

Roger Darlington, Chair of Customer Challenge Group for South East Water

Response received by email

The Customer Challenge Group of South East Water notes that, as part of Ofwat's proposed work on the "2014 Price Review", it is stated: "After we have reviewed and challenged each company's business plan, we will announce whether we have rated their plan as 'enhanced', 'standard' or 'resubmission'."

In our view, when Ofwat announces whether it has rated each plan as 'enhanced', 'standard' or 'resubmission', it should make clear and transparent its reasoning for such a rating with some reference to the relevant Customer Challenge Group report. It will be important that each Customer Challenge Group, each company and relevant stakeholders are all able to appreciate how Ofwat has reached its decisions and how material and useful Ofwat found each Customer Challenge Group report on its company business plan.

In the section on Ofwat's proposed work on the "2014 Price Review": it is further stated: "We will review lessons learned from the 2014 price review." We would like to be assured that this review of lessons learned will specifically look at the role and efficacy of the Customer Challenge Group model.

The Customer Challenge Group model used in Price Review 14 was new. We commend Ofwat for proposing this approach and the water companies for embracing it. The regulator and especially the companies have committed significant resources to making the approach work and we believe that it has been a success that is likely to be continued in some form into future price reviews and that it will be of interest to regulators and companies in other sectors.

But there are learnings to be drawn from the experience of the last couple of years and we would like to see these captured and recorded while current CCG members are still around. Therefore we believe that, once business plan ratings have been published, Ofwat should commission and then publish an independent review of the experience and efficacy of the Customer Challenge Group model in its different formats with a view to informing subsequent Price Reviews in the sector and stimulating debate in other sectors.