

Consultation questions	Page
Q1: Do you agree with our proposed default arrangements for managing IPR and royalties? Do you think these arrangements work for different types of projects and activities (e.g. new technology vs. process innovation, roll-out activities etc.)?	The protection of Background IPR will encourage organisations with some existing / part developed capability to get involved, but will this protect the rights of partner companies adequately? - If the Foreground IPR is made available royalty-free and in perpetuity to all 17, there is a disincentive for partners to support / get involved if they can't monetise any output based on their IP? This is very problematic for 'process innovation' which may use a number of different Background IPR elements – and create a fuzzy solution that blurs what's new and what's not.
Q2: What alternative arrangements should we be considering for IPR/ royalties?	More protection for external suppliers / technology partners, providing funding to encourage them to participate, and some form of pre-agreed royalty to them. Possibly in the form of a share of future opex avoided by the introduction of a particular innovation. There needs to be some upside to ensure small companies are interested in getting involved.
Q3: Do you agree with the principle that data generated through the innovation competition should be open by default?	Yes, but limited to non-commercial use and clearly with GDPR and other confidentiality protections in place.
Q4: Do you agree with our proposed approach and that we should consider alternative arrangements beyond company contributions?	Yes we agree with the proposed approach, the revolving funding option is forward thinking in how initial investment in innovative projects which provide savings can then be reinvested to fund future projects, however this relies on savings being generated and 'ring fenced', i.e. not returned to customers through other financial means. This also doesn't recognise where future costs are avoided or minimised through innovation. Gaining additional funding through commercial partnerships and other sources is also thought to be a good idea, although this would be linked with the potential future earnings from those partners from innovations created collaboratively.
Q5: Do you agree that a guideline minimum company contribution of 10% is appropriate in this context?	10% would appear to be a sensible level of contribution, However, given that the innovation fund is already funded by customers, requiring companies to provide additional contributions will put further pressure on TOTEX.
Q6: Do you agree with the overarching approach we set out here?	Yes, we very much support the requirement for water companies to demonstrate that they are working jointly to gain funding, this should not be limited to large companies alone, i.e. large and small companies should work together.
Q7: What are your views on introducing separate, proportionate, arrangements for small-scale projects? How might we define small-scale projects for the purposes of the innovation competition?	We support separate, proportionate arrangements for small scale projects. We feel it is important that there is an opportunity for smaller water companies to participate in the innovation competition through smaller scale projects. Small scale projects could be defined as <£200k
Q8: Do you agree with our proposal for ensuring roll-out is at the heart of the innovation competition? How might we reward both leaders and fast followers in this space?	Yes, we support the proposal to ensure roll out. Leaders who are successful in achieving roll out beyond their company could be rewarded with reimbursement of their contribution or keeping more of the savings generated if reinvested in innovation schemes? Fast followers could be rewarded by being able to keep more of the savings provided from schemes if reinvested in innovation projects?

<p>Q9: What practical arrangements should we introduce to ensure adequate ring-fencing of the innovation funding?</p>	<p>Stage 1: We feel it would be most appropriate to collect the required funding on a prorata basis, throughout each year (e.g. quarterly in arrears) in order to minimise any timing difference between collection from customers and payment of funds.</p> <p>Stage 2: We agreed with this approach. It may be appropriate to consider early, the VAT implications of this approach for the organisation administering the programme.</p> <p>Stage 3: We do not feel it is practical for funds to be separately ring-fenced. This adds administrative burden and could be managed through appropriate agreements relating to reporting and any claw back provision (e.g. similar to many grant funding arrangements).</p>
<p>Q10: Do you think the proposed innovation challenge approach will help better enable partnerships and collaboration between companies and third-parties, in particular smaller innovators? Are there alternative approaches we should be considering? How can we make sure this approach works in practice?</p>	<p>Yes we believe that this is an effective way to stimulate innovation.</p> <p>To make sure this approach works in practice:</p> <ul style="list-style-type: none"> - Provide some upfront mentoring/guidance re the water sector to 3rd parties re challenges of the water sector and how the innovation competition works (including funding and future income etc) - Provide liaison support between water companies and 3rd parties - For smaller companies or start-ups provide access to general business support (could be links to other schemes re starting and running a business).
<p>Q11: Do you agree with our proposed approach to returning funds to customers? Are there any other circumstances, not considered here, under which we might consider returning funding to customers?</p>	<p>We agree with the principle that unused funds should be returned to customers. We agree with the principle of claw back in the event of any miss-spending of funds. However, this should be clearly defined and within the control of the Company.</p>
<p>Q12: Do you agree with our proposed approach for managing interactions with the price review?</p>	<p>We do not agree with this approach. Whilst with larger companies the impact of trials may be relatively small in comparison the size of the overall company, with a small company such as PW the impact could be high. This is particularly the case with ODI's that are already at the leading edge of industry performance. The risk/reward to ODI performance should be taken into account when agreeing funding for innovation projects, thus not penalising smaller companies if innovation trials do result in a reduction in ODI performance.</p>
<p>Q13: Do you agree with our proposed amendments to the principles? Are any further amendments to the principles required to reflect our approach to outstanding policy issues outlined in this document?</p>	<p>Generally agree, although see comments in relation to the 10% contribution above under question Q5</p>
<p>Q14: Do you agree with our proposed focus, major strategic themes and overall approach for the competition?</p>	<p>Yes, we agree with the approach and the 3 themes</p>
<p>Q15: What is the appropriate split of available funding between the Innovation in Water Challenge, the main</p>	<p>Water Challenge 25% The Main competition 65% Enabling activities 10%</p>

<p>competition and enabling activities?</p>	
<p>Q16: What are your views on the feasibility of running all three types of activities in the pilot year, and on the proposed timings in Annex 3?</p>	<p>We believe that it is unrealistic to run all 3 categories in the pilot year, given the impact of Covid-19 and other demands. We would support the running of the water challenge and enabling activities in year 1 with the main competition starting in Q1 of year 2 of the AMP.</p>
<p>Q17: Do you agree with our proposed approach to key implementation considerations outlined here?</p>	<p>Yes we agree with the proposed approach</p>