

# **ENTERPRISE AND REGULATORY REFORM ACT 2013**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 5: Reduction of Legislative Burdens**

##### **Agricultural Wages Board**

##### *Section 73, Schedule 21: Unnecessary regulation: miscellaneous*

#### **Part 2, Schedule 21: Water undertakers: in-area ban**

507. The removal of the in-area trading ban, included in standard licence conditions by virtue of section 2(3)(d)(iii) of the Water Industry Act 1991, will remove barriers to retail competition in the water sector. The removal of this provision was recommended in Ofwat's review of the water supply licensing regime, which allows large users of water to change their water supplier.
508. The in-area trading ban prevents associate suppliers of water undertakers from trading in the area of their parent water company and therefore prevents them from competing for national multi-site contracts. This puts them at a competitive disadvantage with other water suppliers who have no restrictions on where they can supply water.
509. The repeal of section 2(3)(d)(iii) of the Water Industry Act 1991 will remove the requirement on the Secretary of State or Ofwat to impose a condition in the licence of a licensed water company associated with a water undertaker to prevent the licensed water company from trading in the area of that undertaker. This provision is implemented by a statutory licence condition determined by the Secretary of State under section 17H of the Water Industry Act 1991 and imposed on all companies. Once the requirement has been removed, Ofwat will need to follow the statutory mechanisms for amending licence conditions in sections 17I to 17R of the Water Industry Act 1991.
510. As a result, licensed water companies that are associated with undertakers will be able to compete for multi-site water supply contracts, once Ofwat amends the standard licence conditions.