

Date: 20 October 2014
Our Ref: 141020 Castle Letter Condition
B1
Your Ref:

John Reynolds
Castle Water Ltd
Craighall Castle
Blairgowrie
PH10 7JB

Dear John

Standard Licence Condition B1 (Duty to provide default services)

The purpose of this letter is to suspend Standard Licence Condition B1 (Duty to provide default services) ("**SLC B1**"). Expressions used in this letter have the same meaning as in the Standard Licence Conditions.

As you will be aware, SLC B1 requires the holder of any water or sewerage licence to offer the default services at the default standard (and at a price not in excess of the default maximum tariff) to any eligible customer who requests them in respect of any eligible premises.

Following a consultation with stakeholders in the retail market, the Commission is of the view that it may not necessarily be in customers' interests for all licensed providers to be subject to the demands of providing the default package. Having considered in particular the overall proportion of wholesale charges for which you are responsible and the regulatory burden which the requirement to provide the default package may therefore pose, the Commission is of the view that the obligation to provide the default package should be suspended from your licence. This letter therefore serves as notice the Commission has used the provision in paragraph 9 of SLC B1 and suspended SLC B1 from the purposes of the water and sewerage licences granted to you on 11 July 2014, with effect from today, 20 October 2014, until further notice.

You should note that the Commission intends to keep the suspension of SLC B1 from your licences under review to determine whether, in all of the circumstances, it would be appropriate to reinstate its application.

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Chairman: Professor Gordon Hughes

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I will also publish this letter on the Commission's website.

Please do not hesitate to contact me if you have any questions on the above.

Yours sincerely



David Walters
Head of Competition