

Reliable services for customers –consultation on Ofwat’s role on resilience

Albion Water welcomes the opportunity to comment on Ofwat’s consultation on the role of resilience to deliver sustainable and reliable water services for customers.

Consultation questions

Extract from text: *‘We want to understand more fully how the way in which we further the resilience objective should develop so that it can be most effective – taking account of our mix of duties. We also want to understand how this should inform every aspect of our regulation. This is why we are consulting – in the spirit of our strategy, we are keen to gather views. We have some ideas of our own, but we want to hear yours too.’*

Q1 Is our basic understanding of resilience aligned with your own – are we addressing the right things in the right way?

Albion supports the focus Ofwat is levelling on resilience in the water industry, is supportive of its ambitions and inclusive approach and broadly supports its provisional understanding.

Extract from text: *‘We also welcome views on whether there are specific approaches we might usefully alert service providers to as part of our wider engagement with them. This might include how best to provide information to customers and wider society on resilience. Or the questions a service provider might ask itself in assessing the resilience of its services and systems, including any useful stress tests they may perform. We could consider setting out what the characteristics of a resilient service provider might be, drawing on the principles set out in chapter 4. We would welcome ideas on this issue.’*

Q2 Do you agree with our view of what Ofwat should deliver, including where we might step in, and what is for others to deliver?

Albion broadly supports Ofwat’s position (particularly the avoidance of a mandated resilience approach) but much greater clarity is required in relation to the interventions and triggers that could be introduced to protect customers. Any such developments must also adequately address proportionality and assess impact costs on small companies and NAVs.

Albion also believes that sustainability or resilience benefits delivered to regional incumbents through the establishment of demand management techniques or new supplies serving NAV areas should be quantified and shared between NAV, regional incumbent and customers. This approach would be facilitated by regional incumbents publishing (or sharing) local cost assessments for infrastructure schemes that could be shelved or significantly modified as a result of the NAV investment.

Extract from text: 'We would welcome views on this point [public measures of resilience], including how it might be done at all – and whose role that should be. In particular, we would welcome views on whether we should seek independent reports, which service providers would need to fund, from time to time on company-specific or cross-cutting sector resilience issues, and on what criteria we might use to trigger such reports.'

Q3 What views do you have on how the water and wastewater sector might measure its performance in delivering resilient services – and the best way for us to demonstrate that we are carrying out our role?

There is value in water companies reporting KPIs and against benchmarks to demonstrate performance. Care is always required in making comparisons between companies but individual company trends provide a more meaningful assessment tool. The introduction of independent assessment could create an unsustainable burden on small companies and NAVs and could lead to a chilling effect on innovation. The clearest illustration of resilience relates to incident management and it is in monitoring this performance that Ofwat can assure itself that customers are getting the right level of service – except in exceptional circumstances, this is unlikely to be facilitated by costly independent reports.