



Market information consultation response
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06 July 2017

Dear Sir / Madam,

Consultation on bioresources and water resources market information

Thank you for inviting Yorkshire Water to contribute to the recent consultation on the proposals requiring companies to publish market information for both bioresources and water resources.

We have considered the proposals in the consultation and reviewed the information guidance documents provided.

We note that the proposals relating to the bioresources market information have been developed in discussion with water companies and representatives of market participants through the Water2020 sludge working group.

We provide responses to each of the consultation questions appended to this letter.

Should you have any queries regarding any elements of our response, please contact me at: colin.fraser@yorkshirewater.co.uk

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Colin Fraser".

Colin Fraser
Regulatory Strategy Manager

Yorkshire Water Services response to the consultation on economic asset valuation for the bioresources RCV allocation at PR19

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 the proposed information required for publication is more than adequate in providing market related information to market participants for both the bioresources market and the water resources, demand management and leakage services market.

- (i) Bioresources market information - in the bioresources market information guidance v1.0 document, under section 3.5 'Successful contracts', we would like to see a clarification included that the information on current contracts should be provided by the water company that is the producer of the sludge, not by a water company who is the recipient of sludge in their capacity as a market participant. In this way contracts will not be at risk of being presented to the market place twice.

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.

We do not consider any additional information would be particularly helpful to support the development and operation of the bioresources and water resources markets.

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.

The proposed information on market activity to be provided annually by companies to Ofwat appears to be comprehensive and sufficient for monitoring the development of the bioresources market.

We make some clarification observations in regards to the data requirements on market activity, as laid out in Table 6, section 4.2 of the guidance v1.0 document, and the supporting narrative under section 4.2.1.

- **Number of different suppliers** – please can this be confirmed as 'number of different suppliers at end of the financial year' or 'number of different suppliers during the financial year'.

- **Number of offers made by a third party outside the formal tender process** - please confirm this will be the number of offers received during the financial year.
- **Bidding activity** within the narrative – please can the guidance include clarity that a company should provide a summary of the reasons not to award a contract to a third party is only to be provided where it has not awarded a contract to any third party – i.e. not made an award at all. We do not believe it necessary to provide to Ofwat reasons why a third party was not awarded a contract in competition with another successful third party.

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.

We do not consider the publication by water companies of any of the information proposed would be contrary to the interests of national security or seriously and prejudicially affect the interests of any person.

For clarification, in the water resources market information guidance document, under section 4, Table 8: Feasible option cost information companies are asked to provide “Name of scheme for referencing”. As a matter of practice when we publish the Water Resource Management Plan (WRMP) we redact any specific references to locations. Therefore, similarly this information would need to be in some anonymised form.

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?

We agree that the information should be published at least annually for the bioresources and market, and note the timing of this publication. In regards to the bioresources market activity information provided to Ofwat that is not published, we agree it is sensible to provide this at the same time as the Annual Performance Review.

In normal circumstances, companies would only change their WRMP tables with iterations of the WRMP (which is every 5 years with a draft and final version). Therefore, we do not foresee that the data contained in the water resources market information would change annually.

We have no further comments or points requiring clarification on the proposals for the publication and provision of bioresources and water resources market information.

End