



## information bulletin

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### **RELEASE OF AQUARIUS 3 FINANCIAL MODEL**

Ofwat has today released its new financial model, Aquarius 3. Last year we commissioned Cap Gemini Ernst & Young (CGEY) to work with us in creating Aquarius 3 which will be used in the price setting process for the next review and beyond.

Aquarius 3 will initially reflect the methodology adopted for the 1999 price review. We will release an updated version in May 2003 following the conclusion of the current consultation on the methodology for the 2004 price review.

The Aquarius 3 financial model has been developed with us by CGEY. Under the terms of our contract with CGEY, one copy of the model is available free of charge to the water companies, DEFRA, the Welsh Assembly Government and WaterVoice. It is available for purchase from CGEY.

Ofwat has prepared a rule book to accompany the Aquarius 3 software. This is available free of charge from the Ofwat library or website.

Ofwat will be holding workshops in December for the water companies to show them how to use Aquarius 3.

### **Notes:**

1. The Aquarius 3 financial model is populated with a dummy dataset. This dataset has been compiled for a hypothetical water and sewerage company. It is provided to allow users to follow the arithmetic of the model more easily than reading the Excel equations.
2. The rule book is available on the Ofwat website or from Ofwat's library on 0121 625 1373.
3. Philip Fletcher, the Director General of Water Services (the Director), is the economic regulator of the water and sewerage services in England and Wales. His primary duty is to ensure that the functions of the companies are carried out and that they are able to finance them. The Director has a duty to customers and a duty to facilitate competition. Customers' interests are represented by WaterVoice. WaterVoice operates through nine committees in England and a committee for Wales, established and maintained by the Director. The ten WaterVoice committee Chairmen form the WaterVoice Council, which deals with issues at national and European level.

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