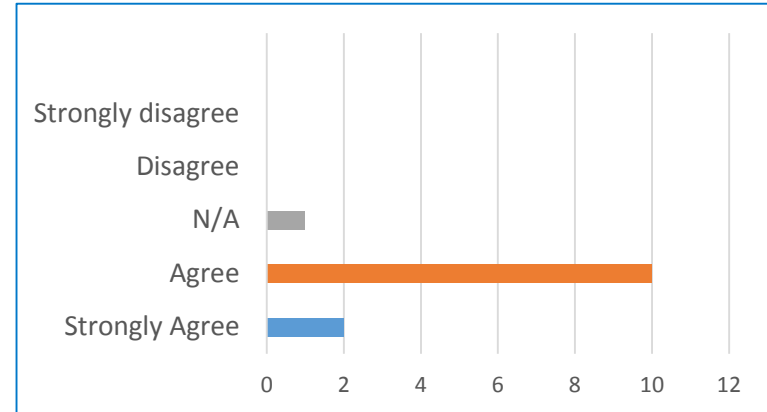


Sludge Market Information Platform: Design and Governance Options

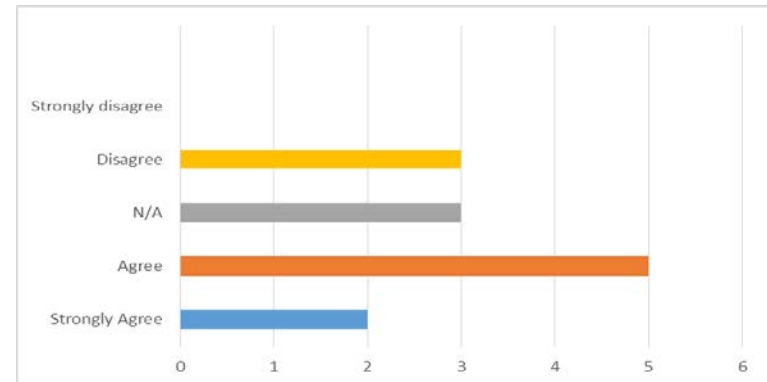
Loretta Boman

April 2016

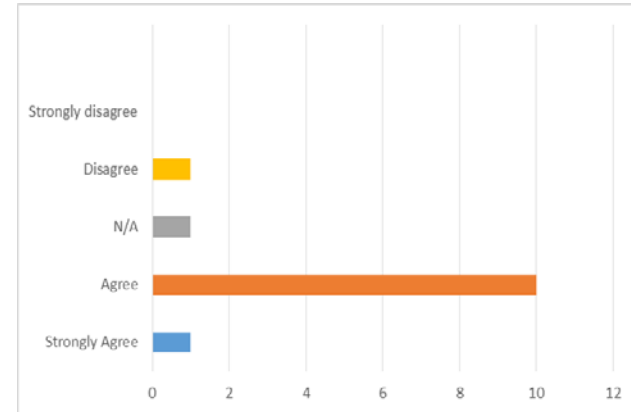
Q2 (a). Do you agree with our proposals to make a range of cost, price, capacity and location information available to facilitate the identification of trades?



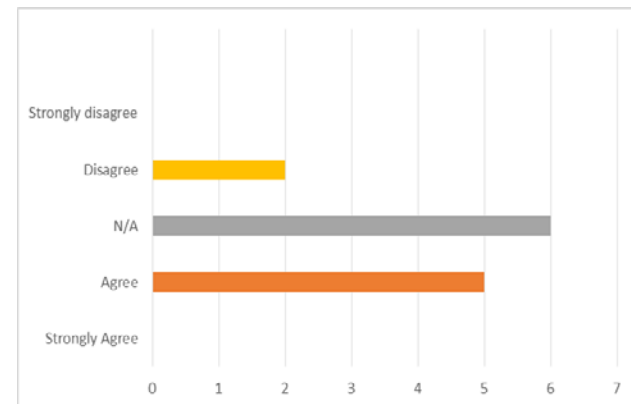
Q2(b). Do you agree that data should be published at a STC and STW level?



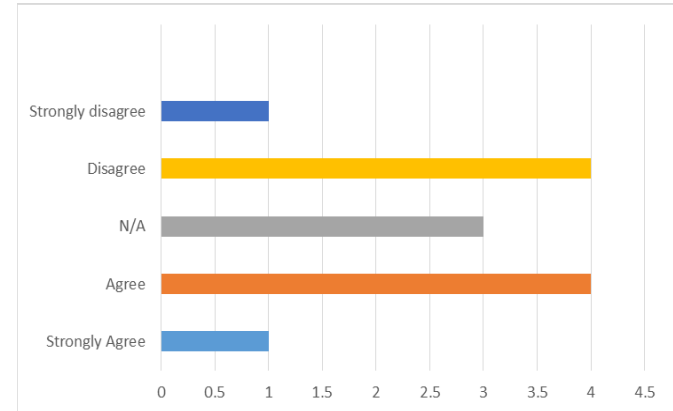
Q2 (c). Do you agree that the data should be published annually?



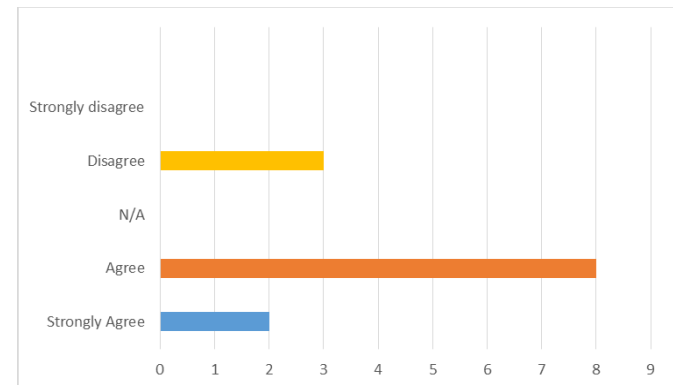
Q2(d). Do you agree with the categories of data that we are proposing are necessary and appropriate as illustrated in the tables? Are any missing



Q3. Do you agree that the information should also contain details of “bids” in from third party providers, and that that there should be guidelines for ensuring that such bids are assessed on a level playing field basis?



Q4. Do you agree that the data should be made available centrally through some form of information platform? Do you have any views on how this should be managed?



Data Definition and Assurance

- Should a “standard product” be defined and assured?

Investment

- Is the proposed information focussed only on sludge trading and opex?
- Should there be information on future capacity requirements and proposed investment?

Liquor Management

- Cost of liquor management – can this effectively be priced using the Mogden formula?

Bid Guidelines

- Does Competition Act 1998 provide sufficient incentive so that bid guidelines are not necessary?

Company static web based report

- + Limited additional resource beyond STW
- + Low risk for confidentiality issues
- Status-quo option
- Little flexibility for independent analysis
- Barriers to compare across companies
- Ad hoc updating across companies

Company specific data standards

- + Facilitates transparency and independent analysis.
- Non standard format may not facilitate “gate price” comparisons and integration of data into a central platform
- Ad-hoc data updating across companies

Standardised / linked data

- + Analysis of opportunities between companies and regions
- + Standardised data systems allows for strong quality control over data and regular updating
- + Greater facilitation for third parties to data and market opportunities
- Requires agreement of data design / updating protocols

Issues for Discussion

- Do WaSCs have relevant information needed for market to be facilitated by making it available for third parties and independent analysis?
- Will consistency in definition, structure and format of datasets and making sludge treatment and transport “gate prices” transparent allow analysis across company and regional boundaries and reduce development time for parties looking to enter the sludge market?
- Is consistency of data a prerequisite for an integrated website / GIS solution?
- What is the best way to take data definitions and product standardisation forward?

Company website

- + Low upfront costs
- + low barrier to implementation
- Effectiveness will vary depending on company website design.
- Assurance of updating required

One-Stop-Shop signposting page (hosted by Ofwat)

- + Lower upfront design costs
- + Contextual information on policy / legal framework.
- Will require ownership and governance arrangements to be in place
- Lack of coherence for users looking across company boundaries and across STWs.

Sludge MIP GIS based website

- + Coherence for market participants looking across companies.
- + Agreed and defined data design and updating protocols and continuous improvement
- Higher design / maintenance costs
- Will require ownership and governance arrangements to be in place

Issues for Discussion

- Should access to, and comparability of information be guiding criteria for selecting the platform option?
- Is ownership of platform / data contingent on decisions about platform design?
- Which body would be appropriate to “host” a MIP website?

OPPORTUNITIES

Encouraged

- Does not rule out mandatory approach at a later date

Mandatory

- Consistency across companies
- Greater certainty over timescales
- Strong momentum for sludge market development
- Consistent with Water 2020 strategy
- Provides for more comprehensive engagement with the OOW sector
- Stronger focus on addressing environmental and energy market barriers to sludge market development
- Consistent with majority of consultation responses

RISKS

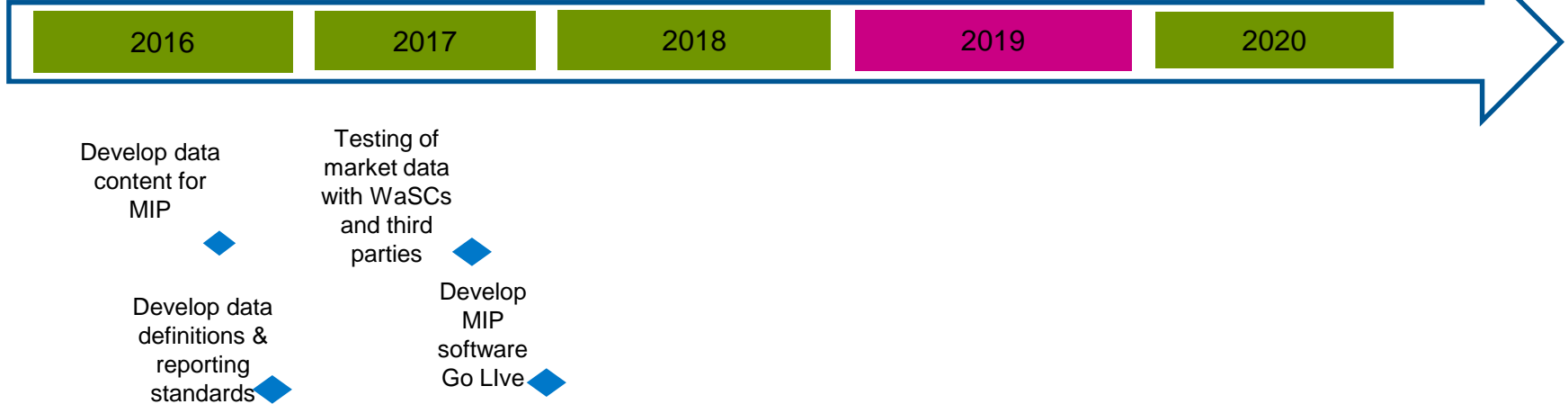
- Is not a priority and therefore lack of buy in and participation undermines success.
- Voluntary outputs don't meet Ofwat's aspirations.

- May require licence change for 10 companies.
- Places onus on Ofwat to define data requirements

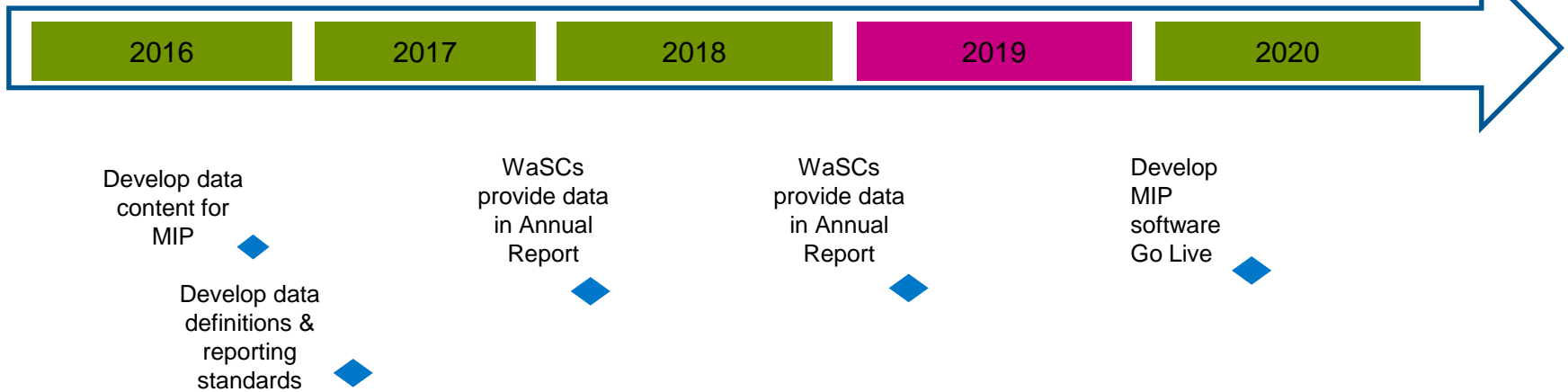
Timeline for development

Are there any constraints to development and implementation of MIP?

One Option



Another Option

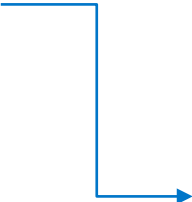


WaSC Views:
Costs of setting up & maintaining the MIP

Please estimate the additional cost to you of setting up your systems to provide assured data on your company website.

Please estimate the additional cost to you of setting up your systems to provide assured data to industry agreed standards to a database provider.

Please estimate the additional **on-going cost** to you of providing annual assured data to industry agreed standards to company website or an independent information platform provider.

- 
- Approximately same estimated set up costs for company website and third party options
 - Estimated set up costs reduce by around 35% if MIP relates to sewage treatment works over 2000 population, rather than all STWs
 - Metering is a significant cost driver but not across all WaSCs