

Date: 25 May 2018

Dear stakeholder:

### **Review of non-household retail market – consultation on interim approach to licensing**

The Commission has published an open letter concerning its forthcoming review of the non-household retail market framework.

As indicated in that letter, given the extensive nature of this review, the Commission proposes to apply a modified version of its licence application policy (in relation both to pending and new applications) until the review is complete. The purpose of this letter is to set out the Commission's proposals in that respect and to obtain stakeholders views.

The Commission proposes that, pending the outcome of the review, it would not accept new applications for self-supply or specialist licences and also that consideration of any existing applications for either of these licence types would be suspended.

The Commission has considered whether it should only apply this approach to new applications. On the one hand, the Commission recognises the importance of dealing fairly with those who have acted in good faith in submitting applications. However, it is also concerned that, were it to exclude existing applicants from the interim approach, they may be given an unfair advantage as compared to those who had not yet applied. In addition, in particular in relation to self-supply where the Commission has in its open letter identified potential issues around the impact of self-supply on Scottish Water and on consumers, it could render resolution of those issues more complicated were it to proceed with the processing of existing applications.

The Commission has also considered whether the interim approach should apply to all applications, irrespective of type, or whether it should be confined to particular types. In light of the particular issues identified in the open letter (notably in relation to self-supply), the Commission considers that it would be inappropriate to apply the interim approach to applications for generalist licences. Therefore, it proposes that applications for generalist licences (both existing and new) would continue to be processed as normal during the interim period.

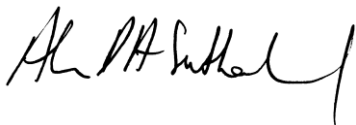
Finally, the Commission recognises that existing applicants may wish to consider, in light of the review, whether to maintain or to withdraw their applications. The Commission can confirm meantime that it would not seek to apply any revised level of application fee (decided upon following the market review) to those applicants who choose to maintain

their applications during the interim period. The Commission would also be interested in receiving the views of existing applicants on this point and whether there are any matters they would wish the Commission to address in the event that applications were to be withdrawn.

### **Next steps**

You are invited to submit your responses to this consultation no later than 15 June 2018. These should be addressed to [competitionteam@watercommission.co.uk](mailto:competitionteam@watercommission.co.uk).

Your sincerely,



**Alan D A Sutherland**

Chief Executive