

July 2019

Trust in water

# PR19 draft determinations

**South Staffs Water – Targeted controls,  
markets and innovation actions and  
interventions**

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## PR19 Draft Determinations: South Staffs Water– Targeted controls, markets and innovation actions and interventions

Following our initial assessment of plans, we categorised two types of actions for slow-track and significant scrutiny companies:

- required actions for companies which in general were required for draft determinations (or final determinations for some aspects of past delivery); and
- advised actions for companies to do by a specific date but that are not required for our draft determinations.

Table 1 below sets out the required and advised actions, a summary of the company’s response to the action, our assessment of the company’s response, and any further interventions we are making as part of the draft determination.

Each action has a unique reference. The prefix ‘SSC’ denotes the company South Staffs Water. The central acronym references the test area where the action has been identified, please see the ‘PR19 draft determinations: Glossary’ for a key to these acronyms. Actions whose numbers are preceded with an ‘A’ denote required actions and actions whose numbers are preceded with a ‘B’ denote advised actions.

Table 2 below sets out any further interventions that are not resulting from an action which we are making as part of the draft determination.

Each further intervention that is not resulting from an action has a unique reference. The prefix ‘SSC’ denotes the company South Staffs Water. The central acronym references the test area where the action has been identified, please see the ‘PR19 draft determinations: Glossary’ for a key to these acronyms. Intervention numbers are preceded with a ‘C’.

For all other documents related to the South Staffs Water draft determination, please see the [draft determinations webpage](#).

**Table 1: South Staffs Water’s response to required actions and interventions for draft determinations**

| Test area                                 | Action reference | Action type | Action  | Date required | Summary of company response to action  | Our assessment and rationale | Required interventions |
|---|------------------|-------------|---|---------------|--|------------------------------|------------------------|
| Targeted controls, markets and innovation | SSC.CMI.A1       | Required    | The company should revise its bid assessment framework to detail the information requirements for bidders and the process for providing feedback. | 15 July 2019  | The company has satisfactorily addressed the action we set. The company provides a revised bid assessment framework, which includes further detail on how the process will work, the information that third parties will need to provide and the feedback process. | No intervention required.    | N/A                    |
|   | Advised actions  | Advised     | No advised actions.   | N/A           |  |                              |                        |

**Table 2: Further interventions for draft determinations**

| Intervention reference | Our assessment and rationale  | Interventions   |
|------------------------|---|---|
| SSC.CMI.C1             | <p>Intervention required.</p> <p>We have reviewed the company's Annualised Unit Cost (AUC) that inform the water resources price control. The company's proposed AUC is lower than our own estimate when we populated the Reckon model with the companies' submitted information in table Wr7.</p> <p>We are therefore intervening for the draft determination and have uplifted AUC to match our calculated AUC values. If the company disagrees, it should provide us with its populated Reckon model to demonstrate why the uplift is not necessary as part of its DD representation for us to review for the final determination.</p> | <p>We are intervening to set the AUC to be used in the water resources control.</p> <p>We have reflected this in 'Table 4: Price Control for Water Resources Activities bilateral entry adjustment numbers' of the company's 'Notification of the PR19 draft determination of price controls' letter.</p> |

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.

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July 2019

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