

From: Arnell, David (DJN) [arnelld@bv.com]
Sent: 08 February 2008 15:36
To: Audrey Mason
Cc: Irene Millward; Mills, John (JB); Prisk, Mike J.; Wild, John (J)
Subject: Consultation on the draft PR09 reporting requirements

Audrey,

We do not have many comments on the draft RR. The major issues, such as the applicability of Cost Benefit Analysis to some aspects of the plan, or the difficulty of assigning benefits has already been aired at your workshops.

The comments that follow therefore are largely from the perspective of the Reporter and are rather a random mixture of the general and the specific. They incorporate any comments from John wild as well as myself.

- General guidance (page 11): company specific guidance is not issued until 18th July whereas the draft audit plan required on 8th May and revised audit plan on 20th June (page 8) when presumably a ceiling is fixed. How do we take account of the company specific requirements?
- General guidance (page 8): the indicative percentage of audit time to be allocated is possibly only relevant to a WASC and perhaps this ought to be stated (e.g. 20% on quality programme is not likely to be appropriate for a typical WOC)
- For Section B5 the reporting requirements for the Reporter are very extensive, given that the reporter is having to write both a main and summary report for the Water Resource Plan. Have the two sets of reporting requirements been critically reviewed for consistency?
- In Section C5 there appears to be an inconsistency for materiality between the various categories of spend (sometimes £500k and sometimes £250k). Is this intentional?
- Also in Section C5 (top of page 7) you note that the costs allocated to each cost driver is that which is incremental over that required by all other "higher ranked" cost drivers at the same site. First this is very difficult to do without a lot of work and second is there a list of ranking cost drivers. I do not recollect seeing any. For example is quality a higher ranking driver than supply demand?
- In Section C5 my impression is that you are asking many questions that have been covered in the relevant B sections. While we can sort things only to answer a point once you might like to consider in which section things should be considered.
- The time period for NPV analysis seems to be inconsistent: in C8 it is reported as 40 years and in at least one other place (which I have lost!) I believe that it has been quoted as 60 years. This was hidden in detailed requirements. Also in C8 you talk about both the planning horizon and time horizon (pg 2). I assume that they are the same thing. Also on page 2, 2nd paragraph from the bottom you say "where it is possible....." I assume that this should be "where this is not possible"
- On page 4 of C8 (paragraph 3) you talk about "net additional GHG in 2007-8". Do you

mean 2014-15? It is not clear to me from my reading quite what you want here.

- Under the Reporter guidance on C9 you don't seem to have finished your requirements in the second section on financial and economic assumptions.

Finally a very specific point to me! As we are already working with the company I have worked up an audit plan for them based on these RR on the basis that the requirements for reporters are unlikely to change significantly. I will be very helpful to me if a set of the final RR could be made available (possibly on request) which clearly shows the changes made to this set.

I hope that this is helpful.

Regards

David

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