
THAMES WATER CUSTOMER CHALLENGE GROUP

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Ofwat

By email

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Cost of debt consultation

While the Thames Water CCG feels a full response to this consultation from it is not needed, the CCG is keen to say that it greatly welcomes the early discussion of this topic. Learning from the last cycle was very much that prompt confirmation of this and other key assumptions would make the consultation process with customers a much more effective one, with more focussed and nuanced research being possible. The CCG therefore very much supports and urges Ofwat to make setting of this and other key data points and models an absolute priority.

The CCG is also keen that where there are debates to be had as a consequence of the evolving thinking around the cost of debt that customers should be engaged wherever possible in order to explore the understanding and views on balance of risk and reward between company and customers through carefully structured research. Looking more broadly, the wider question of the cost of capital will inevitably prompt choices being made about the scale and extent of the next business plan. It is vital that customers understand what these choices are and what they mean for them and what they pay for water services going into the future. In the end whatever choices the company makes must be grounded in what customers have said about the various options facing them and this includes the question being considered in this consultation.

While this is a brief commentary, I hope it gives a sense of our thinking and priorities.

Yours sincerely

AH

Anne Heal
Chair, Thames Water Customer Challenge Group
