



Business customers: How competition could benefit you

This information note explains the changes that have taken place in the Scottish water industry. It also outlines the new opportunities for businesses and public sector organisations.



The Scottish water industry has changed

In April 2008 the water and sewerage industry in Scotland was opened up to competition. You are now able to choose the water and sewerage supplier (known as a licensed provider) that offers the best price and/or level of service for your organisation. There are a number of licensed providers in the market. A list of the licensed providers is available at www.scotlandontap.gov.uk.

The Water Industry Commission for Scotland (WICS) works as the economic regulator of Scottish Water, ensuring that customers receive value for money. The Scottish Parliament also gave us responsibility for licensing new providers and ensuring that all new providers compete on a level playing field. We aim to ensure that competition in the water and sewerage services market is simple, fair and benefits customers.

This was the first time for competition of this kind to be introduced into the water industry in the UK, so Scotland is leading the field. Many businesses and public sector organisations in Scotland have benefitted from lower prices and/or better levels of service, and many are also working with their licensed providers to reduce their water consumption, saving both money and improving their carbon footprints.

You can benefit from competition

The introduction of competition was an important development for customers in Scotland. Competition offers you the chance of obtaining better value for money and an improved level of service, with suppliers competing to offer service and price packages that are right for your organisation. That means the end of the 'one size fits all' approach to service. Suppliers may offer lower bills, different methods of payment, different levels of response to problems, advice on water or wastewater services and many other potentially useful services.



There is also an opportunity for suppliers to offer you a truly bespoke service that may save you money. If, through working with your supplier, you can demonstrate that your actions have reduced Scottish Water's costs, you may be eligible to benefit from a discount on the wholesale charges your supplier pays to Scottish Water. For more information see http://www.watercommission.co.uk/view_Section_29E.aspx

Competition also offers the opportunity for business customers to apply for a 'self-supply' licence. As a self-supplier you would receive services direct from Scottish Water and pay only the appropriate wholesale charges. You would not, however, receive any retail services (e.g. assistance from a retailer in the event of an incident on the network). For more information see Information Note 13.

How does the market work?

Scottish Water, Scotland's publicly owned water company, retains control of the network of pipes, sewers and treatment works. It is still responsible for the physical supply of water to your property. Under the arrangements that have been in place since April 2008, it continues to provide services to its 2.4 million household customers as well as to the licensed providers who serve non-household customers.

The market operates in much the same way as in other utility services (although it is worth noting that wholesale charges are regulated and hence avoid the volatility in prices that can characterise energy markets). Suppliers buy wholesale services, that is the physical supply of water and removal of sewage, from Scottish Water. These services are then bundled with value-added services and sold to business and other non-household customers

Your interests as a customer are safeguarded

Competition benefits business customers and public bodies throughout Scotland. However, to make sure that customers' interests are protected at all times, we have put a number of measures in place.

Only licensed providers can compete for your custom

Any organisation that wishes to compete for customers first needs to apply to us for a licence. In order to be awarded a licence, they need to convince us of their competence and financial viability. Licensed providers then have to meet a number of conditions designed to protect customers. We monitor their compliance with these conditions. A list of the licensed providers is available at www.scotlandontap.gov.uk.



Your charges, and the service you receive, are protected

WICS continues to set the maximum price which licensed providers are allowed to charge you for the standard, 'default' level of service. This is known as the 'default tariff'. This default tariff is no more than the maximum charge customers would have paid to Scottish Water had competition not been introduced.

Where can I find out more?

For more information how you can benefit from competition in the Scottish water industry, visit www.scotlandontap.gov.uk.

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