

Non-qualifying Regulatory Provisions Summary Reporting Template

Regulator: Ofwat

Business Impact Target Reporting Period Covered: May 2015 – 8 June 2017

Excluded Category	Summary of measure(s), including any impact data where available
B – Economic Regulation	<p>Under Developer services we are improving levels of service for new connections to the water and waste water network ensuring that developers are getting the service they need when they do not have a choice in provider and ensuring that companies are creating the conditions to enable effective competition for those services for which customers can choose a provider.</p> <p>Through the company performance and monitoring framework we set out annual information requirements for monopoly companies to publish in their annual performance reports.</p> <p>Our Charging rules activity allows us to set enforceable rules about water companies' charges in areas where water companies have monopoly powers. Our rules help ensure water companies take a customer-centric approach.</p>
C – Price Control	<p>Our regulatory accounting guidance sets out the information that companies must publish to allow Ofwat (and others) to assess company performance against their commitments (including in price controls) and compliance with their obligations within their licence and legislation.</p> <p>We are developing the approach to customer engagement for the 2019 price review to ensure monopoly companies engage effectively with their customers and reflect their views in their business plans.</p> <p>In our licence simplification¹ work we seek to simplify and streamline existing licences to make them more relevant, clearer and easier to understand, creating greater certainty for monopoly companies about what they are required to do and reduce the burden on them. We are also modifying company licences to enable our proposed way of setting price limits.</p> <p>From April 2017, eligible business customers will be able to choose their retailer and select the package of prices and retail services that best suits their needs. Our business retail price controls (PR16) provide additional protections for customers until competition becomes effective, during which period the statutory undertakers will still hold an effective monopoly or significant market power.</p>

¹ The RPC exempted licence simplification under the policy development category but it is Ofwat's view that the activity is also exempt under the price controls and economic regulation (formerly known as monopoly providers) categories.

	<p>The above activities are preparatory for price review in 2019. There are a number of other activities Ofwat is undertaking that are also preparatory for PR19 but won't be effective until April 2020. During the preparatory phase, however, engagement with companies has taken place to shape policy direction and as such we list them here for your information as NQRP provisions:</p> <ul style="list-style-type: none"> Separate price controls and market information databases for water resources and bioresources Creation of new network plus price controls Move from RPI to CPI indexation of price controls Strengthening the role of outcomes and implementing ODIs across all monopoly providers Direct procurement for customers
F – Pro-Competition	<p>During the period in question we have opened the business retail market for water and waste water services. This is a major pro-competition measure that met all the BIT pro-competition criteria.</p> <p>Opening the retail market has involved development of the legal framework necessary to support the exit of incumbent undertakers from the non-household part of the retail market and the expansion of the licensing regime supporting the delivery of retail water and sewerage services to businesses.</p>
G – Large Infrastructure projects	<p>The Thames Tideway Tunnel is the main tunnel component in Thames Water's preferred solution to reduce overflows of untreated combined sewage into the River Thames, in order to achieve compliance with the Urban Waste Water Treatment Directive. It is a major infrastructure project cited in your own materials as exempt under this exemption.</p>
L1 – Casework	<p>The water and sewerage companies and sector that Ofwat regulates are subject to a series of obligations set out in legislation and/or in water and waste water companies' licences. Ofwat has specific legal responsibilities with respect to implementing and/or enforcing these obligations which are managed through its casework function. Ofwat's casework function is also responsible for assessing and granting new licence applications for new water and sewerage companies to serve customers, and for first point of contact for general customer enquiries and complaints coming to Ofwat.</p> <p>The following data relates to the period May 2015 to March 2017.</p> <p>Ofwat has opened 23 cases² since May 2015. Of those 23, 16 have been closed (10 of which resulted in the issuing of</p>

² A case is defined as: disputes which are referred to Ofwat which we have decided to formally open as a case. These are generally determinations, decisions or appeals and our powers to intervene are set out in the Water Industry Act 1991.

	<p>determinations/decisions). Seven remain open. No enforcement action was undertaken during the period.</p> <p>Water supply and/or sewerage licences granted: 24 water, 25 sewerage (total 25 applicants) Water supply and/or sewerage licences currently processing: 7 water, 7 sewerage (total 7 applicants) New appointment and variation licences granted: 13 New appointment and variation licences currently processing: 17</p> <p>We have also dealt with a number of enquiries, complaints and other items³.</p>
<p>L3 – Activity related to policy development</p>	<p>We have engaged the sector to gain a deeper understanding of how companies approach and manage customer data. It is our intention to publish a report in Summer 2017 that summarises our findings and provides companies with Ofwat’s view of what good practice in relation to managing data and unlocking its value looks like, although no new mandatory obligations (either through legislation or licence or other regulator tools) will apply as a result of this work.</p>

³ Between May 2015 and July 2016 we dealt with 1,299 enquiries and complaints. From August 2016 we have been able to collect data on enquiries and complaints separately. From August 2016 to end November 2016 we received 445 enquiries and 589 complaints. 254 other items have been received in the Case Management Office during this time. This includes detailed responses to queries (but not cases) and matters put forward for preliminary assessment to determine if they should be opened as a case.