



Official

Ref: [REDACTED]

Annual Performance Report Consultation response

Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

14 February 2019

Dear Sir or Madam,

TIDEWAY'S RESPONSE TO OFWAT CONSULTATION ON ANNUAL PERFORMANCE REPORT 2018-19

Tideway welcomes Ofwat's indication of its planned changes to reporting requirements for 2018-19.

Our understanding is that the proposals would have very limited impact on Tideway's reporting obligations, as most are not relevant to us. We would, however, be grateful if Ofwat could confirm that the new proposed table 1F 'Financial Flows' does not apply to Tideway. As Ofwat did not require Tideway to report Financial Flows pilot data for 2017/18, and we were not subject to the 2014 price review, our understanding is that we will not be required to complete this table.

As many of the Regulatory Accounting Guideline (RAG) requirements are not relevant to Tideway, we agree a large number of departures from the RAGs with Ofwat each year; to date, this agreement has been confirmed informally by Ofwat. In light of recent changes to condition F of appointees' licences, which formalise the requirement to comply fully with the RAGs and are likely to be applied to Tideway in due course, we are discussing with Ofwat how it can best provide more formal approval to departures from the RAGs. We agreed with Mandy Taylor and Martyn Andrews to provide suggested text, for inclusion in the modified RAGs, on how Tideway's departures from the standard requirements will be agreed. Please see Annex A below for our proposed drafting.

Please do contact me if you would like to discuss our response.

Yours sincerely

[REDACTED]

Matt Parr

Head of Strategy and Regulation

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Annex A: Proposed drafting for Tideway's departure from the standard requirements of the RAGs

Due to the nature of its business and the different revenue arrangements applying during its construction period, not all requirements of the RAGs are relevant to Tideway. Following issuance of the modified RAGs each year, Tideway will formally write to Ofwat setting out the scope of the annual performance report that it expects to submit that year. Ofwat will confirm its agreement in writing by the 1st May.