

Press release, 30th March 2008
Business water market goes live

FROM next Tuesday (April 1st) Scottish businesses will be able to choose their water supplier for the first time. The newly created Central Market Agency (CMA) will be responsible from that date for administering the £350 million market.

The CMA is a not-for-profit organisation jointly owned and funded by Scottish Water and suppliers. It will record when a business customer switches supplier and will also calculate the wholesale charges that are due to be paid to Scottish Water.

Jeremy Atkinson, CMA Chief Executive said: "The introduction of competition is a significant development in the provision of water to the Scottish business community, which should ultimately benefit the Scottish economy. We at the CMA are committed to administering the system that handles customer switching in the most cost effective and efficient manner."

The retail market for water and sewerage services in Scotland goes live on April 1. From then on, business customers in Scotland will be able to choose their supplier - the company that reads their meter, sends them a bill, and answers queries about their service.

The new market is governed by a set of rules contained in an industry code. The Stirling-based CMA will monitor the performance of all market participants to ensure that they meet the standards set out in the industry code. The CMA has a technical panel that is responsible for managing change to the market rules. All market participants are represented on the technical panel.

Companies that intend to provide water and sewerage services will work with the CMA to ensure that they have the technical systems in place to operate in the market.

To date three suppliers – Scottish Water Business Stream, Satec, and Aquavitae – have been granted licences to provide water and sewerage services to Scottish businesses. It is expected that more providers will enter the market as a result of the Scottish retail market opening up.

Notes to editors

The Central Market Agency Limited (CMA) has been established as part of a framework developed under the Water Services etc. (Scotland) Act 2005 ('the 2005 Act').

The CMA is a company limited by guarantee and owned by its members. Scottish Water is the founding member of the CMA; any retailers that enter the market also become members. Brian Saunders is the chairman of the CMA.

Under the 2005 Act, 'licensed providers' (often referred to as 'suppliers') will be able to offer water and wastewater retail services to non-domestic customers in Scotland. There will be a market for water and wastewater retail services similar to those seen in the UK gas and electricity industries. Scottish Water will continue to be responsible for the physical delivery of water to customers' premises and for the

removal of wastewater from their premises. However, licensed providers will compete to read meters, produce bills and collect monies, and provide a contact point for non-domestic customers. They will pay Scottish Water a wholesale charge on behalf of their customers.

The Water Industry Commission for Scotland (the 'Commission') is responsible for granting licences to new entrants in accordance with the 2005 Act. Licences have been granted to Business Stream (BS) (the retail subsidiary created by Scottish Water), Satec, and Aquavita. Business Stream and Satec have become members of the CMA, Aquavita are in the process of becoming members.

The CMA is the organisation that has responsibility for administering the new market – the duties of the CMA in this regard are set out in the 'Market Code' and the 'Code Subsidiary Documents' (CSDs) published on the CMA website. These documents also set out the duties of Scottish Water and licensed providers in relation to the new market.

The CMA will keep a register of the customers served by each licensed provider and it will record whenever a customer switches licensed provider. The CMA will calculate the monies owed by each licensed provider, on behalf of their customers, to Scottish Water. It will provide this information to Scottish Water to allow Scottish Water to invoice the licensed providers.

On the 26 September 2007 the CMA became an independent entity capable trading. Responsibility for the development of the Market Code was handed to market participants, to be exercised through the CMA's Technical Panel.

Further information is available at: www.cmascotland.com

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