



OFWAT BOARD

Meeting held on Monday 30 April 2007

Members in attendance

Chairman:

Philip Fletcher

Chief Executive:

Regina Finn

Non-Executive Directors:

Peter Bucks

Mike Brooker

Penny Boys

Jane May

Gill Owen

Executive Directors:

Apologies

Keith Mason

In attendance:

Roger Dunshea (Director of Operations)

Andrew Dunn (Director of Consumer Protection)

Fiona Pethick (Head of Corporate Affairs and Secretary to the Board)

Huw Brooker (Head of Legal Services)

Jonathan Hodgkin (Interim Director of Network Regulation)

Louise Craig (Minute Secretary)

Phillip Dixon (Head of Competition Policy) items 2, 3 and 4

Clair Daniel (Competition Case Manager) item 2

Elaine Baker (Senior Competition Analyst) item 2

James Gilchrist (Competition policy manager) items 3 and 4

James Higgins (Parliamentary Analyst) item 6

Sue Cox (Head of Service and Performance Team) item 7

Tracey Anderson (Head of Regulatory Accounts) item 7

Nicola Taylor (Acting Senior Performance analyst) item 7

Jill Marsal (Senior Legal Assistant) item 7

Helen Twelves (Head of Supply Demand Balance) item 8

Peter Jordan (Senior Revenues Analyst) item 8

1. Minutes and actions arising

The Board approved the minutes of the meeting on 6 April 2007. The minutes will be published on the Ofwat website.

2. Review of Market Competition – June Consultation

The Board discussed the structure and content of the consultation paper on the review of competition. The Board agreed the structure of the paper and discussed a number of policy options. The Board agreed to delegate final sign off of the consultation paper to a sub-committee comprising Philip Fletcher, Gill Owen, Penny Boys, Regina Finn and Keith Mason.

3. Approach to inset appointments

The Board received a presentation on Ofwat's approach to inset appointments. It asked for an explanation of the differences in approach Ofwat has when reviewing inset applications for large users compared to those for customers of insets serving housing estates to be included in the summer consultation paper on the review of market competition. It also suggested exploring options to make potential inset appointments public earlier and allowing several companies to bid for them. The Board endorsed Ofwat's general approach to inset appointments.

4. Inset appointment for Scottish and Southern Energy

The Board was presented with an application by Scottish and Southern Energy Water to be the water and sewerage undertaker to a new development of 935 houses at Old Sarum in Wessex Water's area. The Board agreed to in principle appoint Scottish and Southern Energy Water as the inset appointee for this development.

5. Key messages for the annual report

The Board was presented with the structure and publication timetable for our annual report. The report will be signed off by correspondence.

6. Memorandum of Understanding with the EA

The Board approved a memorandum of understanding between Ofwat and the Environment Agency.

7. Thames Water update

The Board was updated on progress into the investigation of irregularities in Thames Water's reporting for the June return 2005. The Board discussed the next steps on regulatory action.

8. Update on Tendring Hundred error

The Board heard about progress in dealing with the accounting error identified in Tendring Hundred Water's income accrual.

9. Chief Executive's report

Regina Finn presented the headline issues of her Chief Executive's report. The issues discussed included:

- the Competition Commission's expected decision on the merger between Mid Kent Water and South East Water;
- company performance issues;
- progress on the Thames Tideway and next steps; and
- governance issues at Thames and Anglian Water following change of ownership.

Louise Craig