



Ofwat
21 Bloomsbury Street
WC1B 3HF London

Via email: [REDACTED]

24 August 2020

Dear Michael,

Ref: Consultation on changing the Water UK metrics in D-MeX

Thank you for providing us with the opportunity to respond to this consultation on changing the Water UK metrics in D-MeX.

Affinity Water is committed to ensuring that D-MeX is representative of all developer customers and we have been focusing on engaging with all our customers (including SLPs and NAVs) to ensure meaningful improvements to our service are provided to our customers.

Whilst we are very supportive of reporting against the proposed metrics, the proposed changes materially change the design of this system and the associated D-MeX calculation. We feel that a mid-year change during year one would not support the principles for in year revisions and could potentially harm the integrity of D-MeX as a regulatory measure. More broadly, and although Affinity Water may not be directly impacted by this, we would also have concern over the industry failing the commitment for reporting the new sewerage codes metrics from November 2020.

Our position outlined herewith should not diminish from the fact that Affinity Water is firmly supportive of the proposal in principle and we acknowledge D-MeX should appropriately reflect new metrics and be representative of all our important customer groups.

Our request would be for these proposals to be implemented formally from April 2021. To help provide assurance for NAV and SLP customers throughout the remainder of this year, we would support reporting on the metrics in shadow form in 2020/21.

I hope you find our comments helpful. Please do not hesitate to contact us should you wish to discuss any of these points further.

Yours sincerely,

[REDACTED]

Stève Hervouet
Director of Regulation and Strategy, Affinity Water

cc:
Pauline Walsh, Chief Executive Officer, Affinity Water
Graham Turk, Director of Production & Supply, Affinity Water

1. Do you agree with the NAV metrics that we propose to include in the quantitative component of D-MeX?

We understand the need to ensure the D-MeX measure represents all developer customers, including NAVs. Affinity Water are committed to facilitating effective markets in our area and have been working to engage with our NAV customers more closely over the last 18 months. We will continue to work alongside our NAV customers to facilitate their presence in the Affinity Water region.

To this end, we agree that it is important for NAV metrics to be included in the quantitative component of D-MeX. Moreover, we find the metrics proposed are consistent with the existing metrics included in the quantitative component of D-MeX and align to key services water companies provide.

2. Do you agree with the NAV metrics that we propose to include in the qualitative component of D-MeX?

We agree with the approach for inclusion of NAV metrics in the qualitative D-MeX component and believe the proposed qualitative metrics are consistent across existing metrics included in this element of D-MeX currently. We understand that it is important for the metrics to span across the entire NAV journey and the proposed list of nine NAV metrics for inclusion will maximise the potential for fair representation of NAV customers within the D-MeX surveys carried out. Whilst Affinity Water has minimal volume of work associated with NAV customers, we entirely support that NAV customers should have an active voice to help drive further improvement of service across this customer base within the industry.

3. Do you agree with the sewerage adoption metrics that we propose to include in the quantitative component of D-MeX? Do you agree that the existing sewerage metric S7.1 should be removed where the new metric SAM3/1 applies? Should any other metrics also be removed?

Although Affinity Water is a water only company and therefore do not provide new sewerage services to customers, we are in agreement with the proposed quantitative sewerage adoption metrics. The metrics proposed to be included align to key services which are represented across other metrics already currently included in this element of D-MeX. We feel therefore that this shows consistency in the approach and a fair representation across developer services activities.

Considering the introduction of metric SAM3/1, we agree that the removal of S7.1 is necessary to maintain the integrity of the data, such to avoid volume duplication.

4. Do you agree with the sewerage adoption metrics that we propose to include in the qualitative component of D-MeX? Do you agree that the existing sewerage metric S7.1 should be removed where the new metric SAM3/1 applies? Should any other metrics also be removed?

Similar to our response to question 3, the metrics proposed for inclusion in the qualitative component of D-MeX appear to be consistent with metrics associated with clean water activities, therefore we agree with the proposal.

As previously indicated, we agree that the existing sewerage metric S7.1 should be removed in place of the new metric SAM3/1.

5. Do you have any comments on which draft self-lay water metrics should be included in the quantitative and qualitative components of D-MeX? Which existing metrics should be removed?

Whilst we appreciate the final decision regarding the water codes for adoption are outstanding, we propose the following draft self-lay water metrics should be included in the qualitative component of D-MeX:

- SLPM – S1/2 – review PoC proposal
- SLPM – S2/1b – review SLP design application
- SLPM – S2/2a – provide design
- SLPM – S2/2b – provide design acceptance
- SLPM – S3 – review/revise water adoption agreement
- SLPM – S4/1 – source of water delivery date
- SLPM – S5/1a – review request and carry out final connection
- SLPM – S5/1b – review application and agree date of final connection
- SLPM – S6 – issue vesting certificate
- SLPM – S7/3 – Install ‘screw in’ meter and record details

Similar to the current approach to metrics included in the qualitative component of D-MeX, we would request to include all performance-based metrics, notwithstanding the exclusion of almost all acknowledgement metrics. As outlined in your consultation, we agree that performance associated with acknowledgements do not provide an accurate or representative view of the service water companies are providing to developer customers. However, we do propose to include ‘SLPM – S2/1b – review SLP design applications’ as an exception to this view. We understand through engagement with our stakeholders that there is a drive for the improvement of competition across design activities, therefore we feel including this metric is an important indication that water companies wish to monitor performance and customer sentiment associated with this metric, with the view to ultimately improve the process for our self-lay customers. One of our key principles within Affinity Water is to ensure we are easy to do business with and we are committed to embed and reinforce this with the service provided to our developer customers.

Similar to the above, we propose the following draft self-lay water metrics should be included in the quantitative component of D-MeX:

- SLPM – S1/2 – review PoC proposal
- SLPM – S2/2a – provide design
- SLPM – S2/2b – provide design acceptance
- SLPM – S3 – review/revise water adoption agreement
- SLPM – S4/1 – source of water delivery date
- SLPM – S5/1a – review request and carry out final connection
- SLPM – S5/1b – review application and agree date of final connection
- SLPM – S6 – issue vesting certificate

- SLPM – S7/3 – Install ‘screw in’ meter and record details

We believe the above proposed metrics capture the key stages of services delivered by water companies to self-lay customers. We also feel these metrics provide consistency with existing D-MeX metrics used to capture data from different workstreams.

Considering the above, we propose the removal of the following metrics to ensure that duplication of performance data does not adversely impact data integrity:

- W22.1 - Self-lay design approval and terms request application
- W25.1 – Self-lay signed agreement
- W26.1 – Self-lay for pressure/bacteriological testing
- W29.1 – Self-lay asset payments
- W23.1/24.1 – Self-lay design and terms request <500/>500 plots

6. Do you agree with our proposal that the NAV metrics which we choose to include in D-MeX should apply from 1st April 2020, with survey fieldwork based on relevant transactions made from 1st October 2020, and the sewerage adoption metrics which we choose to include should apply from 1st October 2020?

Whilst we support the inclusion of NAV metrics within D-MeX, we feel that a more appropriate timescale for inclusion from both a qualitative and quantitative perspective would be April 2021. We understand that water companies have been recording this data from April 2020, however we remain unconvinced that this mid-year change would be aligned to Ofwat’s principles that revisions are in customer interests, support consistent and fair comparisons between companies and align with our wider duties. We understand that NAV customers represent a key customer group, however we would have concerns about amending the metrics during the first year and feel this would not support fair comparisons between companies considering the lack of data sharing and peer review within this area to date.

Affinity Water also acknowledge wider work ongoing with the new Levels of Service system currently being developed and feel that a mid-year change this year would cause adverse effects on this implementation. This is further outlined in our response to question 7.

We would like to acknowledge that this position does not diminish our commitment to ensuring representation of these customers within D-MeX as we appreciate that they are an extremely important customer group.

Although Affinity Water does not complete any works associated with sewerage adoption, regardless, our stance for the inclusion of sewerage adoption metrics from October 2020 would remain consistent with the above approach.

7. Do you have any comments on our proposed approach to reporting?

Affinity Water has some concerns regarding the approach to reporting and inclusion of metrics within year one.

Considering the current implementation timeline of the new levels of service reporting system, the inclusion of new NAV metrics within D-MeX from April 2020 and the sewerage adoption

metrics from October 2020, an amendment to the D-MeX calculation would be required and likely result in delays to the implementation programme. This would risk the commitment for reporting against the new sewerage codes for adoption metrics from November.

In addition, we would have concerns regarding such a significant mid-year change within the first year of D-MeX adoption. Considering this is a brand-new measure, we feel that learnings should be taken from year one and any changes to be implemented from April 2021. This is also likely to coincide with the introduction of the new water codes for adoption. Affinity Water believe that minimising change at such an early stage will assist with stakeholder buy in.

In addition, we would request consideration for the recent consultation 'Consultation on regulatory reporting for the 2020-21 reporting year' and the associated proposed D-MeX table, 3d – 'Developer services measure of experience (D-MeX) table'. This table would not provide visibility of the half yearly scores from a quantitative perspective. Whilst we appreciate that an annual score can be derived from an average of those two scores, given that these scores could be based on a set of significantly different metrics, we feel it would be appropriate to amend the regulatory reporting table to give visibility of both scores separately.

In light of the above, to ensure consistency across year one, we would suggest shadow reporting throughout the remainder of 2020/21 and formal reporting within D-MeX from April 2021.