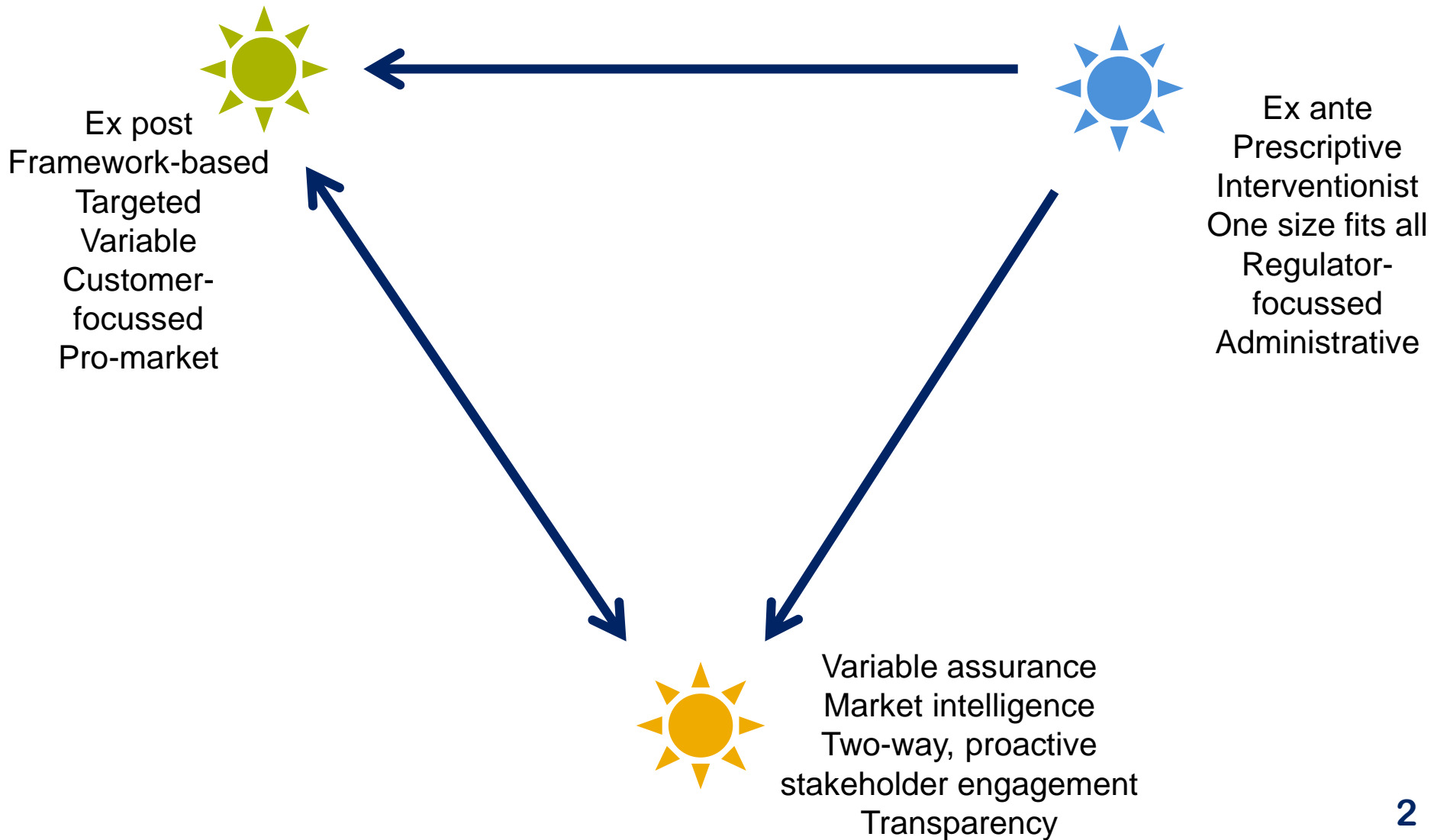


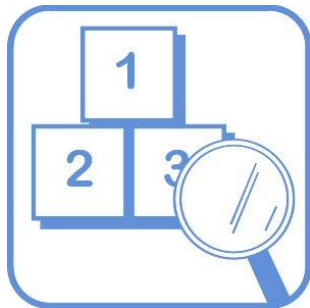


Introduction to Water 2020  
2 June 2015

Cathryn Ross

# What sort of regulator do we want to be?





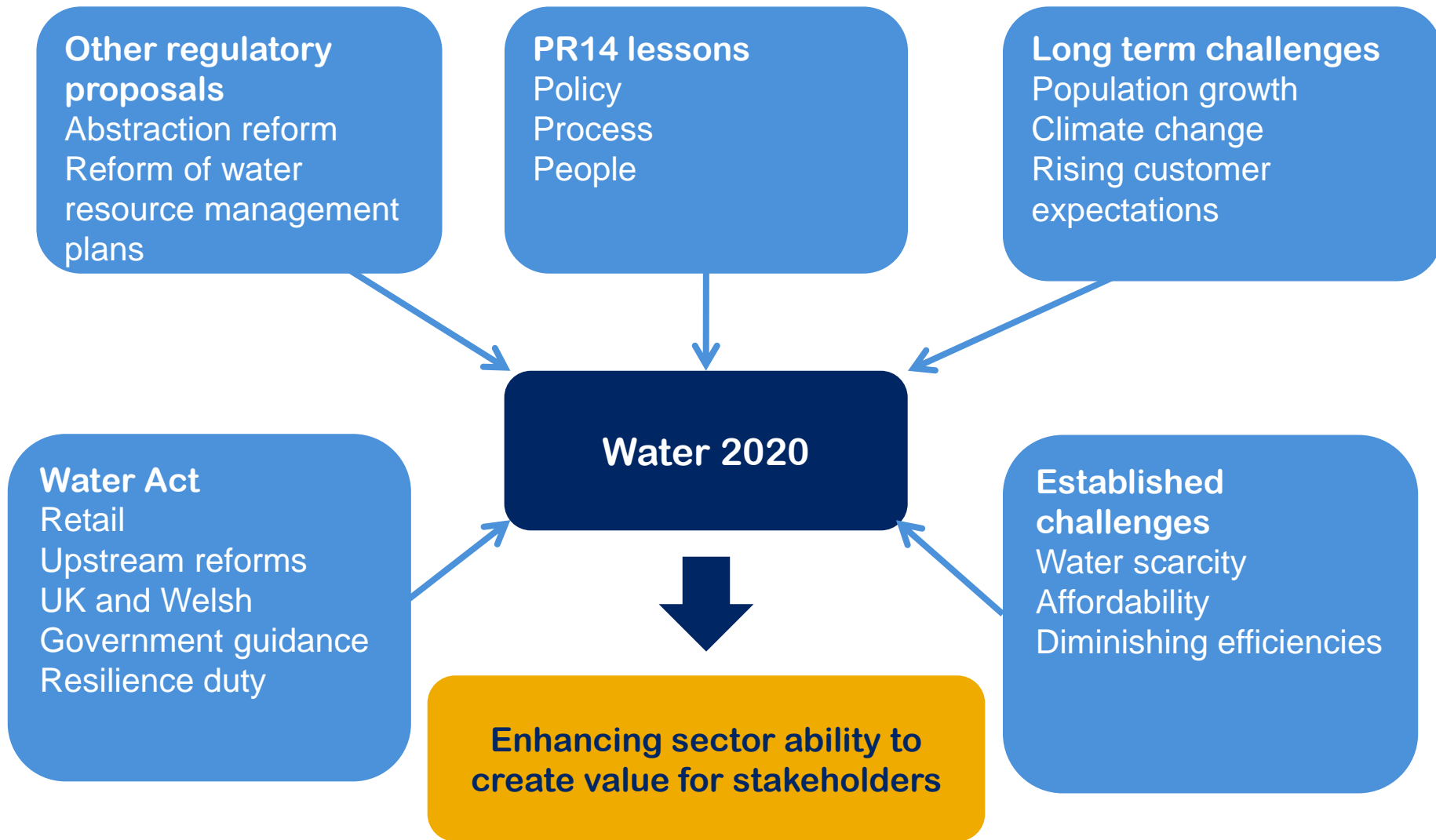
The Water2020 programme is about challenging ourselves to identify where (and how) we might change our approach to regulating water and sewerage services, to deliver:

- trust and confidence;
- UK and Welsh Government's legislative commitments; and
- Ofwat as a trusted and respected regulator, challenging ourselves and others

From a practical perspective this means:

- developing and implementing the upstream market in England;
- developing and delivering the an efficient and effective methodology for the 2019 price review;
- supporting the development of retail competition for non-households; and
- understanding the resilience duty.

# There are strong drivers for change



## Creating value

“More for less”

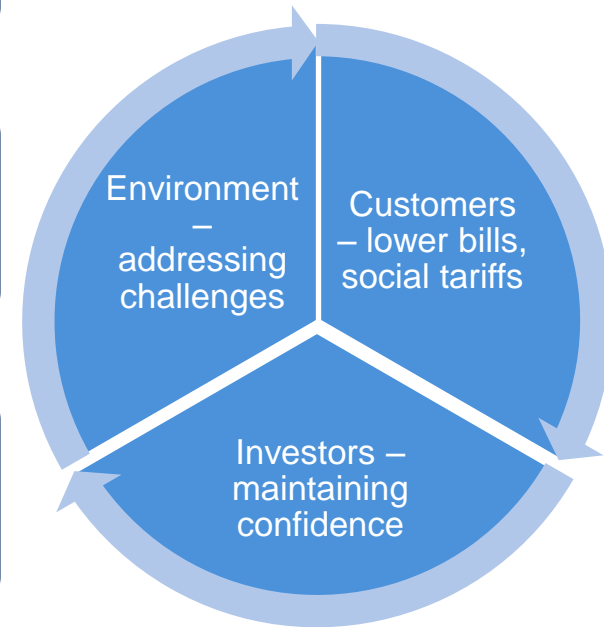
Outcomes and customer engagement

Well functioning markets

Effective monopoly regulation

Risk and reward package

## Allocating value



## What do we want to achieve now?

Sector behaves and operates in a more competitive market (creating financial and physical value)

How?

- Improved incentives to manage business over longer term (less emphasis on Price Reviews) with on-going, dynamic and responsive relationship with customers
- Companies look beyond their own supply boundary (eg for raw water)
- Support for the development of markets defined under the Water Act 2014 (eg non-household retail)
- Strong incentives for monopolies to act in customer interest (e.g. concept of enhanced companies)
- Active investors joining the sector

Future of customer engagement?

Development of 2017 retail market?

Role of the RCV beyond 2020?

Setting efficient price signals?

Information and incentives in wholesale services?

Use of whole regulatory toolkit at PR19?

# Next steps and engagement

