

6 July 2017

Market Information consultation response
Ofwat, Centre City Tower
7 Hill Street
Birmingham
B5 4UA

By email: water2020@ofwat.gsi.gov.uk

Dear Sir,

BIORESOURCES AND WATER RESOURCES MARKET INFORMATION

This is South West Water's response to Ofwat's consultation of 20 April 2017 requesting companies' views on company specific issues in relation to the draft bioresources market information guidance and water resources market information guidance attached to the consultation document.

We welcome the opportunity to respond to the proposed market information for the bioresources and water resources markets. The proposed framework provides a consistent approach towards the publishing of information to support the future operation of the markets.

We provide our responses to the questions raised in the consultation as an Appendix. If you have any questions on our comments we will be pleased to provide further information.

Yours sincerely,



Iain Vosper

Regulatory Director

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APPENDIX 1

Q1. 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.

We consider that the information will provide transparency and allow the successful operation of the market.

Q2. 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.

In table 5 we consider there is a need to be able to publish which options are already underway and cannot be revoked due to contracted commitments.

For example – a Water Resource Zone may have a deficit but work has already started on the construction of Inter Company transfer. We need to be able to signal if the deficit is already addressed or not. This issue clearly links to the potential for stranded assets so specific clarity on the information requirements in this area would be welcomed.

We also consider the information should highlight any planned activities that will come under Direct Procurement in order to promote competition by highlighting where an intervention could be open for competition. In our opinion, this is a consistent framework for the sector on competition.

Q3. 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.

Yes.

Q4. 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.**

- (i) Our security team have highlighted the Defra Security Advice Section 4 related to 'types of sensitive information' which 'must not be published' which includes the example of 'Locations and details of CNI and sensitive sites, e.g. service reservoirs, sewage pumping stations, strategic valves, etc'

We would welcome Ofwat's comments on whether the requirement to protect assets and the requirement to publish bioresources site location details are in conflict.

Location data as follows:

- WwTW or STC site name
- WwTW location grid ref latitude
- WwTW or STC location grid ref longitude

If location details are to be published it would seem to be good practice for WaSCs to have their own way of tracking who has accessed the data. This is not designed to obstruct access to the market but provide a simple gateway (for example via a web log on) so that if any security issue occur at a site then we would be able to provide details of who has accessed the information. This may provide some level of confidence in regards to release of information about wastewater assets.

- (ii) We do not believe that publication will seriously and prejudicially affect the interests of any person.

Q5. 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 – in our opinion there could be a mechanism for reporting atypical usage in one year. For example - where an incinerator is out of use and sludge is being redirected whilst the asset is fixed. Without such a mechanism, the data for the market could signal capacity that may not be available in following years and therefore lead to a distortion of the market and lead to an allocative inefficiency. One would expect the sludge market to be dynamic year on year, and in our opinion this information would help new entrants (or other incumbent companies) make the most efficient decision possible in the market over more than one year.

Water resources – The Water Resource Management Plan (WRMP) is a strategic planning process. We agree with aligning the timetable to the WRMP and there should be a full update every 5 years. There is, however, a need to avoid companies producing a 25 year plan every year. This would be underpinned by a full annual update being required. In our opinion, a flexible approach should be taken that means companies should update the long term data (post 5 years) only if there is a material change in circumstance. For example, if the deployable output of the system is reduced due to a new sustainability reduction being applied or a change in a licence, following renewal.