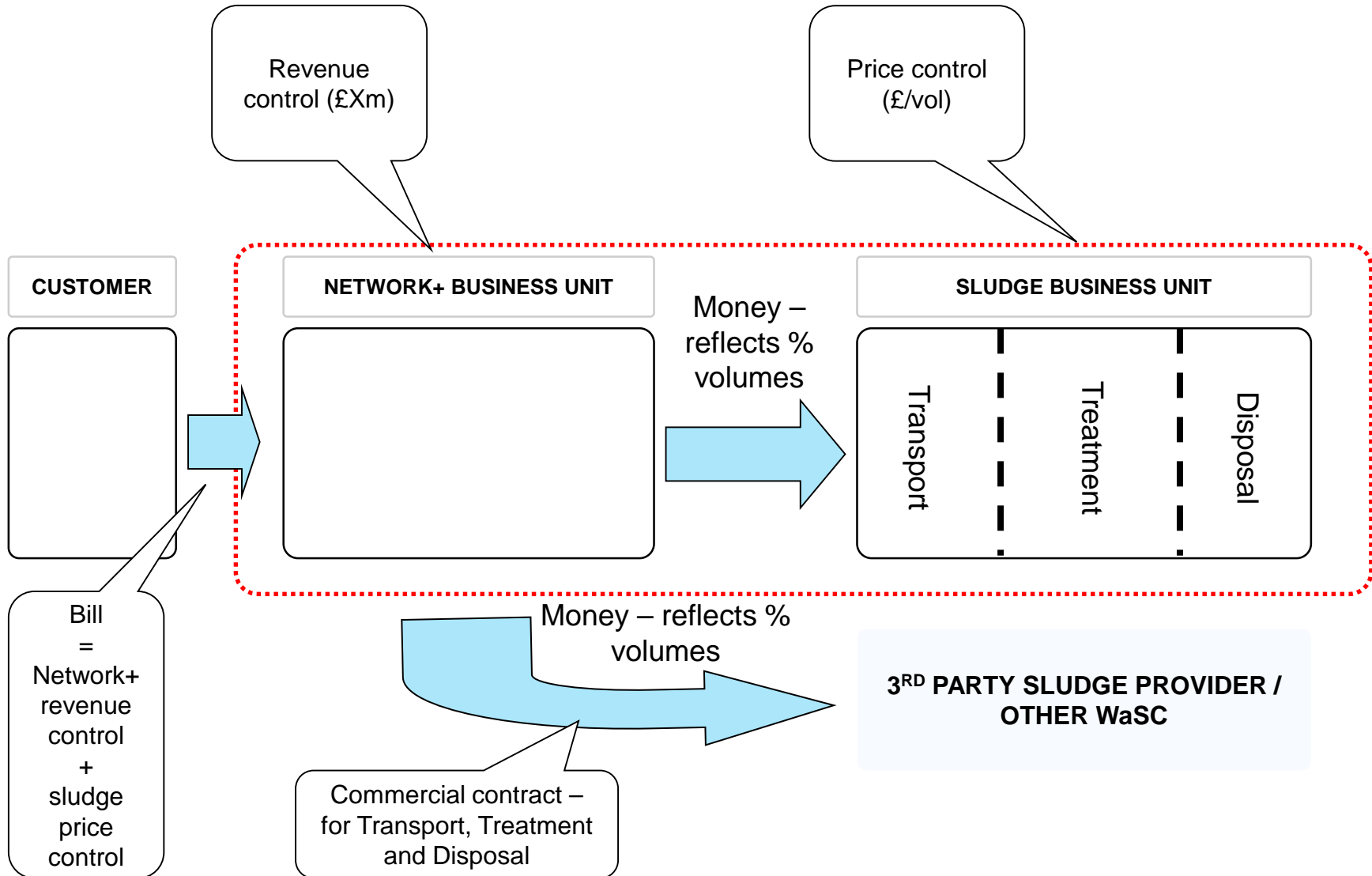
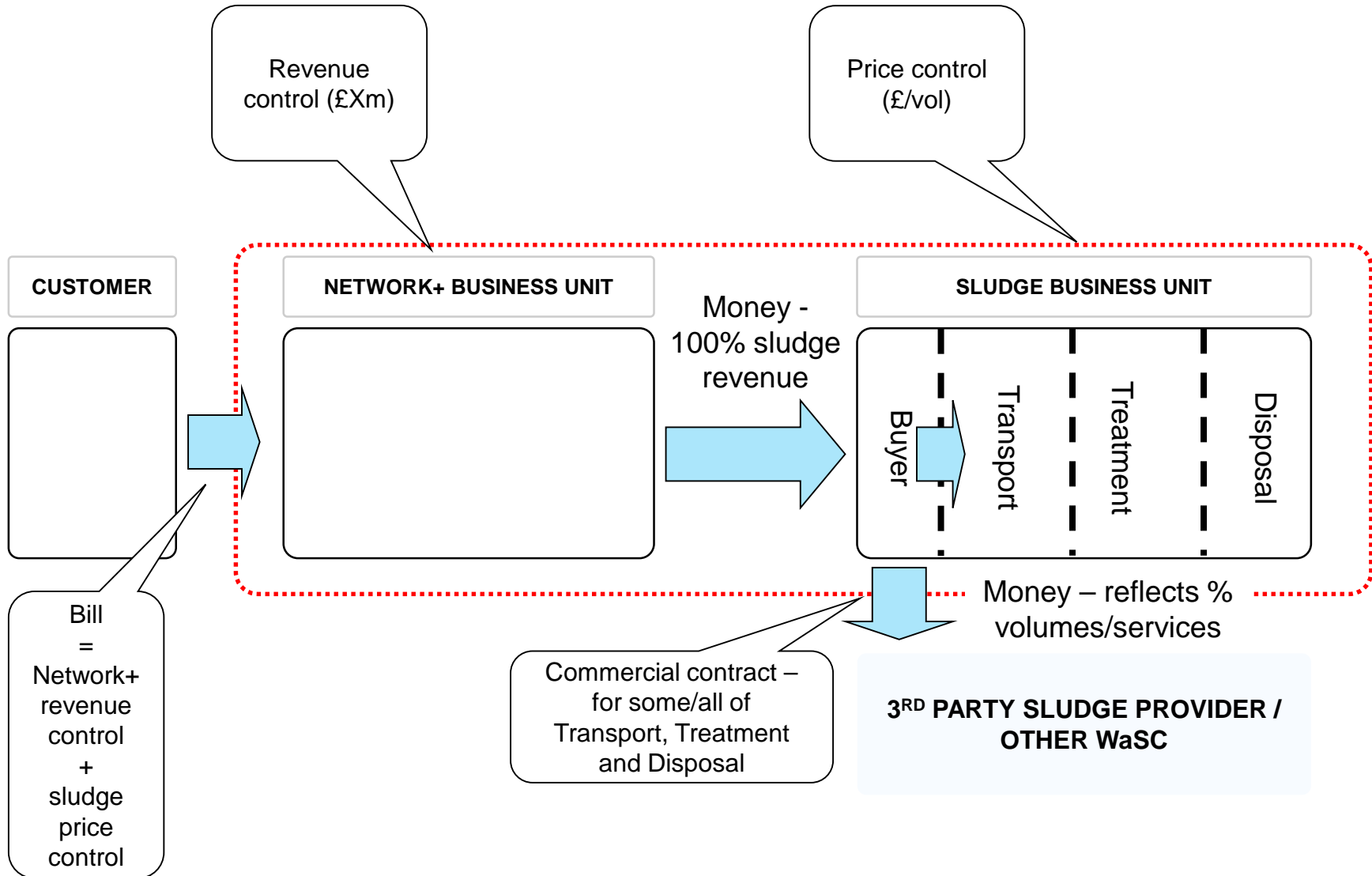


# Model 1: Network+ as “buyer” of sludge services



# Model 2: Sludge business unit as “provider” of sludge services



# Key questions for discussion

- What does “bearing volume risk” mean in practice? Does either model deliver this?
- Does the RCV guarantee have any impact on the choice of model?
- How do the two models feel to a new entrant?
- Is there any customer impact from choosing one model over another?
- How do the incentives faced by the sludge business unit differ? Do these depend on company structures?
- If new entrants wish to provide only some sludge services (e.g. treatment or treatment and disposal) does either model preclude this?
- Does the form of the sludge control (volume-based price control) affect the choice of model?
- Does the Water Act 2014 provision for a disposal authorisation – whereby legal responsibility passes to the holder - have any impact?