

You can have competition in water

There is competition in water provision for businesses in our system. The householder cannot switch suppliers so most of us have to get our water from a regulated monopoly. These companies are now under the spotlight as there is an overall shortage of stored water for a dry spell so far this year. There are also too many sewage discharges into our rivers.

The nation should also be alarmed that we are constrained from doing things that need access to more water. Farmers are discouraged from irrigating more food crops, and are prevented from extracting sufficient water from rivers when flows are low for obvious reasons. The water companies have not done enough to help them find access to safe water in dry periods. Some industrial activities also need plenty of water, and the generation of power from water needs ample supply.

The competition allowed in business water provision allows choice of retailer who provides the customer interface, sends the bill and deals with issues. The retailer, however, usually has to buy the water and the waste water services from the local monopolist, so the impact of choice is limited.

The simplest model to bring more effective water competition to the many is to allow any water company to supply to any consumer using the existing pipe network as a common carrier. This will reduce the amount of regulated monopoly considerably and will allow new entrants to invest in new storage or borehole water they can provide in addition to current amounts. The pipe network will need rules on quality of water put in and on access rights to pipes given their capacities. The existing rules on water quality should suffice and are already being enforced. Where a monopoly pipe is already being used by the monopolist at full capacity then there will need to be a new pipe anyway and that might then be put in by a competitor if the monopolist refuses to make more pipe capacity available. Over time we might see new capacity to the pipe system added by new owners, or arranged by the current pipe monopolists accepting a regulated return on its use.