

22 January 2013

Keith Mason
Senior Director of Finance and Networks
Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

Dear Keith,

Section 13 proposal to modify licences

I am writing in response to the section 13 proposal to modify the licences of water companies that was published on 21 December 2012. Our Board has again accepted the proposal to modify Sections B and C of the Company's licence.

We welcome the changes that have taken place since the previous consultation. However, you are already aware of our views relating to metering, and in particular the potential allocation of meters installed post April 2015. Whilst we acknowledge that activities such as meter reading may be contestable, we believe the situation where future meter ownership could be allocated to retail will be confusing and inefficient. We believe meters are inherently part of the network infrastructure and should remain part of the wholesale business given the likely method by which wholesalers will charge individual retailers and the expectation that customers may switch retailers over time. An interim position, as could result from the provisions available in the licence, where there is a mix of retail and wholesale owned meters can only be confusing to customers and be inefficient.

If you would like to discuss any of the above then please do not hesitate to contact me.

Yours sincerely,



Adrian Page
Director