



Granting derogations from the regulatory ring-fencing framework

1. Introduction

- 1.1 The Consumer Council for Water (CCWater) is the statutory consumer organisation representing water and sewerage customers in England and Wales. CCWater has four regional committees in England and a committee for Wales.
- 1.2 We welcome the opportunity to respond to Ofwat's consultation on strengthening companies' licences to ensure ring-fencing provisions are consistent between companies regardless of ownership structure.

2. Our response

- 2.1 We have previously indicated our support for the steps Ofwat has taken to introduce commonality of protections for customers. This is regardless of business model, ownership structure or listing status.
- 2.2 Consistently applied ring fencing arrangements would ensure customers of all companies receive the same level of protection. We also think that consistency will help to improve trust in the sector with all companies being subject to the same set of rules.
- 2.3 Where there are departures from those rules we think that it is imperative that there is a robust, consistent and transparent approach. As the consultation emphasises, these arrangements must be demonstrably in customers' interests, both short and long term. Our expectation would be that any such arrangements are the exception rather than the rule
- 2.4 We think it would be helpful if Ofwat sets out, on a periodic basis, the applications it has received, its decisions and its rationale for those decisions. The consultation suggests that you would publish the reasons for granting a consent. We think it would be helpful if you also published the reasons why a consent was not granted.
- 2.5 It would be helpful to explain whether these consents are likely to be time limited or in perpetuity. It would also be helpful to signal what changes to existing arrangements may give rise to a requirement for new consents in the future.

Enquiries

Enquiries about this consultation response and requests for further information should be addressed to:

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