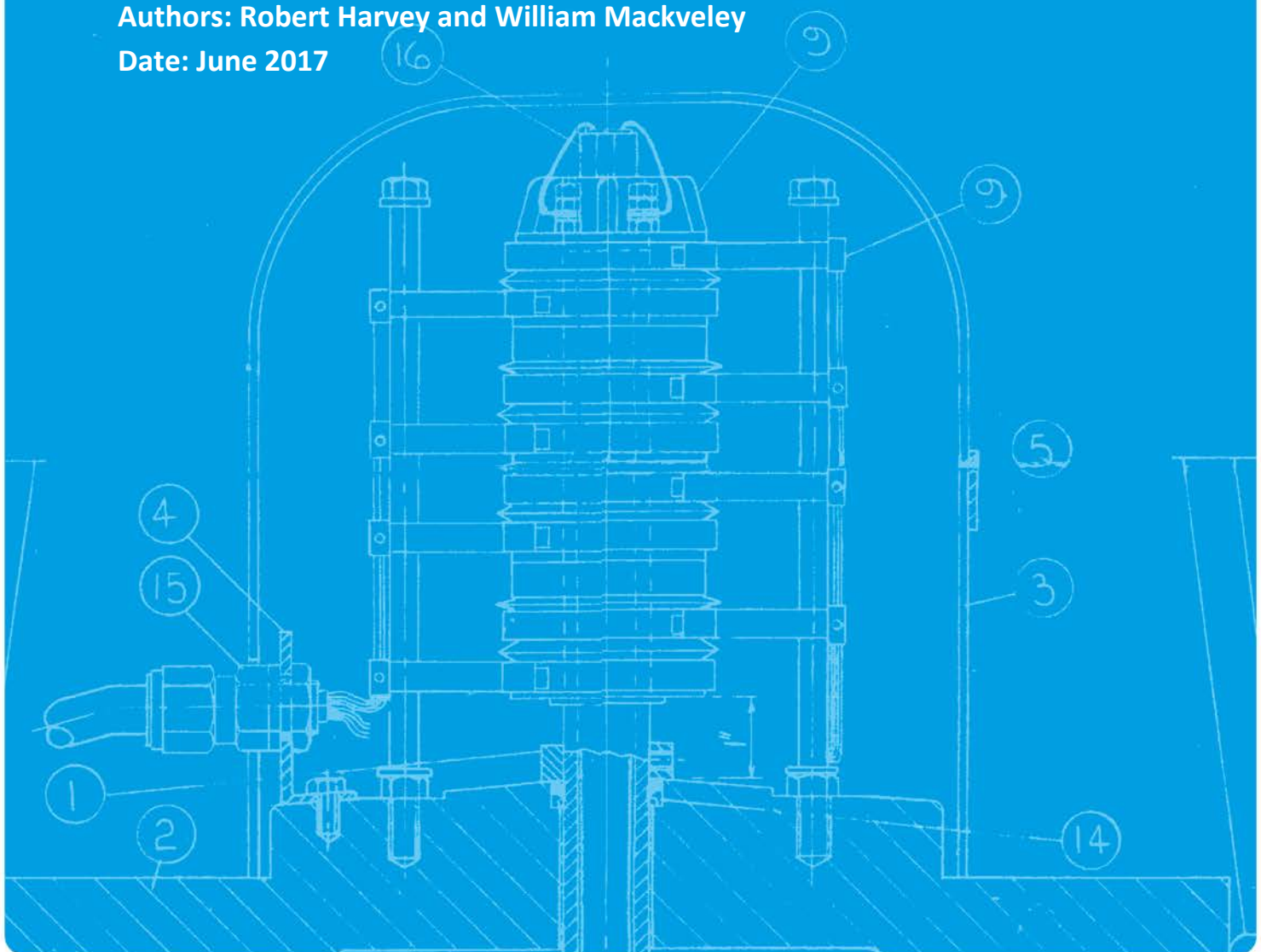


Bioresources and Water Resources Market Information Consultation

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Do you consider that the information we propose requiring companies to publish is helpful and will provide sufficient transparency in the (i) bioresources market and (ii) water resources, demand management and leakage services market to support their operation and development? If not, please give reasons.

Bioresources

We believe that the publishing of information regarding bioresources should assist in the development of a market. We expect the information to be of particular use to new entrants and other non-WaSC companies operating in related areas. The benefit to promotion of WaSC-WaSC trades is likely to be less significant.

We also observe that the approach taken to RCV allocations is likely to reduce the opportunity for WaSC-WaSC trades by artificially overstating asset values. We have set out our position in [our response](#) to the *Consultation on economic asset valuation for the bioresources RCV allocation at PR19*. We expect the negative impact of RCV allocations to be more material than the positive impact of information sharing proposed under this consultation.

In respect of the content of each of the individual tables:

- WwTW: We believe the split between mandatory and voluntary information disclosure is appropriate.
- Small WwTW: Suggested disclosures appear appropriate
- STC: Section F requires entry of "'No" or unique contract reference". For those companies that use subcontracted resource to enhance the internal resource pool, rather than subcontract specific routes, the contract reference for each site will not be unique.

Water resources

We agree with Ofwat's findings from 2015-16, that the levels of trading within the water resources markets are sub-optimal and also agree that interested third parties may face significant search costs and information asymmetries when compared with incumbent companies.

We believe the water resources information request will likely aid third parties interested in identifying opportunities within the water resources and associated markets by providing easier access to existing (but standardised) information published in incumbents' water resource management plans (WRMP).

Is there any additional information which it would be helpful if companies published for (i) bioresources and (ii) water resources (within the remit of Condition M1)? Please explain why.

Bioresources

None that we have identified

Water resources

None that we have identified. However, we believe it may be useful to third parties if the Environment Agency were to publish where and how much water is available at a WRZ-level. Spatially linking water availability with future water supply / demand imbalances should help third parties enter the water resources markets.

Do you agree with the proposed scope of the information on market activity to be provided to us for monitoring the development of the bioresources market? If not, please give reasons.

Bioresources

The proposed scope appears reasonable.

Do you consider that the publication of any of the information that we propose water companies publish would (i) be contrary to the interests of national security or (ii) seriously and prejudicially affect the interests of any person? If so, please identify the information concerned and give reasons.

Water resources

We have not identified any conflicts to national security from the proposed publication of information.

There is a concern that disclosing final plan option costs may not drive genuine efficiencies or innovation to support the development of competition in this market.

Publishing an incumbent's final plan option costs may give new entrants the opportunity to price slightly lower than the costs published (without giving due consideration to their actual costs and margins). We believe that a new entrant could assess their genuine costs of entering into the market from all the other information that it is proposed the statutory undertaker should publish, in assessing this information they would be able to assess what their operating and capital costs would be (in turn potentially driving innovation and efficiencies). It would be useful to get further clarity on the purpose for disclosing the final plan option costs and the benefits associated with this.

Do you have any comments on the proposed timing of the publication and the frequency that the information should be updated for both the bioresources market and water resources market?

Bioresources

The proposed timing appears reasonable.

Water resources

We support the proposed concurrent timing of the water resources market information publication with the WRMP consultation to stimulate third party interest.

We also agree that the water resources market information should be updated annually in line with the WRMP annual review. We feel it reasonable that water companies make updates to the water resources market information as changes happen on a best endeavours basis.

In order to minimise duplication and regulatory burden we would like to see Ofwat and the Environment Agency align their annual reporting requirements to avoid water companies publishing the same data in two slightly different formats.