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Ofwat Performance & Outcomes  
Ofwat

By email: [REDACTED]

3<sup>rd</sup> August 2020

Dear Ofwat P&O

## **RESPONSE TO D-MEX CONSULTATION**

We set out below our response to this consultation. We only respond to questions that relate to the water service.

*Question One: Do you agree with the NAV metrics that we propose to include in the quantitative component of D-MeX?*

We agree with the proposed NAV metrics, in particular the proposal to remove the acknowledgement metrics as these do not provide meaningful measures of performance. However, we are conscious that the original NAV Metrics proposed by Water UK were developed in conjunction with water companies and NAV's and the metric WN3.1 "Bulk Water supply agreement signed and issued to the applicant", is an important legal document that a NAV requires. We see this as more than an acknowledgement and therefore its performance should have weight.

*Question Two: Do you agree with the NAV metrics that we propose to include in the qualitative component of D-MeX?*

We agree with the proposed NAV metrics to be included in the qualitative component of D-MeX. However, we are conscious that there are only a few NAVs and are conscious of the restrictions and limitations surrounding obtaining qualitative information for each water company. It will be important to monitor the practical application of the D-MeX approach for this reason.

*Question Five: 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?*

**Bristol Water plc**  
Registered Office: Bridgewater Road, Bristol BS13 7AT  
0117 966 5881

[bristolwater.co.uk](http://bristolwater.co.uk)

Registered in England  
No. 2662226



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We believe that as with other metrics, acknowledgements should be removed as they do not provide added value. So the following metrics should be included:-

- Point of Connection
- Self Lay Design Approval
- Self Lay Adoption Agreement
- Self Lay Water for Testing
- Self Lay Permanent Water Connection

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

It is likely that when the NAV metrics to be included is agreed this will be into the Autumn 2020, and although retrospective application of the quantitative metrics will be easy to calculate in surveys on relevant transactions up to 12 months previously, as time will have passed this may be difficult to obtain a meaningful score. We would suggest, given Covid-19, that Ofwat weights the views of the NAVs who will be subject to this survey fieldwork. It may be more appropriate to apply from April 2021.

*Question Seven: Do you have any comments on our proposed approach to reporting?*

With regards to the target date of submission by the 10th of the following month, we recognise that this is a challenging target date, for which we are working on automated systems to provide this information. Despite this the shorter the deadline, the less time is available for assurance and buffer for technical issues. Overall we are comfortable with the approach taken, although it will be for Ofwat and the developers to judge whether the cost of this burden is proportionate and improves market outcomes. Although a minor additional burden, applying NAV data from April 2021 rather than October 2020 will have a small benefit to meeting the target date.

Yours faithfully



**Iain McGuffog**  
**Director of Strategy and Regulation**

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