

# **Retail competition in Scotland**

## **The Scottish Executive's Policy Objectives**

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# Overview

- Legal and policy context
- Policy objectives
- Legislative measures – Water Services etc. (Scotland) Act 2005

# Policy and legal context

## Policy:

- Decision to establish independent economic regulation by WIC
- Potential impact of Competition Act 1998

## Legal:

- Limited competence of Scottish Parliament to legislate.

# Policy objectives

Application of Competition Act should not put at risk:

- Public health or environment
- Ability of SW to perform its core functions
- Existing domestic charging arrangements.

# 2005 Act

- Safeguards public health and environment by:
  - Prohibiting common carriage on SW networks - allowing retail competition only

# 2005 Act

- Enables SW to continue performing core functions through:
  - Separation of SW retail from core functions
  - WIC licensing regime
  - Framework for SW/supplier relations
  - WIC duty on orderly market and no detriment to SW core functions.

# 2005 Act

- Maintains domestic charging arrangements by:
  - Limiting retail competition to non-domestic customers
    - serving households part of SW core.

# Summary

- Acceptance of competition in principle
- Precautionary approach to competition and SW core functions
- Separation of SW retail from core
- Central role for WIC to safeguard interests of all customers on SW networks.



# Further information

Water Services etc. (Scotland) Act 2005

- <http://www.legislation.gov.uk/asp/2005/3/contents>

## Background documents

- <http://www.legislation.gov.uk/asp/2005/3/notes/division/2>
- [http://www.scottish.parliament.uk/S2\\_Bills/Water%20Services%20etc.%20\(Scotland\)%20Bill/b23s2-intro-dp.pdf](http://www.scottish.parliament.uk/S2_Bills/Water%20Services%20etc.%20(Scotland)%20Bill/b23s2-intro-dp.pdf)