



# Legal Watch

## PCC MARKET STUDY EXAMINES COMPETITION, CONSUMER CHOICE IN RESIDENTIAL WATER DISTRIBUTION MARKET



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gameecon.com

### SUMMARY

The Philippine Competition Commission (PCC) conducted a market study on competition and consumer choice in residential water distribution market.

The PCC found that water distribution is a natural monopoly due to the significant infrastructure investment required, location-specific water sources and distribution systems, and economies of scale, making it impractical for multiple providers to operate in the same area. This is evident from a water usage survey where 73.6% of 834 respondents noted the absence of other Water Service Providers (WSP) in their area.

But even when there are multiple WSPs in an area, residents may face challenges in changing their water services due to constraints imposed by residential managers and the structure of existing agreements. Switching may involve substantial costs, such as connection fees, pipeline modifications, and the time and effort required to coordinate these changes. These monetary and non-monetary costs can discourage residents from changing providers.

The study also found that while competitive selection processes can promote competition in choosing a district's primary WSP, household-level competition remains limited because developers and residential managers determine residents' options during the pre-construction stage.

To address these concerns, the study recommends improving consumer choice through greater transparency and access to information. It proposes a centralized, regularly updated online platform, such as the Listahang Tubig project, containing information on WSPs, including pricing, service quality, and customer reviews. This would require coordination between regulatory agencies, such as the Local Water Utilities Administration and National Water Resources Board, to ensure accurate and up-to-date information.

#### \* Agency Name

Philippine Competition Commission (PCC)

#### \* Issuance Title

PCC market study examines competition, consumer choice in residential water distribution market

#### \* Issuance Date

18 June 2026

#### \* Link

<https://www.phcc.gov.ph/resources-details/pcc-market-study-examines-competition-consumer-choice-in-residential-water-distribution-market>





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Additionally, the study advocates for the enforcement of regulations that prohibit or limit the period of exclusivity clauses at the household level, ensuring that individual households retain the right to switch providers. Residents should be clearly informed of any fees associated with switching WSPs, including switching or installation fees imposed by developers or property managers. WSPs and developers should also clearly communicate the available options, as well as the process and costs of switching providers, to enable consumers to make informed decisions and facilitate a smoother transition in case they decide to switch WSPs.

### ACTIONABLE ADVICE

Developers, property managers, and water service providers should monitor any regulatory or policy initiatives arising from the PCC's market study. They should also assess existing contractual arrangements and consumer disclosure practices, particularly those relating to exclusivity, switching rights, and transparency, to ensure readiness for any future measures promoting greater competition and consumer choice in residential water distribution.

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