

From: Edwards Paul J
To: [PR14 Reconciliation](#)
Subject: FW: Further consultation on the 2010-15 final reconciliation for the change protocol and overlap mechanisms
Date: 31 March 2017 17:17:10

Copy of response.

Paul

From: Edwards Paul J
Sent: 31 March 2017 14:09
To: 'Peter.Jordan@ofwat.gsi.gov.uk'
Cc: Davis Mike
Subject: RE: Further consultation on the 2010-15 final reconciliation for the change protocol and overlap mechanisms

Peter,

Thank you for the opportunity to comment on your proposed revisions to the draft determination. We welcome your recognition that we have delivered the outputs set out at FD14 and the proposal to revert back to the logging up included in FD14 in line with established policy and practice. We believe that this is the correct action to take and will help build trust and confidence in the regulatory process and, ultimately, lead to better outcomes for customers.

Kind regards

Paul Edwards

Head of Economics & Charges

Strategy & Regulation Directorate

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From: Peter Jordan [<mailto:Peter.Jordan@ofwat.gsi.gov.uk>]

Sent: 24 March 2017 10:04

To: Davis Mike <Mike.Davis@dwrcymru.com>

Cc: James Grant <Grant.James@dwrcymru.com>; PR14 Reconciliation

<PR14reconciliation@ofwat.gsi.gov.uk>; Ambrat Virwani <Ambrat.Virwani@ofwat.gsi.gov.uk>

Subject: FW: Further consultation on the 2010-15 final reconciliation for the change protocol and overlap mechanisms

***** External Mail *****

Dear Mike

This email is to highlight a consultation that we have published on our website today that invites further comments on our proposals for reconciling the incentive arrangements for companies' performance and expenditure for the 2010-15 period. It follows an earlier consultation on our draft reconciliation on 5 October 2016.

We have reflected on the responses we received to our earlier consultation. We have revised our proposals for the reconciliation related to the change protocol and 2009 agreed overlap programme incentive mechanisms. We have therefore provided this further opportunity to comment on these revisions by 31 March 2017.

This proposal has a positive impact on your company of £1.5 million (2012-13 prices) from the figures we set out in October 2016.

For the change protocol, our draft reconciliation used updated information on company costs, even where there was no difference between the delivery of outputs expected at FD14 and

those delivered during the 2010 to 2015 period. However our established policy and practice is that action for logging up, down and shortfalling is principally dependent on changes in output delivery for the 2010-15 period and not on changes in costs. We have therefore modified our approach to the reconciliation for the change protocol to focus on output delivery. In addition, we consider that we should not include further adjustments for the PR09 overlap programme in this final reconciliation. Please see the consultation document for further details.

[Further consultation on the 2010-15 final reconciliation for the change protocol and overlap mechanisms](#)

I would be happy to discuss this revision with you if you have any questions or would like any clarification.

We welcome any comments that you have by 31 March 2017.

Regards

Peter

Peter Jordan

Principal

Water 2020

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