



THREE VALLEYS WATER

Dylan Spedding  
Corporate Affairs Division  
Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham  
B5 4UA

8 February 2008

Dear Dylan,

**Ofwat forward programme 2008-09 to 2010-11: Draft for consultation**

Ofwat appears to have set itself a very ambitious programme for the year 2008-09, which is a key year for the PR09 process. It would be helpful if Ofwat could provide a more specific timeframe for delivery of its proposed outputs.

We urge Ofwat to focus its attention in the first half of the year 2008 on the proposed outputs that have a direct effect on PR09, e.g. leakage targets, efficiency targets and OPA, completing development on open source and producing an updated financial model. It would also be helpful if other outputs, such as a review of the approach to renewable energy and providing greater clarity on Ofwat's approach to climate change could be communicated to companies before end June 2008.

Ofwat proposes to release a number of consultations to companies and other stakeholders for comment in 2008. We value the consultation process and would not like to see the process rushed or shortcut. We urge Ofwat to allow companies sufficient time to respond to these consultations.

As detailed in our consultation response to Setting price limits for 2010-15: framework and approach, we are concerned that the proposed joint stakeholder research may lead to confusion and contradiction in price-setting and not add value to the process. We urge Ofwat to analyse and consult on any differences between the research outputs with companies.

Accounting separation is a substantial piece of work that needs to be undertaken in a controlled and measured way, with each stage being assessed before proceeding to the next. We urge Ofwat to work with companies in this work.

We hope that you find our comments useful and take account of them in setting out Ofwat's work plan.

Yours sincerely

PP Richard Bienfait  
**Finance Director**

THREE VALLEYS WATER PLC

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