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20 October 2014

Dear Richard

**New Appointments and Variations – a consultation on Ofwat’s policy relating to highway drainage**

Thank you for the opportunity to comment on your proposed policy on how highway drainage charges should be dealt with by new appointees.

South West Water supports your proposed policy as presented. We consider it is appropriate for new appointees to make a contribution to highway drainage costs where flows from public roads enter the existing appointee’s sewer network; similarly where flows do not enter the existing sewer network that they should pay a lower bulk discharge price depending on their contribution to reducing highway drainage into the wider network.

The policy as presented should:

- Protect existing customers as it will not pass the cost of highway drainage onto their bills
- Should incentivise any new appointees to promote solutions that reduce runoff and in turn reduce sewage volumes in the sewer networks
- Allow the recovery for any downstream costs associated with higher runoff volumes from highway drainage as the bulk discharge cost should as far as possible be cost reflective.

The proposed policy aligns to your primary duty to protect the interest of customers. It also however contributes to your sustainability and resilience duty as any actions to reduce flows in sewer networks is likely to have long-term benefits to customers from both a cost and performance perspective. It may be helpful in the final policy to reference how it aligns to your wider duties.

Finally, the policy also makes a positive contribution to delivering the Ofwat strategy – most notably looking at the whole sector and the relationships between all those involved. We strongly support the promotion of greater cross-sector working and a regulatory regime that removes

barriers from this happening.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Iain McGuffog', written in a cursive style.

Iain McGuffog  
Economic Regulation Manager