

CIWEM – CMS conference – Rethinking Water

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Cave Review – Where Next?

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About Water UK



- Umbrella organisation representing UK water and sewerage service suppliers
- 22 members - public and private sectors
- Represents the industry at all times; acts as a think-tank and informed commentator
- In favour of forms of competition that benefit all customers
- Works with members and stakeholders to help develop a sound regime supporting efficient competition

Water Competition Regime - Givens



- Large environmental and social costs – not to be by-passed
- Competition to be efficient – competitors to win on merit
- No discrimination
- Retail around 10% of overall costs
- Business case for retail competition on its own is weak
- Competition 'value' could come from upstream in supply chain

Water Competition So Far

- 1 - Water Supply Licensing (WSL) regime
 - So far focussed on retail competition – one customer
- 2 - Inset appointment
 - Long Term benefit for customers not clear
- 3 - Upstream - New water, new transfer, new treatment
 - No upstream market but EA
 - Multiple entry points to network – special issue

Water Competition – Where to?

- Introducing water competition is a discovery process
- Drivers of competition not known
- Report by Professor George Yarrow of the Regulatory Policy Institute
- <http://www.water.org.uk/home/news/press-releases/rpi-press-release>
- Discovery process – ‘how to’ – is crucial
- Industry – participants and regulators – need sound governance
- Governance to come from Parliament - democratic accountability

Parliament to set Governance Framework

- Objectives of competition – efficient (innovative)
- Stakeholder involvement
- Benefit for all customers
- Non-discriminatory pricing rules
- Maintain cost-effective financing
- Licences - not guidance
- Market Authority run by participants
- 'Life-after-failure'