

Updates on the Timeline of the Market Review

March 2019

Introduction

In September 2018 the Commission published a notice setting out its intention to carry out a comprehensive review of the non-household retail market and providing an indicative timeline and scope for the review. This document sets out a revised indicative timeline for the remainder of the market review.

Market review to date

The table below summarises the areas of the market review undertaken so far and sets out the Commission's objective.

Area of review	Objective	Consultation
Scope of the review	Provide market participants a chance to input on the scope of the review.	September 2018
Customer protection measures	Customers' prepayments are protected in the event a licensed provider enters administration.	November-December 2018
Provider of Last Resort ¹	Mitigate the risk of a 'domino effect' in the event of a failure of a licensed provider.	December 2018
Mergers and acquisitions	Customers are protected in the event licensed providers controlled by the same ultimate controller retain separate licences.	July-September 2019
Licence application process	Ensure the application process is sufficiently robust to assess fitness and knowledge of licence applicants.	
Level playing field	Ensure that retailers operate on a stand-alone basis.	
Access to the market data ²	Restrict access to market data to licensed providers who are actively participating in the market.	

¹ Changes have been implemented at the Central Market Agency Technical Panel with MCCP237-CC.

² Changes have been implemented at the Central Market Agency Technical Panel with MCCP244-CC.

Area of review	Objective	Consultation
Ethical Business Regulation and Market Health Checks	Encourage retailers to take ownership for performance and address compliance issues in line with the principles of Ethical Business Practice.	September 2019
Self-supply licensing arrangements	Review self-supply arrangements to ensure they are consistent with the Commission's primary duties.	October-November 2019
Gap site incentive scheme	Ensure the gap incentive scheme is fit for purpose and the incentives are proportionate.	January 2020

Indicative timeline and scope for the remainder of the review

The table below sets out the indicative timeline for the remainder of the market review.

Area of review	Indicative timeline
Customer protection measures	<ul style="list-style-type: none"> - Statutory consultation published in April 2020. - Response to consultation published in June/July 2020. - Implementation goes live from 1 October 2020.
Level playing field	
Self-supply	
Mergers and acquisitions	
Ethical business regulation and ethical business practice.	
Licence application process	
Gap site incentive scheme	<ul style="list-style-type: none"> - Final decision published in March 2020. - Implementation in April 2020.
Market data access	Changes implemented at the CMA Technical Panel M CCP244-CC.
Provider of Last Resort	Change implemented at the CMA Technical Panel M CCP237 – CC)
Interim suspension to general and self-supply licence applications.	Suspension until policies go live in October 2020.

The Commission expects the relevant modifications to the standard licence conditions to take effect from October 2020.

Other areas

New Connections

The Commission [consulted](#) on the scope of the market review and invited stakeholders to comment on whether the existing arrangements on new connections³ are fit-for-purpose. At that time the Commission only received two comments. One respondent proposed to transfer responsibility for new connections from licensed providers to Scottish Water. Another respondent suggested that customers should be offered a choice between using Scottish Water or a licensed provider for registering new connections.

The Commission notes the comments received by both stakeholders. The Commission's objective in reviewing the new connections arrangements is to ensure that Scottish Water is managing as effectively as possible its asset capacity. To this end, the Commission plans to examine the current arrangements for new connections in conjunction with Section 29E⁴ and consider changes to the current new connections' arrangement only after a review of the wholesale charges is complete.

The Commission plans to work with Scottish Water to undertake a comprehensive review of the wholesale costs and the available margins in market in the coming year.

Customer experience measures

In line with the principles of Ethical Business Practice⁵ the Commission encourages licensed providers to take full responsibility for their performance and for the functioning and development of an effective market. To this end, the Commission has been pleased to see market participants working together in an industry-wide group to develop a customer code of practice. This is an important step to improve customers' experience and the information publicly available on licensed providers' service commitments.

The Commission looks forward to engaging with market participants on the output of this work and to discuss how it can be used to improve the information available in the market to the benefit of customers.

Next steps

The Commission will inform stakeholders of any material changes to this timeline.

³ In the Final Determination for 2010-15 the Commission determined that three activities, metering, trade effluent and connection activities, should open to competition through the retail market. Details of the arrangements can be found here: [New retail areas](#).

⁴ Section 29 E provides Scottish Water with a mechanism to vary its averaged wholesale charge in Scotland. For more information: [Section 29E](#)

⁵ Ethical Business Practice and Regulation, 2017, A Behavioural and Values-Based Approach to Compliance and Enforcement, Christopher Hodges & Ruth Steinholtz. On the Commission's approach to Ethical Business Practice and Regulation see "[Innovation](#) and Collaboration: future proofing the water industry for customers Strategic Review of Charges 2021-27" and the "[Methodology](#) refinements and clarifications".