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8 December 2016

Dear xxxx

## **Ofwat's approach to pre-consultation for water resources management plans 2019 (WRMP19)**

We are writing to you to set out our expectations and approach to the pre-consultation engagement for WRMP19.

Water resources management and planning form a key part of your business activities and we expect companies to integrate the development of their WRMPs into their mainstream business planning. We are working closely together with Government and the regulators in both England and Wales to ensure that water resources planning outcomes, including long term, strategic and resilient solutions, are reflected through the price review process.

We are pleased to see that a number of companies have already started pre-consultation engagement with stakeholders. Early engagement by companies with their stakeholders and regulators reduces the likelihood of issues and concerns coming to light at a later stage of the planning process. We note that in our role as a statutory consultee, as set out in the [Final Water Resources Planning Guideline](#), you are required to have pre consultation discussions with Ofwat on your WRMP.

We believe it is important that the pre-consultation engagement with Ofwat is proportionate and does not impose an undue burden. For these reasons, we expect that:

- we would have a pre-consultation discussion meeting with each company (before autumn 2017), focusing on the key issues for the WRMP19; and
  - we would share our feedback with Government and other regulators where we feel that this is appropriate.
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Within the context of PR19, we expect the pre-consultation engagement to focus on the approach that companies are following to develop their WRMP19, including:

- evidence of customer requirements and outcomes (e.g. level of supply resilience) that need to be delivered over the WRMP19 period;
- the risks in delivering these outcomes and the options for managing those risks;
- the range of options assessed to deliver the outcomes including involving other water companies (water trading as both a supplier and purchaser), other sectors (third party options) and demand management; and
- for companies involved in regional water resource groups, the company role in the development and delivery of the regional water resource plan.

We would also be interested to understand how you are integrating the WRMP19 process into the development of your business plan.

These meetings will take the place of formal responses to companies at the pre-consultation stage and will allow us to provide early feedback, challenge and identify areas where more justification may be required to inform the WRMP and business plan. Depending on the outcomes of these initial discussions further engagement may be necessary, based on the challenges facing companies and the risks identified with the company approaches.

It is important to note that comments regarding a company's WRMP, at any stage of the WRMP19 process, are made without prejudice to Ofwat's decision regarding business plans at PR19 and any subsequent price review.

To arrange your meeting please e-mail [wrmf@ofwat.gsi.gov.uk](mailto:wrmf@ofwat.gsi.gov.uk). Please also copy this e-mail address in on all correspondence to Ofwat on WRMPs.

We look forward to discussing your plans.

Yours sincerely



**David Black**

**Senior Director, Water 2020**