



South Staffs Water

Green Lane, Walsall WS2 7PD
www.south-staffs-water.co.uk

Mergers,
Ofwat,
Centre City Tower,
7 Hill Street,
Birmingham,
B5 4UA

10 July 2015

Dear Sir,

South Staffs Water is pleased to submit our response to the consultation on Ofwat's approach to future mergers and statement of method.


We are broadly in support of the proposals within the consultation.

As you will know we have first-hand experience in going through this process when South Staffordshire Water and Cambridge Water merged and were referred to the Competition and Markets Authority.

From our experience, there is a concern that the timescale has been compressed and that Phase I is trying to conduct a full blown CMA process in a very short period. The information to be provided and impact to be assessed appears to be very similar as for the Cambridge acquisition. We would therefore prefer to see more categorisation of mergers with the level of work required being proportional to the potential detriment; for example a WaSC merging with a WaSC should require significantly more work than a WoC merging with a WoC. This could also be applied to when parties are discussing undertakings in lieu.

We also think that there is a presumption in the consultation that a merger reduces Ofwat's ability to make comparisons. Whilst, all else equal, one less WoC or WaSC would do that, the new combined entity may well be a better, and hence more useful, comparator for the remainder than the two individual entities were.

Please do not hesitate to contact me if you have any questions on our response.

P. J. Saynor 

Yours faithfully,

Philip Saynor,
Director of Finance and Regulation
South Staffordshire Water PLC