



Cock, Burns & Burrows LLP
105 Bondgate,
Darlington,
DL3 7LB
4th January 2016

Dear Sir / Madam,

We represent a number of firms that provide waste processing and disposal services in the North of England, and therefore welcome the opportunity to respond to your consultation on the regulatory framework for wholesale markets and the 2019 price review. Given that we only have an indirect interest in these matters, in this letter we provide some brief, high-level, views focused only on your proposals in relation to sludge.

Your strategic level questions and our responses:

SQ1 Do you agree with our proposals for making a greater use of markets in relation to sludge and water resources?

Our response:

We welcome your proposals to support and enable the development of markets for human sludge, and believe that this will be of benefit to our clients in this area. In particular, our general experience is that the value of human sludge will most likely increase markedly over the next few years whilst simultaneously, due to some innovative new technology, it will soon become possible to transport it much more cheaply than is currently the case. Therefore, our view is that your proposals make perfect sense.

SQ2 Do you agree with our proposals in relation to the future form of regulation for the sector?

Our response:

Our clients would be concerned about water companies using income from other areas to underwrite the provision of other waste services. What reassurance can you give to the market that this will not be possible? These water companies really are extremely powerful and must be kept in check.

SQ3 Do you agree with our proposals in relation to customer engagement and outcomes?

We think that at present, customers most likely do not understand the true worth of human sludge. Therefore, there would be a benefit to customer engagement helping to address this, by "spreading the word". In addition, the scope of customer engagement could be widened to include customers that water companies could potentially include in relation to other waste services. Similarly, would it not be possible to understand customer views in relation to waste disposal services not provided by the water companies?

SQ4 Do you agree with our proposal to extend protection of the RCV to 2020?

We do not know what the RCV is, and therefore have no views. However, if this policy provides the water companies with an unfair advantage, it must surely be a bad thing.

Yours sincerely,

Christopher S. Burns, partner