

In addition to this response we attach three documents outlining our views on future performance reporting of certain common measures – these views have been arrived upon in consensus between the companies through WaterUK engagement.

Q1 Transparency of financial flows - Appendix 1 contains our new table 1F;

a. Do you agree with the scope of the proposed information items in the new table?

b. Is there any information missing from this table which you think should be included in order to achieve transparency and consistency for financial flows reporting?

Do any of the line item definitions require further explanation?

Fundamentally we have no concerns with the inclusion of this table in the annual performance report, however we have some concerns with this table coming into part 1 and being subject to a full audit opinion.

It would be important to understand the audit opinion statement required, particularly where judgements are made on attributing reasons for totex variances. This is likely to remain an area of potential inconsistency across the industry.

Otherwise we do not think there is any additional information required and the definitions are sufficiently clear to complete the table.

Q2 New connections - Appendix 1 contains our new table 2K;

a. Do you agree with the scope of the proposed information items in the new table?

b. Is there any information missing from this table which you think should be included in order to achieve transparency and consistency for new connections reporting?

Do any of the line item definitions require further explanation?

We agree with the scope of this table, the definitions are sufficiently clear and see nothing that should be added.

Q3 What are your views on the proposed changes to the existing tables in Appendix 1?

We have no concerns about the changes to the existing tables.

Q4 What are your views on the issues highlighted in section 3 'Future developments in performance reporting'? Are there any other issues which we should consider? We are particularly interested in your views on the impact of additional price control units (section 3.2).

Supplementary to this response we attach three documents outlining our views on future performance reporting of certain common measures.

In response to the specific points raised here:

IFR16 leasing – we agree with your proposed approach

Table 2A – we agree with your proposed approach

Impact of retail NHH exit – we agree that this can be revisited for 2020-21 and doesn't need to be addressed now

Diversions income – We retain our view that this would sit better outside of the price control because the level of activity is outside of management control and reflects the costs that we incur to make the diversions, however we accept the need for the RAGs to be consistent with the decision in the determination.

We would not expect this change to come in until 2020-21. Otherwise the blind-year true-up for the 2015-2020 period will be inconsistent with the PR14 determination.

Q5 What are your views on our preference to require all costs associated with the 'Traffic management act' to be reported (section 6)?

We agree as a potentially material new cost it will be useful to capture these separately.

Q6 What are your views on our additional asset type descriptions for Water resources which recognise 'desalination' and 'effluent reuse' abstraction assets (section 7)?

We have no comment on this.