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Trust in water

Change of control – general policy and its application to Thames Water: Summary of responses

Ofwat

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Introduction

In Change of control - general policy and its application to Thames Water we consulted on the issues arising out of the change of control of Thames Water Utilities Limited, as well as a broader consultation highlighting some of the issues we are considering as part of our continuing sector wide work to explore how companies' licences can be reformed to help ensure that water companies put customers' interests at the heart of what they do. This document is a summary of the points respondents made in response to the consultation. While it generally follows the order of the questions posed in the consultation document, some of the responses have been presented here under the questions they are most relevant to rather than necessarily under the question they were answering.

Question 1	**What are your views on the introduction of notification requirements on change of control into the licence information requirements?**

General view: **There was broad acceptance of this proposal, though many had questions or concerns about issues of practicality. These include issues about the party that was best placed to provide the notification and the time during the process when this notification has to be provided. One respondent suggested that Ofwat should set out clearly a set of guidelines against which an assessment of whether a transaction is notifiable could be made.**

1. Appointees already have an obligation to obtain a binding undertaking which requires engagement with Ofwat in advance. The engagement process includes:
   (i) the use of a form specified by Ofwat for the undertaking,
   (ii) Ofwat alone having the ability under existing condition P to give a reasonable opinion as to whether or not any person is in a position to control or exercise material influence over the policy or affairs of the Appointee; and
   (iii) producing the undertaking(s) to Ofwat before the change of control takes effect (on the current wording of condition P). (**SEW**)
2. To the extent that this change is proposed to ensure that in less obvious cases companies carry out an assessment and inform Ofwat, this consultation should

be used as an opportunity to clarify some areas which would also help streamline the process. (**SEW**)

3. Will the notification be required at the point a prospective controller can be identified or at the "expression of interest" stage? (**BRL**)
4. We are concerned about the practicality of this requirement. It may not be easy in practice to accurately determine when such an 'upcoming likely change' threshold would be triggered and any difference in interpretation between the Appointee and Ofwat risks an automatic licence breach. (**NES**)
5. It would seem sensible for prospective investors rather than Appointees to inform Ofwat of any submission for merger clearance to the CMA and/or the European Commission. This would be consistent with the well-established process when a sale transaction occurs, whereby it is accepted that a buyer normally takes the regulatory approval risk. (**NES**)
6. The definition of Ultimate Controller while appropriate for paragraph 3.1[1] of the proposed modification to Condition P is too ambiguous and uncertain for Conditions 3.6(a) and 3.6(b) of the same document to operate as intended because it relies on undertakers anticipating Ofwat's 'reasonable determination'. By way of example, South West Water would assume that the issue of a new share saving scheme for Pennon Group PLC staff would not fall within the intended scope of Conditions 3.6(a) and 3.6(b) and would therefore not require notification or provision of investor information. (**SWT**)
7. It is appropriate for Ofwat to be informed at a suitable time of a potential change of control, and this would certainly be the case where arrangements have led to a change in Ultimate Controller or another regulatory authority has been advised (i.e. Conditions 3.6(b)[2] and 3.6(c)[3] of the proposed new Condition P for Thames Water).. (**Icon Infra**)

[1] The Appointee must ensure that, at all times:
(a) there is an undertaking in place which is given by the Ultimate Controller of the Appointee in favour of the Appointee; and
(b) where the United Kingdom Holding Company of the Appointee is not the Ultimate Controller of the Appointee, there is an undertaking in place which is given by the United Kingdom Holding Company of the Appointee in favour of the Appointee.

[2] The Appointee shall inform the Water Services Regulation Authority as soon as reasonably practicable if the Appointee becomes aware that arrangements have been put into effect which might be considered to have led to a change to the Ultimate Controller(s) of the Appointee

[3] The Appointee shall inform the Water Services Regulation Authority as soon as reasonably practicable if the Appointee becomes aware that any person intends to submit a merger control filing to the Competition and Markets Authority or the European Commission with respect to an actual or potential change of control of the Appointee.

8. There are potential issues raised by Condition 3.6(a)[4] of the proposed new Condition P for Thames Water, including that there are no safe harbours or allowance for exercise of judgement on the part of the Appointee's Boards. There are other duties owed and sensitivities which often need to be considered in such situations – for example, the maturity of any proposal or deliberations, the position of other stakeholders (and risks arising therefrom) and the potential implications for both companies and Ofwat by virtue of such information constituting potentially price sensitive information under relevant listing rules. A more general principle could be followed whereby the Appointee advises Ofwat of a potential change of control when its Board considers it appropriate having regard to all the relevant factors at play. (**Icon Infra**)
9. As an alternative to Condition 3.6(a), recommend that a more general principle be followed (and understood by Appointee's Boards) that it is for the Appointee to advise Ofwat of a potential change of control at a time when its Board considers it appropriate having regard for all relevant factors at play. (**Icon Infra**)
10. It will be important for Ofwat to set out clearly a set of guidelines against which an assessment of whether a transaction is notifiable can be made.(**SRN**)
11. The requirements outlined could cause difficulties with the timescale of a financial transaction, which can move very quickly. (**TTT**)
12. The requirement to notify when a change of control "takes place or is likely to take place" is potentially vague. (**TTT**)

[4] The Appointee shall inform the Water Services Regulation Authority as soon as reasonably practicable if the Appointee becomes aware that arrangements are in progress or in contemplation which, if carried into effect, may lead to a change to the Ultimate Controller(s) of the Appointee.

Question 2	What are your views on the proposed obligation to provide us with information?

General view: **Concerns were raised about the availability of information at the time it is requested. Some were of the view that there were already provisions in licences requiring Appointees to provide Ofwat with information. Other concerns were in respect of the range and depth of the information that may be requested, the legality of requests and issues around sensitivity and confidentiality of the information requested. A view was expressed that it would make sense for Ofwat to adopt a flexible "provide" or "explain" approach to such information requests.**

1. We agree that it would be worthwhile having a provision for the Appointee to provide Ofwat with any information that may be reasonably required. This would need to apply at the point at which the appointee could obtain this information, which would be at the point at which 3.6 (b) or (c) applied, but not 3.6(a) in all circumstances. (**BRL**)
2. South West Water would favour a more objective standard for proposed Conditions 3.6(a) and 3.6(b) combined with a right for Ofwat to request information on control and ownership arrangements where it considers that it needs updated information from an Undertaker. (**SWT**)
3. Ofwat already has powers under Condition M of the licence, which requires companies to provide such information as Ofwat "may reasonably require for the purpose of carrying out any of its functions under the Act". (**SRN**)
4. The need for this condition is questionable because appointees are already required by Condition M to provide Ofwat with information reasonably required for the purpose of Ofwat carrying out its functions under the Water Industry Act 1991. (**AFW**)
5. This obligation should be guided by practical considerations acknowledging that there will be a transitional phase where there will not be enforceable rights to obtain information from prospective ultimate controllers; the information should be requested from the person who is best able to provide it. **(SEW**)
6. Placing a new obligation on the appointee would not be the most practical approach because:
    a. Under Condition M, the appointee already has an obligation to provide information that Ofwat reasonably requires to carry out its duty under section 2A (b) WIA91 which is to secure that the functions of an undertaker are properly carried.

b. The appointee only has a right to obtain information from the current ultimate controller(s) under the Condition P undertaking. The ultimate controller would not have a right to obtain information from the prospective ultimate controller (unless the latter had accepted to enter into an agreement to that effect). The appointee may not have the information and may not be able to obtain it other than relying on the goodwill of the prospective ultimate controller. Even if there was a chain of rights and obligations between the appointee, the current ultimate controllers and the prospective ultimate controller it would be complicated to enforce if it became necessary.
c. Whilst confidential negotiations on a potential change of control are ongoing, shareholders are likely to be in a better position than the appointee itself to provide all the information required by Ofwat and earlier than the appointee
d. Imposing an obligation on appointees knowing that the risk of non-compliance is not within their control is not satisfactory. It would be more effective to clearly set out what is expected from prospective ultimate controller in a guidance or information notice. **(SEW**)

7. Prospective ultimate controllers have a very strong incentive to establish a good relationship with Ofwat as a regulator of the appointee, and securing the condition P undertaking would also be a condition for the completion of a transfer of shares. These incentives would normally ensure Ofwat's access to the information it needs. (**SEW**)
8. If an obligation was introduced it should be limited to the information in the possession of the appointee at the relevant time. (**SEW**)
9. With this requirement, potential owners and interested parties would seek to engage in advance of the acquisition of change of control in order to gain a firm understanding of Ofwat's position in advance of their commitment. Would Ofwat's processes be able to deliver in advance this understanding? (**Icon Infra**)
10. Consultation contains limited details on what would be the potential consequences, including remedies or other measures, in relation to issues that arise from the information that is being requested, particularly given the specificity of the information which is listed in Appendix A2. (**Icon Infra**)
11. It would make sense for Ofwat to apply a flexible "provide" or "explain" type approach. (**Icon Infra**)
12. The current proposal to include an explicit obligation in Appointees' licences for the Appointee to provide Ofwat with any information that it may reasonably require in relation to a change of control is an extremely broad provision which may capture requests that the Appointee is unable to satisfy due to factors outside its control. (**NES**)
13. Ofwat does not appear have considered the legal implications around public disclosures, confidentiality, and commercial sensitivities particularly for listed companies of requiring Appointees to provide information. (**NES**)

14. Is there any weakness in Condition M that this proposed change is meant to address? - it is unclear in which circumstances have companies not voluntarily provided information to Ofwat under Condition M. (**TTT**)
15. Any change in information requirement should be consistent with Condition M. (**TTT**)
16. Definitions of "control" and "ultimate control" are very vague. (**TTT**)
17. Licences are legal agreements between Ofwat and regulated companies and cannot bind shareholders. (**TTT**)
18. There are issues with the disclosure of details of any legal claims against an investor given that disclosure to Ofwat is unlikely to benefit from legal privilege. (**ANH**)
19. There would be concerns if the proposals imposed an obligation on companies to furnish information to Ofwat in circumstances where the requested information was material non-public information, received under conditions of confidentiality or otherwise restricted. (**ANH**)
20. In many cases the information provided would be market sensitive and it would be important for companies to have certainty as to who it should notify within Ofwat to ensure sensitive information remains within a small group of ring-fenced people. (**TMS**)
21. With many current Appointees being ultimately owned and controlled through companies domiciled in tax-havens, where arrangements between the parties may be opaque, such disclosure should be mandatory for all Appointees. (**M Blaicklock**)

Question 3	What are your views on the information that may be helpful for our assessment of change of control?

General view:	There were a number of comments on the type of information that could be requested, legal risks and issues of confidentiality. Some concerns were raised about the uses to which Ofwat might put the information (e.g. introducing a fit and proper person test). There was a suggestion that the information list should be a guide rather than an obligatory requirement, and that the list should be reviewed periodically.

1. The information that is proposed to be asked of investors is extensive and too onerous. (**ANH**)
2. We do not consider that the proposals for investors to provide a financing plan would be appropriate for application to business as usual refinancing or raising debt to finance capital programme; this is for the Board to consider through its usual governance process. (**ANH**)
3. Asking for fee arrangements and pricing indications from debt providers would seem to be micro-managing by Ofwat. (**ANH**)
4. In respect of information on the investor's economic and financial capacity, recognition should be made of the confidentiality and market sensitive nature of that data for investors. (**ANH**)
5. No need to require disclosure of commercially sensitive provisions which affect the relationship between shareholders but have no direct bearing upon the management of the regulated business - majority of INED's on the Appointee board and extensive governance guidelines should be sufficient. (**ANH**)
6. The amount of equity investment required in major infrastructure projects for prospective owners should be linked to the relative value of the proposed value of the ownership instead of a minimum threshold (£500m). (**ANH**)
7. It will not be appropriate to extend the notification and information requirements to areas around refinancing of any acquisition because of issues around public disclosure, confidentiality, and commercial sensitivities, particularly for listed companies. (NES)
8. The company has not considered in detail the investor information checklist because it does not believe that the requested information is intended to capture low-level changes within the ownership of a UK listed PLC. (**SWT**)
9. It is not important for Ofwat to seek information about the technical proficiency of an acquirer to run a water company - there are many potential investors in the

sector who may wish to invest in a water company but themselves do not demonstrate a technical capability to run a water company or a history of investing in regulated sectors. (**YKY**)

10. The requirement that new owners should provide information could impact negatively on the perception that the UK water sector is opened to new sources of capital. (**Icon Infra**)
11. It is not clear how the new threshold criteria in appendix A2(c)[5] operate - is it intended that a number of water only companies would not satisfy the proposed size criteria so they may not be acceptable buyers of another Appointee? (**Icon Infra**)
12. Regulatory investigations and legal claims referred to in appendix A2(d)[6] and A2(e)[7] are often confidential or have confidential aspects (and legal professional privilege may operate). (**Icon Infra**)
13. The information list should be guides rather than obligatory requirements. (**Icon Infra**)
14. Some of the prescriptive information required may not be available in respect of specific types or classes of owners. (**Icon Infra**)
15. By asking for this level of information, Ofwat is effectively inserting itself as an insider into many financial transactions – this is a status that comes with legal and other responsibilities. (**TTT**)
16. The checklist seems sensible. But because much of the information to be provided is likely to be commercially sensitive, it will be important for Ofwat to continue to take all reasonable steps to ensure that only those staff with a need to know are privy to the data items notified under this requirement. (**TTT**)
17. The information suggested in Appendix 2 appeared to meet the purposes of the consultation. You may wish to consider in addition whether any proposed changes of Directors to the Appointee and details of individuals proposed as potential directors of the Appointee, may in some situations be required. (**BRL**)

[5] Information on investor's technical and professional capability, including evidence that it has recent relevant experience of delivering, managing or investing in:

- Major infrastructure projects in the UK or another country in a sector which is regulated; or
- A company or companies in the UK or another country in a sector which is regulated; and
- Equity investment in aggregate of at least £500m10 in (i) in major infrastructure projects and/or (ii) companies.

[6] Investor (and if a consortium, each member), must provide a statement that it has not been subject to a financial investigation by an accredited UK (or equivalent) regulator. If it is/has been subject to such investigation, please provided details.

[7] Investor (and if a consortium, each member), must provide details of any legal or financial claims an investor or member (as relevant) is subject to which could have a material impact on the investor or member (as relevant) financial standing.

18. The checklist is suitably comprehensive. Licence changes should not be approved if an appointee fails to comply with these requirements. (**CCWater**)
19. The checklist is a comprehensive starting point, but it should be reviewed from time to time in light of experience. (**UUW**)
20. We expect Ofwat to take a proportionate approach and abide by the statement to only ask for information that it may "reasonably require".(**SES**)
21. The information checklist for change of control assessments seems appropriate but because the information listed relates to the structure, financial affairs and plans of the prospective ultimate controller, it would make sense for the ultimate controller – who holds most of the information - to provide it especially when the information is needed early in the process to enable Ofwat to carry out its assessment. **(SEW**)
22. Once the information is provided, it should not be used to become a future sector 'fit and proper' persons test for investors where a change of the Ultimate Controller is identified. (**YKY**)
23. It would be helpful for future investors if Ofwat were to include in the guidance what it considers to be the maximum shareholding that can be held across more than one appointee. This could prevent any unintentional conflicts arising. (**AWG Utilities**)
24. In the event that a CMA merger clearance is required, the information required should be similar, such that both Ofwat and the CMA can make their respective decisions based on the same information. (**AWG Utilities**)

1.1 Identification of Ultimate Controller[8]

General view: **There were calls for transparency and clarity around this process especially where different characteristics such as governance arrangements and directors' affiliations prevail. Another view was that Ofwat's assessment approach must be evidenced based and capable of being applied consistently in the industry. There was a suggestion for a pre-approval process to be introduced for potential investors, which would establish them as acceptable owners independently of any transaction.**

1. Clarity is needed on who may be an ultimate controller in cases of dispersed ownership or in cases where Ofwat refers to "another party". Can a similar criteria to those developed for the identification of persons with significant control similar be used? **(SEW**)
2. Ofwat should set out clear expectations and address in advance more complex scenarios in order to streamline the process and ensure that prospective ultimate controllers and appointees can anticipate Ofwat's information needs. (**SEW**)
3. To understand how the assessment of prospective ultimate controllers would work in practice, it would be helpful for Ofwat to give examples of the concrete actions and requirements it might require companies to take following an assessment and what types of issues they would address. **(SEW**)
4. It would be useful for Ofwat to clarify whether its assessment could delay the acceptance of the condition P undertaking provided by a prospective ultimate controller even if that undertaking satisfies the formal requirements of condition P. **(SEW**)
5. Clarity and examples are needed on how governance arrangements and directors' affiliations may affect who may be considered an ultimate controller. Ofwat could provide a common vocabulary and a set of criteria; this would help appointees make their own assessment in a way that is consistent with Ofwat's thinking. **(SEW**)
6. Clarity/more information needed on the scale or extent of the issues driving this proposal to inform how best, through consultation and engagement with

[8] Even though this issue was not raised as one of the questions in the consultation document, it was discussed on pages 8-10 of the document.

stakeholders, to address them as well as to who should self-certify as ultimate controllers (**TTT**)

7. It will be important to underpin the change of control policy with a transparent and consistent approach to interpreting material influence, and whilst we note your proposal to take a case-by-case approach to identifying Ultimate Controllers, we think it will be important to develop an evidence-based assessment approach that can be applied consistently to the industry. This will increase the level of transparency around the change of control process and will provide confidence to stakeholders. (**TMS**)
8. The proportions of shareholder equity in a company may not necessarily reflect who is in "control". For example, said shareholders may have assigned their ownership/management rights to a third party, as can arise with Private Equity-structured deals. If the latter be the case, then it should be for the Appointee to identify the source of "control", and, if such "controlling" party does not reflect the majority shareholding, the management and commercial/financial arrangements between the shareholders and the "controller" must be disclosed. (**M Blaicklock**)
9. The proposal could create significant complications to any sale process, and potentially lead to a protracted and costly process that buyers may be reluctant to undertake. (**NES**)
10. Ofwat could consider introducing a pre-approval process for potential investors, which would establish them as acceptable owners independently of any transaction. This would then mean there would be no increase in completion risk for sellers, and Ofwat could be comfortable that future owners are acceptable. (**NES**)
11. Ofwat needs to ensure an appointed company has identified and informed the regulator of who is the Ultimate Controller. (**CCWater**)

Question 4	What are your views on the proposed obligation to require the Appointee to comply with any direction from Ofwat to enforce an Ultimate Controller's undertaking?

General view: **The primary concerns raised here are with respect to what process would be followed where the Appointee disagrees with Ofwat's direction or the Ultimate Controller refuses to comply.**

1. Clarity is needed on what types of issues this obligation would address and why and how Ofwat would use such a right. (**SEW**)
2. It is not satisfactory to impose an obligation on appointees knowing that the risk of non-compliance is not within their control. It would be more effective to clearly set out what is expected from prospective ultimate controller in a guidance or information notice. (**SEW**)
3. Imposing such an obligation is not necessary or proportionate as Ofwat already has sufficient powers in WIA91 to require compliance by appointees with their obligations including when non-compliance is caused by an ultimate controller.(**SEW**)
4. There does not seem to be a specific power set out in legislation for Ofwat to issue a direction requiring an appointee to enforce a condition P undertaking. It would be useful for Ofwat to clarify its understanding of the regulatory regime on this point. (**SEW**)
5. Were this obligation to be introduced in the licence, it would have to be enforced by Ofwat under section 18. It would be simpler and quicker for Ofwat to require compliance directly from the appointee rather than require the appointee to take action against the ultimate controller. (**SEW**)
6. The decision to start legal action should remain a prerogative of the boards of appointees making a proper assessment of the circumstances and following legal advice. (**SEW**)
7. A decision to start proceedings needs to be based on a careful assessment of the risks, available remedies, prospect of success, alternative courses of action and costs and after taking legal advice. A legal action may or may not be successful. **(SEW**)
8. If an appointee started proceedings following a direction from Ofwat but did not obtain the remedy required what would happen then? How would the appointee recoup the costs incurred and from whom? **(SEW**)
9. The issues covered by the undertakings are matters which Ofwat could enforce directly against a company, who would then need to determine whether and how they might seek to enforce the obligations of the controller under the undertakings. (**SRN**)

10. The effect of this obligation is to make Ofwat become party to a legal agreement between the company and its owners; this would necessitate the revisiting of many of the existing undertakings. (**SRN**)
11. There is no need for an additional licence provision requiring the Appointee to comply with any direction from Ofwat to enforce the terms of an undertaking because:
    a. the Appointee already has the capability to enforce an undertaking for the position to be resolved if it is at risk of breaching obligations under its licence or the WIA91 due to the actions of an Ultimate Controller;
    b. good Board governance arrangements also have the potential to limit undue influence of shareholders, whether they be considered as an Ultimate Controller or otherwise; and
    c. Appointees have licence obligations to inform Ofwat if it becomes aware that an undertaking ceases to be legally enforceable, or if there has been a breach in its terms. (**YKY**)
12. We acknowledge that Ultimate Controller undertakings are required, but are concerned that an Appointee might be put in an invidious position if its Ultimate Controllers refused to comply with the undertaking or disputed a breach of the undertaking as it would mean a Company (and its Board) potentially suing its own shareholders. (**ANH**)
13. Enforcing such an undertaking might be difficult in practice and there is a risk that it could be deemed to put board directors in conflict with their section 172 duty under the Companies Act 2006. Therefore, we would expect that a wider view of companies' legal obligations would be taken before considering whether a company is in breach of the requirement to enforce an Ultimate Controller undertaking. (**TMS**)
14. We would agree, in principle, if there are clear and sufficiently detailed circumstances included in the provision of such an amendment. (**AWG Utilities**)
15. Clarity is needed on what the process would be if the Board of the Appointee disagreed with any direction to enforce an Ultimate Controller's undertaking. What would be the appeal procedure? (**NES**)
16. It would be helpful for Ofwat to set out the circumstances where this obligation would have applied in the past or might do so in the future. (**TTT**)

Question 5	What are your views on bringing all the [ring fencing provisions in] licences up to the same standards, including introducing a requirement to meet the BLTG principles?

1.2 Views on bringing all the licences up to the same standards

General view: **There is broad agreement that it may not be appropriate to uniformly apply the same provisions to all licensees because they have differing business models and different histories. A concern was raised about the number of recent changes to licences and a suggestion made for Ofwat to define a road map and an implementation plan for licence changes.**

1. It may not be feasible for all companies to be brought onto the same ring-fencing provisions or BLTG conditions within the same timeframe because different companies are in different positions, reflecting the history of change of control in the industry. (**YKY**)
2. It might be helpful for Ofwat to set out for interested parties any concerns it has in relation to individual principles. (**TTT**)
3. There may be valid reasons for maintaining differences which reflect the diversity of the companies including business models and position in the value chain. (**TTT**)
4. It may not be appropriate to apply uniformly a licence developed for Thames Water to each undertaker because Thames Water is a private company with a very complicated ownership structure involving layers of UK and foreign companies and trusts compared with South West Water which is wholly owned by Pennon Group PLC, a public listed UK company that must follow strict rules relating to share ownership and governance prescribed by statute. (**SWT**)
5. Agree that all companies should have a similar set of ring-fencing obligations, unless there are company-specific reasons that this would not be appropriate. (**SRN**)
6. Where the licence refers to secondary documents, it is important that companies have an effective right to make representations on changes to the subsidiary documents. This principle is one that is recognised with respect to the RAGs, changes to which are appealable to the CMA. (**SRN**)

7. We agree that all appointees should be subject to the same licence conditions relating to the regulatory ring fence, except where differences can be objectively justified. (**AFW**)
8. We would comment fully only after we have had sight of any revised condition F and new BLTG principles as well as the proposed revised condition P. (**SEW**)
9. We would support a rationalisation and simplification of the licence conditions **if** a process similar to that used for the licence simplification project was followed. (**SEW**)
10. Considering the number of recent changes to the licence, it would be useful to define a road map for the licence changes and a coordinated plan. There is a risk that with several work streams at the same time we could lose visibility of the document as a whole despite the efforts that have been made so far. **(SEW**)
11. We would be concerned if a requirement was enshrined in the licence that restricted our ability to meet the highest standards of governance in a way that most efficiently addressed our customers' expectations. (**SES**)
12. As long as the expectation that small companies (including NAVs) are not currently expected to comply with these requirements is maintained in the future, we would have no objection to the imposition of the same requirements across all companies. (**AWG Utilities**)
13. We are concerned that changing all licences through this TMS specific consultation appears to be via a less comprehensive approach to consultation to those adopted by Ofwat in recent processes. (**Icon Infra**)

1.3 Views on introducing a requirement to meet the BLTG principles

General view: **There were reservations about moving from 'comply or explain' to 'comply' as this change could give less discretion to Board; stifle flexibility and innovation in governance; and be inconsistent with the UK Corporate Governance Code and other principles and guidance defined by the Financial Reporting Council which is the main body responsible for promoting corporate governance.**

1. Content with the proposed requirements to meet the BLTG principles, but this should be on "as soon as reasonably practicable" basis because there are circumstances where it takes time to apply a new set of principles. (**BRL**)

2. Ofwat should consider appending the wording "unless otherwise agreed by the Water Services Regulation Authority in writing" to Condition 7.2[9] of Condition P. (**BRL**)
3. If “apply or explain” principles are applied, then Ofwat should apply a strong evidential bar when companies explain an alternative basis for compliance; nugatory explanations should not be seen as a sufficient alternative to compliance with the code. (**UUW**)
4. The governance principles and codes that companies have already set out give them flexibility to organise their governance appropriately; licence requirement does not allow this flexibility. (**NES**)
5. Full compliance is not appropriate for a company with NES’ specific characteristics- it is not listed. (**NES**)
6. The current ‘comply or explain’ approach should be maintained rather than absolute compliance because some of the BLTG principles are not aligned to the way a private company with a single owner would be organised. (**NES**)
7. Absolute compliance will reduce discretion of Board in certain circumstances, therefore Ofwat should rethink, or justify further, the change from "comply or explain" to require compliance. (**TTT**)
8. Introducing such a requirement is inconsistent with the approach in the UK Corporate Governance Code (LR 9.8.6 R(6)), which requires companies to "comply or explain". (**TTT**)
9. The "comply" requirement is not consistent with the "comply and explain" requirement in Tideway's licence. If Ofwat implements this change, therefore, it would need to review each individual requirement of the licence, to ensure that it remains appropriate. (**TTT**)
10. Reviewing the BLTG requirements mean that companies would effectively be asked to make an open-ended commitment which places decisions on standards of corporate governance with Ofwat without allowing for discretion, variation or potentially innovation in the sector. (**TTT**)
11. Companies have already adopted the BLTG principles and we would be prepared to consider the inclusion of a relevant obligation in licences. **(SEW**)
12. We believe that any principles of governance should continue to complement the UK Corporate Governance Code and other principles and guidance defined by the Financial Reporting Council which is the main body responsible for promoting corporate governance in line with the evolution of company law and listing rules. The wording of any condition about principles of governance would therefore need to take account of the need for appointees to realise a synthesis of the

[9] The Appointee must ensure that it and any Associated Company which issues corporate debt on its behalf maintains, at all times, an Issuer Credit Rating which is an Investment Grade Rating.

general principles of governance, company law and as appropriate listing rules and those set out by Ofwat. This is important to define what "meeting" the BLTG principle means if an obligation is introduced in the licence (**SEW**)

13. The approach Ofwat proposes is at variance to the approach embodied in the UK Corporate Governance Code (the "Code") which, as stated in the Code, is "widely admired and imitated internationally". The Code is not a rigid set of rules and works on a "comply or explain" approach. We believe that such an approach would also be the preferred one here, and is best suited to accommodate the diverse nature of the UK water sector. (**Icon Infra**)
14. By requiring Appointees to have governance consistent with a UK publicly listed company (pursuant to 2.1(b) of the proposed Condition P for Thames Water), Appointees would already be required to apply the Main Principles contained in the Code, pursuant to UK Listing Rules. (**Icon Infra**)
15. The proposed source of challenge by companies contained in Condition 11[10] of the proposed Condition P, being appeal to the Competition and Markets Authority (the "CMA"), does not prima facie seem like an appropriate forum for disputes of this nature on this subject matter: it is a very expensive and time consuming dispute resolution process and, importantly, it is not clear against what objective criteria would the CMA be expected to determine reasonableness or otherwise of proposed revisions to corporate governance principles. (**Icon Infra**)
16. The BLTG as they stand today have not been drafted with a view to them being obligatory (with licence breach as a consequence of non-compliance), and we do not believe they would be fit for purpose (or would have been adopted) in their current form if they had such force. (**Icon Infra**)
17. The ability of the "principles" to be "revised from time to time" provides the de facto ability to change licences implicitly via a process that is different from the licence change process. In fact, the Consultation explicitly flags Ofwat's intention to revise the BLTG. (**Icon Infra**)
18. The scope for temporary breaches (for example, because of turnover of independent non-executive directors) or even less transitory breaches (for example, because company specific factors suggested it was in the best interests of the company to have more executive directors) could result in a "technical"

[10] The Appointee may notify the Water Services Regulation Authority, within one month of receiving notice that a revision is to be made to the corporate governance principles referred to in paragraph 2.2, that it disputes the revision, and in that case:
(a) the question of whether the revision is appropriate shall (unless the Water Services Regulation Authority withdraws the decision to make it) be referred by the Water Services Regulation Authority to the Competition and Markets Authority for determination; and
(b) The revision shall not take effect unless the Competition and Markets Authority determines that it shall.

licence breach, with all the fundamental issues that such creates for financing arrangements of an Appointee as well as the prospect of regulatory sanctions. (**Icon Infra**)

19. Clarity is needed on the basis on which an appointee can bring an appeal. (**UUW**)
20. Continuation of the "apply or explain" principle is appropriate in circumstances where a blunt application of the BLTG principles could lead to unforeseen complications or unintended consequences, and where there are appropriate alternative approaches which can uphold the same principles. (**UUW**)
21. We welcome the inclusion of a route to challenge any amendment to the BLTG Principles through reference to the CMA. (**SES**)
22. We would support the proposed licence amendment **if** the BLTG Principles followed the UK corporate governance principles in providing for the 'comply or explain' approach which provides for flexibility of governance. (**SES**)
23. There must to be a mechanism (other than judicial review) which enables companies to challenge proposed BLTG principles in circumstances where they are unduly onerous or manifestly unreasonable. (**ANH**)
24. As the BLTG principles were published, following consultation, in January 2014, we think it may be beneficial to review to what extent the world of corporate governance has changed and how this should be reflected in the BLTG principles to ensure they remain fit for purpose. (**CCWater**)
25. Concern about how the BLTG principles will get the balance right between ensuring that best practice corporate governance is followed while not placing significant additional burden on companies which ultimately increases our cost to operate. (**SES**)
26. It is important that the scope of the BLTG principles is clearly delimited within the licence so as to avoid the risk that other loosely related matters are included in the licence conditions. (**SRN**)
27. The current wording refers generically to "corporate governance principles" which could be taken to encompass a wide range of requirements. For this reason, the licence condition should refer to a specific document so that it is clear exactly what the requirement is. (**SRN**)
28. Our initial view on BLTG principles is that appointees should not have an absolute obligation to meet Ofwat's corporate governance principles (as revised from time to time) as there could, in specific cases, be good reason for a departure from the principles - they should have flexibility to have regard to the principles and to explain publicly any departures from those principles. (**AFW**)
29. We recognise the need for these principles to evolve and to be updated to reflect the latest best practice in corporate governance. Any changes to the current principles will need to carefully balance Ofwat's principle based regulatory framework with pressure to place more prescriptive requirements on companies. In particular, it will be important that the principles are flexible enough to allow

governance arrangements that are in the long term best interests of customers and the environment. (**TMS**)

30. We are interested in supporting your work to develop the BLTG principles, and given the introduction of a requirement to comply with the BLTG principles, we recommend you consider developing:
    - a framework for the principles, for example, what is appropriate to be included in a separate document covering the principles versus more specific obligations that might be better included on the face of the licence;
    - a clear governance process for proposing and considering changes to the principles, including a clear engagement process with the industry and stakeholders; and
    - transition arrangements for implementing new requirements - the introduction of mandatory corporate governance principles and changes to those principles may take time to implement, for example, if new principles required greater independent representation on the regulated company Board. It will, therefore, be important to consult on transition arrangements in conjunction with the introduction of mandatory principles and subsequent changes to them. (**TMS**)
31. As the sector continues to evolve and new markets begin to mature, it will be important to consider how and when an equivalent requirement to comply with the principles should apply to other regulated parties. (**TMS**)
32. When one considers that Thames Water's Board has for the last 10 years or more been dominated by financial interests - there has only been two executive operational directors compared with 8 or 9 representing institutional shareholders - there is an argument to be made that Appointee Boards should be required to be more balanced and reflect the operational importance of the enterprise. (**M Blaicklock**)

Question 6	Are there aspects of the most up to date [ring fencing] provisions which you think we need to revisit or amend?

General view: **There were some views expressed on dividends, pension deficits and complex corporate structures. The need for the current BLTG principles to be reviewed to make them more up to date was also expressed.**

1. Clarity is needed on how the new proposals will affect companies that already have condition P in their licence - would there be a revised Condition 7.1 that could lead to the deletion of South West Water's existing paragraph 7.3 which affords the company the option, with Ofwat's agreement, to avoid maintaining an Investment Grade Rating and instead provide evidence of the company's financial robustness. (**SWT**)
2. We support a strong and effective ring-fence around the appointed business, but it should be kept under review. (**SRN**)
3. We are not aware of any specific concerns about the current ring-fencing provisions which would call for significant strengthening at this stage, but where there is evidence of shortcomings in the current provisions we would be open to considering proportionate, targeted changes. (**SRN**)
4. The dividend policy provisions (section 8) of the proposed Condition P:
    - are very narrow and not exhaustive;
    - include specific reference to a dividend policy being able to embody other matters or principles as the Board of the Appointee should consider appropriate; and
    - section 8.1(b)[11], in particular, should be expressed with greater clarity to enhance the ability of Board members of Appointees to interpret and apply it. (**Icon Infra**)
5. At this stage we are unable to provide detailed comments on the drafting. We look forward to the opportunities to share thinking with Ofwat on licence modifications around ring-fencing, change of control and the BLTG principles. (**YKY**)
6. As the BLTG principles were published, following consultation, in January 2014, we think these should be reviewed to ensure they remain fit for purpose. The 2014 principles were designed to ensure appointed companies act

[11] The Appointee must, at all times, have in place a dividend policy which effectively embodies the principle that dividends should be an incentive which is expected to reward efficiency and the management of economic risk.

independently, and have corporate governance standards commensurate with those of companies listed on the London Stock Exchange. As over four years have passed since the principles were set, it may be beneficial to review to what extent to which the world of corporate governance has changed and how this should be reflected in the BLTG principles. (**CCWater**)

7. Many Appointees have adopted complex, "wedding cake" corporate structures, which obfuscate responsibilities and liabilities, and push up the administration costs. They should be outlawed, unless there is a good (i.e. explicit) corporate reason for such structures to be adopted. (**M Blaicklock**)
8. The service (interest and repayment) of shareholder loans and subordinated debt should be included in the definition of "dividends" under the proposed ring-fencing clauses. (**M Blaicklock**)
9. The Appointee's licence should include clauses which demand that any debt raised by, or in support of, the Appointee's activities should be raised on an ''arms' length' basis and on commercial terms [cf. OFGEM's standard gas transmission licence terms (ref. Condition 47)]. (**M Blaicklock**)
10. The provisions for companies to 'bring forward' depreciation allowances, which has the effect of reducing current corporation tax liabilities, albeit creating additional liabilities for tax at a later date, is an unnecessary handout to companies at taxpayers' expense. Appointees need no such incentive to invest, as investment programs are predetermined by their FDs every 5 years. In the case of Thames Water, the potential tax liability is recorded in their Balance Sheet (2017) as £877mn, not an insignificant sum. (**M Blaicklock**)
11. It is recognized that many private companies / Appointees currently carry significant pension deficits in their accounts, but one would hope that Appointees would set the highest standards with respect to supporting their pensioners. Some rebalancing constraint is called for as to how excess profits/dividends are paid in relation to increases in pension deficits. For example, in the year-ending 2017, the Thames Water pension deficit went up from £260mn to £379mn. During 2017, the company contributed around £60mn to its two pension funds, but paid shareholders a dividend of £157mn. Is this imbalance fair? Could this be part of the "ring-fencing" constraint? (**M Blaicklock**)

Question 7	What are your views on how the ring fencing conditions need to be further strengthened? In particular, in relation to:

1.4 General comments on ring fencing condition

General view: **There was a view that Ofwat should set out the specific provisions that needed to be strengthened. Some respondents reserved their comments until Ofwat's decision document on its BLTG principles consultation was ready.**

1. Subject to more details of the specific provisions, we have no particular concerns about any of the areas highlighted in the consultation for strengthening. We would be happy to work with Ofwat to develop conditions that meet specific concerns in these areas. (**SRN**)
2. If an amendment is required we suggest that a principles-based approach is adopted, rather than a strict list of rules. (**AWG Utilities**)
3. We have not been able to identify any specific need for further strengthening of the ring fencing conditions because of the short timeframe for the consultation. The examples given in consultation relate to specific circumstances which will not be straight-forward to include in general licence clauses. (**BRL**)
4. A comparison of the conditions to good licence practice from other sectors may help to identify circumstances that require additional strengthening, and what the licence achieved in practice. One alternative would be to include additional information requirements for period of events, such as during change of ultimate controller(s), or for the credit rating triggered events within the licence. (**BRL**)
5. We will consider Ofwat's proposals in this regard as they are developed over the coming months alongside its review of the BLTG principles.(**AFW**)
6. We require further time to review the modified Thames Water licence text where Ofwat propose this reflects the current highest standard. (**YKY**)
7. We will set out our views on the further strengthening of the ring fencing provisions in our response to the BLTG consultation. (**AFW**)

1.5 Maintaining an appropriate credit rating and how and when the lock-up conditions are triggered?

General view: **Respondents were generally accepting of Ofwat requiring them to have investment grade ratings. But there was acknowledgement of the need for proportionality for the smallest companies and for ensuring that all companies are treated consistently and equally through the regulatory mechanisms.**

1. While we agree it is appropriate for the larger WOCs and WASCs to maintain an investment grade credit rating, we do not believe this will be appropriate for NAV companies, as NAVs are likely to be small privately-owned companies, not listed on the London Stock Exchange (or similar). The requirement to maintain an investment grade credit rating is likely to be overly burdensome on NAVs and may have the effect of stifling the NAV market. (**AWG Utilities**)
2. There is merit in keeping the 'reasonable endeavours' provisions in respect of maintaining an investment grade credit rating because:
    a. a requirement to have an investment grade credit rating could create a "cliff-edge" situation whereby a company that loses its investment grade credit rating is immediately in breach of its licence, even if it has a plan in place to remedy and recover that rating. Would Ofwat recognise that the circumstances were temporary?
    b. a 'reasonable endeavours' provides sufficient protection to customers, so no additional dividend lock-up provisions should be proposed; and
    c. all Appointees and company Boards fully recognise the importance of maintaining an investment grade credit rating. (**NES**)
3. A requirement to maintain an investment grade credit rating, as opposed to using all reasonable endeavours to do so, is unnecessary, because: strong incentives already exist on companies to maintain an investment grade credit rating; the stronger requirement therefore does not add significantly to the strength of protection of Appointees' financial viability. (**TTT**)
4. A requirement to maintain an investment grade credit rating increases significantly the risk which companies may face, as ratings are subject to factors beyond their control; and it is unclear what effect, if any, this provision would have given that when it is ever triggered it is likely to be during extreme financial stress, caused by external market or financial industry factors. (**TTT**)
5. The ring fencing provisions should be strengthened to require all appointees to procure and maintain at least one credit rating. This would also ensure that all

companies are treated consistently and equally fairly through regulatory mechanisms. (**UUW**)

6. We consider anything other than an Issuer Credit Rating would be a mistake and could open up unintended consequences. (**ANH**)
7. We are supportive of the requirement to maintain an investment grade credit rating and our licence has contained similar provisions since 2007. We have therefore accepted the proposal to amend our licence to strengthen the requirement to maintain an investment grade credit rating on the understanding that Ofwat will continue to interpret the definition of issuer credit rating in the way it has since 2007. (**TMS**)
8. The ring fencing conditions could include a requirement for appointees to have a 'cash lock up' if it is placed on a negative watch by the credit rating agencies. Consistency here would help protect customers from any failures as the appointees would not be able to release funds to the holding company without Ofwat's consent, in this scenario. (**CCWater**)
9. For most companies, a requirement "to must maintain" an investment grade credit rating at all times is more appropriate than a requirement "to use all reasonable endeavours", but there may be circumstances where it is not practical or desirable to enforce this condition, and by exception companies may need a period of time to adjust. (**BRL**)
10. Ofwat's overreliance under the regulatory regime on ratings to assess the financial health of UK's private sector water utilities is concerning. Ratings are useful, but not the only tool to be used. (**M Blaicklock**)
11. Appointees should ensure that their bond issues achieve at least a (S&P) "green" rating. (**M Blaicklock**)

1.6 Whether there needs to be a more explicit requirement to inform us of particular events affecting the Appointee?

General view: **While some commented positively on this provision, others were of the view that the provisions that were already in their licences requiring them to provide information requested by Ofwat were sufficient.**

1. In the context of the existing financial and other regulatory reporting requirements a general obligation to inform Ofwat of circumstances that would affect the ability of the appointee to carry out regulated activities is appropriate. **(SEW**)

2. Appointees could be required to inform Ofwat before any circumstances that materially affect its ability to carry out its regulated activities take effect, for example changes in financial structures or significant changes in investors, to allow for Ofwat intervention if needed. (**CCWater**)
3. The current requirement to notify Ofwat of any circumstance that may materially affect the Appointee's ability to carry out its regulated activities is considered to be of an appropriate level. (**ANH**)
4. Current requirements to inform Ofwat of particular events affecting the Appointee are sufficient and allow companies to make their own judgement taking into account the specific circumstances at their company. (**AWG Utilities**)
5. The current requirement to inform Ofwat of circumstances that may affect the Appointee's ability to carry out regulated activities is sufficiently wide to capture the important issues which Ofwat needs to be notified about and therefore does not need to strengthened. If there are other events about which you would like to be notified, these do not necessarily need to be included as a licence obligation and could instead be agreed separately with the companies. (**TMS**)
6. We would welcome an approach that simplifies the licence conditions and removes possible ambiguities to ensure Appointees understand the requirement for reporting to Ofwat, and that Appointees and shareholders equally understand that the appointed business has the autonomy to operate on a standalone basis. (**YKY**)
7. In principle, we would be supportive of changes to the requirement to inform Ofwat of material issues, provided any new requirements were suitably clear and transparent so that compliance could be established a priori. (**UUW**)
8. Conditions K and M of Tideway's licence contain provisions to provide information under certain circumstances (in particular, if Tideway is in financial distress) - we consider that these are appropriate. (**TTT**)
9. We would consider supporting proposed change if Ofwat can provide a reasonable example of any recent situation when conditions K and M have been inadequate, or of any future situation where this is likely to be the case. (**TTT**)

1.7 Managing potential conflicts of interest where there are cross-shareholdings?

General view:	**While there was a broad acceptance of this principle, there was a view that a high-level conflict of interest clause was unnecessary; Boards should, as a matter of course, police and address such conflicts.**

1. If the appointee has a shareholder who holds shares in multiple utilities, the ring fencing conditions could require companies to alert Ofwat of such scenarios to allow a review of whether it presents a conflict of interest. (**CCWater**)
2. Potential issues with the use of information in case of cross-shareholding or conduct of the appointed business as a sole and separate business may be addressed in the governance principles. The forthcoming review of the BLTG principles would be an opportunity to explore and provide examples of any issues Ofwat may wish to address specifically. (**SEW**)
3. The proposed "management of potential conflicts of interest where there are cross-shareholdings" appears to be looking at "commercial" not legal aspects of shareholders being owners of other regulated water companies/regulated entities/market participants. This is a subjective assessment that an Appointee has no power or information to police. We acknowledge, however, the clear difficulty that would arise in respect of situational conflicts (pursuant to section 175 of the Companies Act) where the same individual was a director of more than one Appointee. (**ANH**)
4. We understand the concern about the risk of potential conflicts of interests where there are cross shareholdings that fall below the prescribed thresholds for the special water merger regime. These conflicts can be managed through good corporate governance and companies' current arrangements for managing directors' conflicts. We therefore do not think it is necessary to introduce any new licence obligations. (**TMS**)
5. On managing potential conflicts of interest where there are cross-shareholdings, we would, in principle, be broadly supportive of guidelines outlining acceptable minority shareholdings across a number of appointees. (**AWG Utilities**)
6. A high-level conflict of interest clause is unnecessary. It could lead to a significant increase in the scope of regulation. Boards should, as a matter of course, police and address such conflicts. (**TTT**)
7. Conflict of interest arise in almost every major Appointee's activities and investment projects. However, an event of conflict of interest should always be seen as a perception, or judgement, by a third party, and not a judgement to be made by the conflicted party. It should be the responsibility of each Appointee to keep a conflict of interest register for all Directors and major contractors (value >£250,000). Failure to register a conflict of interest should, possibly, lead to loss of office or contract termination. (**M Blaicklock**)
8. It is naïve to accept the assertions of no cross-shareholding by unidentified investors sitting off-shore in a tax haven. (**M Blaicklock**)

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1.8 Safeguarding the autonomy of the Appointee?

1. We support the current ring fencing conditions that state that appointees should operate the business as if it is their sole business (independent of the holding

company) to standards commensurate with a publicly listed company. To ensure this is understood and implemented, Ofwat could add a licence condition that requires appointees to periodically demonstrate to Ofwat how they are adhering to this requirement. (**CCWater**)

2. The financing contract to which we are a party contains undertakings that are captured in respect of safeguarding the autonomy of the Appointee requiring it to manage the company's affairs independently of the holding company. (**ANH**)
3. On safeguarding the autonomy of the Appointee, we do not believe an update is required to the operation of the appointed business as if it were a sole business and publicly listed. (**AWG Utilities**)

Question 8	Do you agree with our assessment of the incoming investors of Thames Water?

1. We do not have any comments on the specific matters that relate to Thames Water. (**BRL**)
2. We have no views on the specific circumstances of the Thames Water's investors. However, we do believe that it would be appropriate for Ofwat to continue to undertake its own well established professional regulatory assessment of any new investors rather than inviting any public assessments. (**NES**)
3. To enable us to form a view, we would welcome a wider explanation of the internal assessment methodology used in the Thames Water change of control case. For example, what assessment options were considered and discounted. (**YKY**)
4. We only have access to limited information about these investors, therefore it would not be appropriate for us to comment on either their ability to run a regulated water company or Ofwat's assessment. (**CCWater**)

Question 9	What are your views on the ability of the new investors of Thames Water to run a regulated water utility?

1. We do not have any comments to make on the abilities of the new or existing investors to run an English or Welsh regulated water utility. (**YKY**)

Question 10	Do you have any concerns with the new investors of Thames Water that might affect the ability of Thames Water to fulfil its statutory duties and obligations under its licence?

1. See response to question 8. (**NES**)
2. See response to question 8. (**CCWater**)

Question 11	What are your views on the proposed modifications of Thames Water's licence?

1. We agree with the proposed modifications because they are in line with the more consistent licence conditions Ofwat is proposing for all company licences. (**CCWater**)
2. We would request that whilst modifications are being proposed for Thames Water's licence, should these subsequently be considered by Ofwat to be appropriate for other Appointees licence following a change of control, the principles used in Ofwat's licence simplification programme should apply. **(YKY**)
3. We can confirm that our Board accepts the proposed licence modifications based on the understanding that
    - the assurances we received from Ofwat in June 2007 continue to stand and that Ofwat will continue to interpret "Issuer Credit Rating" in accordance with the approach it set out in Keith Mason's letter to Simon Batey dated 27 June 2007; and
    - as per the Company Monitoring Framework assessment, we are meeting Ofwat's expectations in terms of compliance with the Board Leadership and Governance Principles. (**TMS**)
4. We have suggested minor drafting amendments to the definition of Issuer Credit Rating and Condition P to reflect how Ofwat interprets the definition in practice. (**TMS**)

Question 12	What are your views on our assessment of the Ultimate Controllers under the current arrangements?

1. We would welcome further clarity from Ofwat on how a consistent and proportionate Ultimate Controller assessment methodology will be applied, given this may not be a one-size fits all approach. (YKY)
2. Ofwat needs to ensure that:
    a. the assessment is reviewed if Thames notifies of any changes; and
    b. Thames Waters' governance arrangements (currently under review) comply with current BLTG principles. (**CCWater**)
3. We are currently reviewing our internal governance arrangements and we expect this to affect Ofwat's assessment of Ultimate Controllers. In any event, we understand that you will continue to identify OMERS as an Ultimate Controller. OMER has now provided us with a Condition P undertaking which we have sent through to Ofwat. (**TMS**)
4. Ofwat's assessment has been applied methodically in line with the principles set out in the consultation proposals that apply to all companies. However, Ofwat will need to ensure that this is reviewed if Thames notifies if of any changes, and ensure that Thames' governance arrangements (currently under review) comply

with current BLTG principles. This will have to be revisited as and when the BLTG principles are reviewed and updated, as we suggest in response to Question 6. (**CCWater**)

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales. Our vision is to be a trusted and respected regulator, working at the leading edge, challenging ourselves and others to build trust and confidence in water.

Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA

Phone: 0121 644 7500
Fax: 0121 644 7533
Website: www.ofwat.gov.uk
Email: mailbox@ofwat.gsi.gov.uk

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Any enquiries regarding this publication should be sent to us at mailbox@ofwat.gsi.gov.uk.

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