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## WHAT ABOUT OTHER SERVICES?

The wholesale arm of water companies will continue to treat sewage and trade effluent. The UK government has indicated that the market reforms will eventually extend to these “upstream” services but not until 2019 at the earliest (and possibly much later).

Wholesalers will also be responsible for maintaining and replacing water mains and sewers as well as the operation and maintenance of sewage works and water works.

Retailers, however, will be responsible for metering, billing, selling and customer contact and advice.

## IS THIS UK-WIDE?

At the moment, no. Scotland has had a competitive water industry since 2008 and from April 2017 there will be a similar market in England. The Welsh government has chosen not to implement water competition. Businesses in Wales will only be able to change supplier if they use more than 50 million litres of water per year. Similarly Northern Ireland will not be introducing competition.

## BRIEFING PAPER

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# Increasing competition in the water industry

From April 2017 almost all businesses in England will be able to choose their water supplier (a competitive market in Scotland has existed for some time) and the Welsh government has opted not to introduce non-household competition in Wales). This is a really significant change from the existing regulated regional monopolies and presents opportunities and challenges for water companies and their customers.

The regulated water industry was created in 1989 and has acted as carefully monitored and highly regulated monopoly since then. Only businesses that consumed relatively large volumes of water could change their supplier and so there was no competitive market for the majority of businesses. OFWAT, the body that regulates the water industry, are introducing a reform of the English water market to encourage financial and technical efficiencies as well as improving customer service and choice.

The intention is to bring the water market into line with other utilities such as gas and telecoms. A number of English water companies have created a “retail-wholesale” split in the organisation to implement the reforms. In this model, the wholesale arm of the company will produce treated drinking water and sell it to retail companies, who will then sell the water to non-household customers. The retailer could be the “split” retail arm of the wholesale company or it could be a different company altogether.

This will, it's hoped, encourage retailers to compete for business and lead to lower prices for business customers. Competition for domestic households is frequently talked about and the UK government has indicated that market reform will be extended to cover this although that will be some years away.