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13 September 2016

**Via Email to: [regulatory.accounts@ofwat.gsi.gov.uk](mailto:regulatory.accounts@ofwat.gsi.gov.uk)**

Dear Sir / Madam

We are pleased to have this opportunity to respond to Ofwat's formal consultation on regulatory reporting.

We welcome the proposed changes to the tables to lift the Water Resource and Bio-resource information to the summary tables in anticipation of additional price controls post 2020.

We note the amendments to the boundary definitions to add further clarity and consistency of interpretation across the industry, following the CEPA lead targeted review.

As a general observation we note that for 2016/17 the requirements for these tables (and others) include wholesale and retail information. In 2017/18, post market opening, where companies have exited the retail market the wholesaler will not have access to the detailed customer information for non householders. We would like to better understand Ofwat's requirements from wholesalers and retailers post market opening, in due course.

With regard to the specific questions being asked in the consultation, we have provided our responses in Appendix A.

Yours sincerely



Louise Rowe  
Finance Director

**Q1 What are your views on the content and format of the proposed tables in Appendix 1?**

SWW is generally supportive of the content and format of proposed tables. The tables in general reflect the formats proposed as part of the CEPA review but provide further clarification in order to populate them.

We have specific comments on the changes to table 2G and 2H as follows:

- please confirm where wholesale charges billed to a non incumbent retailer should be included
- after 2016/17 separate the tables would be needed for this information. The wholesaler would not (and should not) have any of the non-household retailer's detailed charging information, whether incumbent or otherwise.
- the table requires income to be split by connection. Guidance is needed on how to split the retail revenue per connection in instances where charges are determined and applied at a customer level.

**Q2 Do you have any comments on our proposal to elevate the reporting for water resources and bioresources from section 4 of the APR to section 2?**

SWW are supportive of the proposals to elevate the reporting for water resources and bioresources and we agree it will increase the emphasis on this information reflecting the move to separate controls from 2020.

**Q3 Do the definitions for the water resources activities in RAG4 provide sufficient detail for you to complete pro forma tables 2A, 2B, 2D, 4D and 4E? (Note that the decision over the location of the boundary is outside the scope of this consultation as set out above).**

We have reviewed the definitions for water resources in RAG 4. Whilst there have been amendments in order to clarify boundaries following the CEPA review, the revised guidance is consistent with our interpretation of previous guidance. We consider that the guidance is sufficient to complete these tables.

**Q4 Do the definitions for the bioresources activities in RAG4 provide sufficient detail for you to complete pro forma tables 2A, 2B, 2D, 4D and 4E? (Note that the decision over the location of the boundary is outside the scope of this consultation as set out above).**

We have reviewed the definitions for bioresources in RAG 4. Whilst there have been amendments in order to clarify boundaries following the CEPA review, the revised guidance is consistent with our interpretation of previous guidance. We consider that the guidance is sufficient to complete these tables.

**Q5 Please could you provide an estimate of the impact, for the changes that we have proposed to the boundary definitions for both water resources and bioresources at RAG4? (See questions 3 and 4 above). The impact should include an estimate of the change in Net MEAV resulting from the assets that have moved under the change in boundary definitions for both water resources and bioresources separately.**

We do not consider that the amended guidance changes the existing definitions of water resource and bioresource boundaries. Instead we consider the changes to be points of clarification to ensure consistent interpretation of existing boundaries.

For PR19 a review of the MEAV for these areas will be required to ensure only direct assets are included (i.e. excluding an apportionment of corporate assets).

**Q6 In the responses to our March consultation, some companies suggested that to avoid recognising numerous discrete connections as a raw water transport activity, a de minimis value (for example, length of pipe) should be added to the RAGs. This would clarify the allocation of raw water transport between water resources and water treatment. Under this approach if the length of pipe were below the threshold, the asset would be classified as water resources, and raw water transport if above. We propose an amendment to RAG4 to address this concern by making a specific reference to sites in the definition of raw water transport but have not added a de minimis value.**

**Do you consider that a de minimis threshold should be introduced? If yes, what should value of that threshold be?**

SWW allocate costs on an individual pump/site basis where pumps/sites are performing dual purposes of a) abstracting the water from the abstraction point and b) pumping the raw water into the distribution network or directly to the water treatment works. This is based on a calculation of the relative pumping head for each instance and costs allocated across each of the functions that the pump performs.

Therefore we agree that a de minimis threshold is not required if such detailed analysis is completed.