



Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham  
B5 4UA

Your ref

Our ref

Date

10 August 2015

Contact

Tel 01903 272383

Fax

Dear Sir

**Ofwat rulebook: further consultation on WRFIM issues**

Thank you for the opportunity to comment further on the WRFIM issues raised in response to the PR14 rulebook consultation. We welcome your decision to take some further time to consider this complex issue before reaching a conclusion.

As we made clear in our initial response to your proposals, in our view, the most appropriate solution to the risk identified would be to modify the licence, to allow the policy to be implemented as set out in the final determination. However, we recognised that, notwithstanding the fact that the policy intention has always been clear, the requirement to secure universal approval for a licence change might make this a difficult route.

Given this, we strongly support option two from the consultation - allowing companies to choose between a licence amendment (and the original WRFIM formula) or no change to the licence (and the use of a revised WRFIM formula). We believe this is the most pragmatic solution to the issue identified. We would be happy to work with Ofwat and other companies to develop the text of a licence modification that would allow the implementation of the policy as intended.

Please let me know if we can provide any assistance.

Yours sincerely

A handwritten signature in black ink that reads "S. E. Oates".

Simon Oates  
Director of Strategy