EXPLANATORY MEMORANDUM TO

THE ENTERPRISE ACT 2002 (WATER SERVICES REGULATION AUTHORITY) ORDER 2006

2006 No. 522

1. This explanatory memorandum has been prepared by the Department for Environment, Food and Rural Affairs and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 The Water Services Regulation Authority ("the Authority") will replace the Director General for Water Services ("the Director General") with effect from 1st April 2006. This Order transfers the Director General's designations as an investigator under the super-complaint provisions of the Enterprise Act 2002 and as an enforcer of certain consumer legislation under Part 8 of that Act to the Authority.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Background

4.1 The Director General is one of several bodies that has been designated a specified regulator in the Enterprise Act 2002 (Super-complaints to Regulators) Order 2003 (S.I. 2003/1368) and as a designated enforcer under the Enterprise Act 2002 (Part 8 Designated Enforcers: Criteria for Designation, Designation of Public Bodies as Designated Enforcers and Transitional Provisions) Order 2003 (S.I 2003/1399). Part 2 of the Water Act 2003 amends the Water Industry Act 1991 to abolish the Director General and replace him with the Authority. The change is due to come fully into effect on 1st April and this Order is consequential upon that change.

5. Extent

5.1 This instrument extends to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 The Director General was designated as a specified regulator required to investigate super-complaints about the market regulated by the Water Industry Act 1991. He is also a designated enforcer under Part 8 of the Enterprise Act 2002 for the

purposes of certain consumer legislation. Under section 36 of the Water Act 2003, the Authority will inherit the functions currently exercised by the Director General.

7.2 The Government carried out a public consultation on new regulatory arrangements for the water industry in *Water Bill – Consultation on Draft Legislation* (Cm 4908, November 2000) which looked at introducing a statutory board to advise the Director General on the carrying out of his functions. However, in response to a number of representations, the Government decided to replace the Director General with a statutory authority in line with other regulatory bodies in the energy, telecom and postal sectors.

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8. Impact

8.1 No regulatory impact assessment has been prepared in respect of this instrument as it has no impact on the costs of business. A regulatory impact assessment in respect of the Water Act 2003 was prepared and placed in the library of each House of Parliament during the passage of the Water Bill. This included an assessment of the provisions in Part 2 of that Act in relation to the setting up of the Authority.

9. Contact

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