

Information notice

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2014 price review – timetable for representations on draft determinations

This information notice provides guidance to all interested parties – including customers and customer groups, quality regulators, companies, the investor community and others – on when they can make representations on our draft decisions ('draft determinations') as part of the 2014 price review.

The 2014 price review is our process for setting the price and service packages ('price controls') that each monopoly company must deliver over the five years between 2015 and 2020. Each company sent us its business plan in December 2013 and we will be making draft and final determinations on their price controls during 2014.

Background

In '[Setting price controls for 2015-20 – decisions on enhanced companies and next steps](#)', which we published on 4 April 2014, we said that we would publish draft determinations on:

- 30 April 2014 for the two companies with the highest-quality ('enhanced') plans, Affinity

Water and South West Water;

- 25 June for those non-enhanced companies that want a draft determination in June; and
- 29 August 2014 for all other non-enhanced companies.

We plan to publish our final determinations for all companies on 12 December 2014.

Throughout the price review we have adopted a transparent and open process. In '[IN 13/22: 2014 price review communications – transparency and information sharing](#)', which we published in November 2013, we set out our approach to transparency. We have also reinforced our strong preference for complete transparency both with companies and our broader stakeholders in our communications with them. We consider that transparency both helps to protect customers' interests and is consistent with our better regulation duties.

As part of our transparent approach we have already consulted extensively on our methodology for the price review as well as our initial assessment of

companies' business plans (our 'risk-based review').

Customers and other stakeholders, including environmental and other regulators, have been closely involved in the price review process through:

- the independent groups of customer representatives, other regulators and environmental groups that we asked each company to set up ('customer challenge groups'); or
- direct discussion with the companies and us.

The investor community has also been able to keep up to date with our risk-based review and the price review process either through:

- direct discussion with the companies;
- attending one of our several investor information sessions; or
- speaking with us.

We strongly expect that this focus on transparency and engagement will continue as both we and the companies prepare for draft

This is a formal document that alerts our stakeholders to a change in the way that we regulate the water and sewerage sectors in England and Wales.

determinations. For example, we have indicated:

- that non-enhanced companies should submit a short-form report from their customer challenge group alongside any further information they submit to us ahead of us setting their draft determinations; and
- how 2015-20 price controls will reflect companies' actual performance during 2010-15. We set this out in '[Setting price controls for 2015-20 – further information on reconciling 2010-15 performance](#)', which we published in April 2014.

The draft determination process will provide a further opportunity for all stakeholders to comment on our proposals.

Draft determinations – timetable for representations

To help stakeholders to prepare to make comments on our draft determinations, we are setting out in advance the timetable for them to respond. This is because:

- some stakeholder groups may need to plan their meetings in advance; and

- their availability may be limited over the summer period.

We will be allowing five weeks for interested parties to make representations after we publish each of our draft determinations. The relevant closing dates for formal representations are as follows.

- 30 April draft determinations – **4 June**.
- 25 June draft determinations – **30 July**.
- 29 August draft determinations – **3 October**.

Summary of the timetable for making representations on our draft determinations



This proportionate approach balances allowing sufficient time for:

- stakeholders to comment on draft determinations; and
- us to consider these comments in making our final determinations and to make any necessary revisions. In particular, we need to ensure there is sufficient time to consider representations on the August draft determinations ahead of publishing final determinations on 12 December.

On 30 April we will also publish our consultation on introducing a revenue forecasting incentive mechanism into the price controls we set for all companies. We are publishing this at the same time as the first draft determinations to allow stakeholders to consider this specific technical area alongside the other issues set out in the draft determinations. We explained we would do this in '[Setting price controls for 2015-20 – final methodology and expectations for companies' business plans](#)' which we published in July 2013.

The consultation on the revenue forecasting incentive mechanism will close on 4 June.



Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We are responsible for making sure that the water sector in England and Wales provides consumers with a good quality and efficient service at a fair price.

More information

['Setting price controls for 2015-20 – decisions on enhanced companies and next steps'](#), April 2014

['Setting price controls for 2015-20 – further information on reconciling 2010-15 performance'](#), April 2014

['IN 13/22: 2014 price review communications – transparency and information sharing'](#), November 2013

['Setting price controls for 2015-20 – final methodology and expectations for companies' business plans'](#), July 2013

[2014 price review web pages](#)

Enquiries

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