



D-Mex Consultation
Ofwat
21 Bloomsbury Street
London WC1B 3HF

24th August 2020

Via e-mail: [REDACTED]

Dear Ofwat,

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

I am writing as a representative of Independent Water Networks Limited (“IWNL”), part of the BUUK Infrastructure Group of companies, in response to Ofwat’s May 2020 further consultation regarding the Consultation on changing the Water UK metrics in D-MeX. I can confirm that this response is not confidential.

We welcome the opportunity to comment on the proposed metrics relating to NAVs. The inclusion of the NAV metrics into D-Mex will act as an incentive for incumbent water companies to deliver an excellent service to its NAV customers, helping to create market transparency that is also critical for developers procuring services from the sector. We also believe that the inclusion of the NAV metrics creates a more balanced overview of companies’ performance in the new connections market. We are extremely disappointed that these metrics were not included in the original Ofwat consultations for the D-MeX and find the resulting delay in their implementation disappointing.

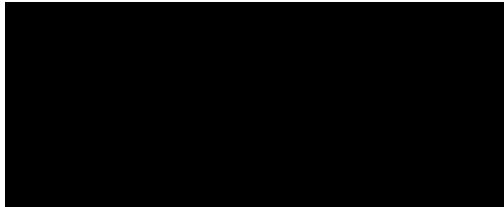
We consider the metrics that Jacobs have recommended for inclusion in D-Mex broadly aligned with the NAV market priorities, although we are very disappointed that that metrics WN3.1 and SN3.1 “% Bulk water [supply/discharge] agreement signed and issued to the applicant within target period” are not included as this is often the cause of significant delay and impacts on a NAV’s ability to conclude the NAV application process. These metrics are an integral part of the new connections process for a NAV and we require their inclusion so that the end to end connections service from incumbents will be monitored within the D-MeX.

We believe that it is critical that companies should report their performance on the proposed NAV metrics from April 2020, with survey fieldwork to be based on relevant transactions made from 1 October 2020, as set out in the Ofwat Consultation. The proposed metrics are not new to incumbents and the best performing water companies (South East Water and United Utilities) agreed to informally report their performance against them from the 1 January 2020. Until

the NAV metrics are included within D-Mex, NAVs are likely to be a lower priority than other customers/metrics that are included within D-Mex.

We have provided answers to Ofwat's consultation questions in Appendix 1. Please do not hesitate to contact us if you have any further questions.

Kind regards



Keith Hutton
Regulation Director (Heat, Fibre and Water)
BUUK Infrastructure

Appendix 1

Q1: Do you agree with the NAV metrics that we propose to include in the quantitative component of D-MeX?

IWNL broadly support the proposed NAV metrics (quantitative component) although we believe that it is essential to NAV that the Metrics WN3.1 and SN3.1 (see below) are included given their importance to the NAV new connection process and the delays that are often experienced:

WN3.1 and SN3.1 % Bulk water [supply/discharge] agreement signed and issued to the applicant within target period as this is often the cause of delay.

This requirement could be avoided if all of the key bulk agreement information is contained in metrics WN2.2 and SN2.2 % Bulk [supply/discharge] offer letters issued to the applicant within target period which it is currently not e.g. NAV tariff. IWNL were not supportive of this process being separated into 2 separate metrics in water and waste.

IWNL are not aware of testing supplies being an issue as this activity is often undertaken as part of the completion of works. However, this may have been an issue for other NAVs.

Q2: Do you agree with the NAV metrics that we propose to include in the qualitative component of D-MeX?

We agree.

Q3: 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?

No comment.

Q4: 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?

No comment.

Q5: 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?

No comment.

Q6: 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?

We believe that it is critical that companies report on their NAV metric performance recorded from April 2020. The best performing incumbent companies agreed (South East and United Utilities) and have been reporting against the proposed measures since January 2020. The formalisation of NAV metrics through D-Mex at the earliest opportunity is not only a critical tool to encourage excellent customer service but will also act as a deterrent for companies to prioritise customer types within D-Mex over customers that are outside of D-Mex.

As companies have committed to recording NAV metrics from April 2020, it would be difficult to understand why they would not embrace the opportunity to share performance as they do for their Developer and SLP customers.

As an emerging market, it is critical that companies are incentivised to publish both qualitative and quantitative performance at the earliest opportunity.

Q7: Do you have any comments on our proposed approach to reporting?

No further comment.