

Date: 21 August 2020  
Our Ref: WCDS Ext  
Your Ref:

Dear Licensed Provider

### **Consultation on Extension of Wholesale Services Deferral Scheme**

I hope this letter finds you well. In May the Commission introduced the Wholesale Services Deferral Scheme (WCDS) to protect non-household customers affected by the COVID pandemic. At that time the Commission indicated that that the Scheme would be reviewed in August to assess whether to extend the Scheme beyond September 2020.

The Commission has assessed information received from Licensed Providers regarding the operation of the Scheme and steps taken to inform customers of help available to customers. The Commission thanks Licensed Providers for the information provided. Discussions have also been held with Scottish Government and Scottish Water with regards to what steps should be taken to best protect the non-household water market in Scotland in these uncertain times. The Commission believes that is important to provide certainty and protect businesses during these challenging times and to maintain the operation and integrity of the market. In light of this, and also taking into account the imminent unwinding of other government support measures, the Commission is minded to extend the end point of the Scheme by three months until 31 December 2020.

As a further measure, to aid stability in the market, the Commission is also minded to extend the temporary suspension on the reintroduction of prepayment terms of wholesale charges to Scottish Water, which was set out in its [decision](#) published in May 2020. This moves the step to prepay one month's wholesale charges in advance, which was planned to be reintroduced from October 2020, to February 2021 with two months in advance prepayment of wholesale charges being reintroduced from May 2021.

Any Licensed Provider who is already prepaying wholesale charges or opts to prepay prior to the dates set out in the table below will receive interest at a rate of 4% on the balance of their prepayments held by Scottish Water.

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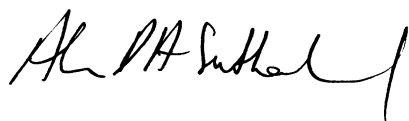
The updated timetable reflecting these proposals is:

15 December 2020	Scottish Water notifies licensed providers that a one-month prepayment will be required from February 2021
31 December 2020	WCDS extension ends
February 2021	One-month prepayment of wholesale charges
15 March 2021	Scottish Water notifies licensed providers that a two-month prepayment will be required from May 2021
May 2021	Two-month pre-payment of wholesale charges
December 2021	All accrued wholesale charges are repaid

The Commission would welcome comment from market participants prior to issuing a final decision. Due to the timescales involved comments should be provided by 26 August 2020. It is appreciated that this is a very short time scale, but in order to allow Scottish Water to facilitate the extension of wholesale prepayment deferral it is necessary on this occasion. Please send any comments that you have to [CompetitionTeam@watercommission.co.uk](mailto:CompetitionTeam@watercommission.co.uk).

The Commission would like to take this opportunity to thank you for your continued efforts in supporting customers during the current difficult times.

Yours sincerely



**Alan D A Sutherland**  
**Chief Executive**