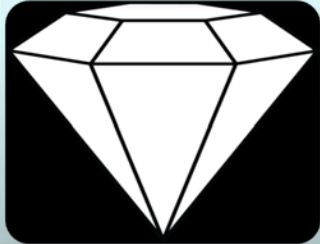


# Licensing of Business Stream

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- Key considerations
- Grant of provisional licences
- Test for grant of permanent licences
  - Activities and assets demonstrably separate from Scottish Water
  - Demonstrably separate governance
  - Financial viability and independence of Scottish Water.
- Customer restrictions pending permanent licences

## Licensing new entrants



### A predictable framework

- Published process
- Fair, equal and transparent approach



### Financial viability

- Ability to prepay wholesale charges
- Use of escrow where no track record



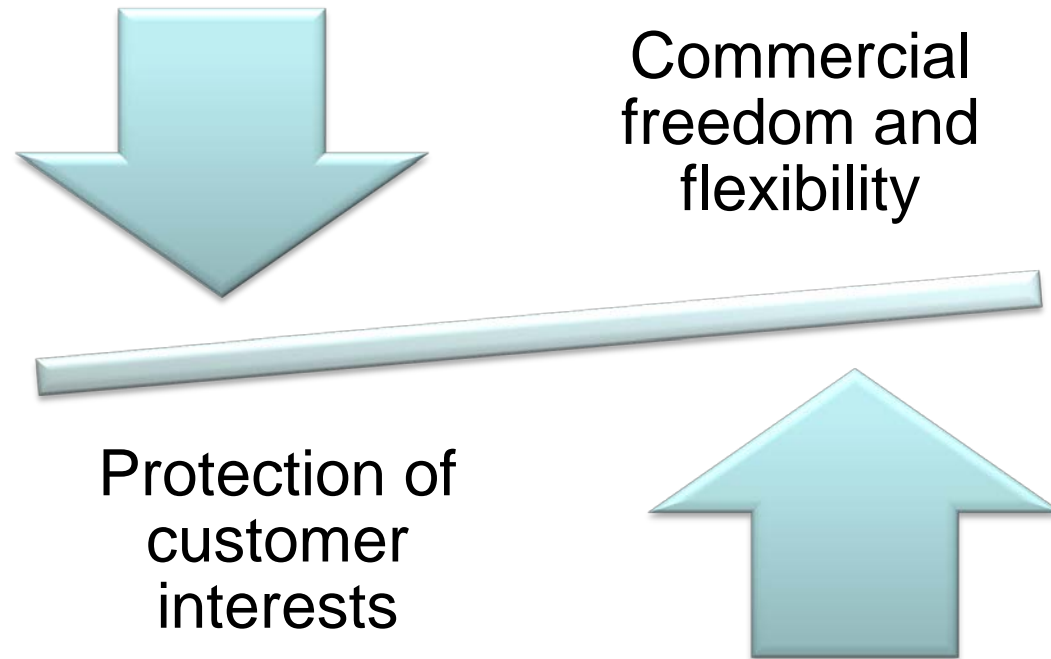
### Ability to engage with CMA system

- Self-certification for Low Volume Interface



## Key licence issues (1)

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## Key licence issues (2)

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### Universal service obligation

- Flexibility within default package
- Exemption for the smallest providers

### Provider of Last Resort (PoLR)

- Allocation rules agreed by market
- Exemption for the smallest providers

### Ban on long term tie-ins

- Ability to approve on case-by-case
- Exclusion where competitive tender



## Contact Details

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