

By email



22 August 2014

Dear Regulatory Director

PR14 - publication of draft determinations on 29 August and next steps

Further to my letters of 17 and 27 June I am writing to you to set out the arrangements for the publication of our draft determination on 29 August and next steps.

Publication of draft determination

Thank you for your continued cooperation and engagement through our query process. The next key PR14 milestone is the publication of draft determinations on Friday 29 August.

We will make a stock exchange announcement and publish the draft determinations at 7am on 29 August.

Transparency

As you know we remain committed to transparency in PR14. You may be aware that we agreed only one area of redaction before publishing the outcome of our risk based review.

You will be also aware that as part of our wholesale notice of 6 August 2014 'Protecting customers where there are very material differences between companies' re-submitted plans and Ofwat's wholesale cost assessment', three companies raised no concerns over those S11 / W11 cost exclusion claims being published. We do not therefore foresee any valid requests from others to redact that information.

You will know from the draft determinations that we have already published what information our draft determinations contain. In our view, full transparency with companies and our broader stakeholders significantly facilitates the performance of our functions, in particular as regards acting in the interests of consumers, and need

to balance any redaction requests against that. In order for us to accept redaction requests on commercial confidentiality grounds companies need to show: (i) a causal link between the publication of the information and consumer harm; (ii) what that harm is likely to be; and (iii) the scale of the harm. We will then balance these against the benefits to consumers that we consider arise from being fully transparent and decide whether to publish. If we do not have these elements we are not able to carry out this balancing exercise and our default position is that we will publish because of the benefits to consumers that brings.

Please respond to your Portfolio contact by 4 pm on **Tuesday 26 August 2014** if you have a request to make. Your request should state clearly (i), (ii) and (iii) above for each request.

Next steps after publication of draft determinations

You will have until 10.00am on 3 October to make representations on our draft determinations and these will be placed in the public domain along with the other representations that we receive. As I said in my letter of 17 June we will be offering you representation meetings following draft determination. We will provide further details after the 29 August.

I hope this information is helpful but in the meantime, if you have any queries about the arrangements for 28 and 29 August please contact either me or your portfolio lead or manager. As usual please can you ensure that other relevant people in your organisation are aware of this letter.

Yours sincerely



Giles Stevens
PR14 Portfolio Director