

Our Ref: PK/LAT/Ofwat

20 August 2020

Ofwat
4th Floor
21 Bloomsbury Street
London
WC1B 3HF



SES Water
London Road
Redhill, Surrey,
RH1 1LJ
Telephone: 01737 772000
Facsimile: 01737 766807
Website: www.seswater.co.uk
Email: contactus@seswater.co.uk

Dear Jeevan

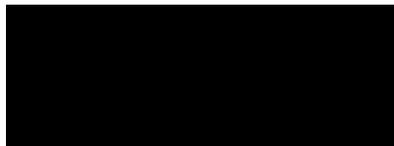
Consultation on changing the Water UK metrics in D-Mex

Thank you for providing us with this opportunity to respond to the above consultation. Overall, we are supportive of the proposals on the revised D-Mex metrics, although certain questions relating to the waste-related metrics we have not provided a view on given our status as a water-only company.

We understand that you intend to publish responses to this consultation on your website and do not object to the publication of SES Water's responses.

Please let me know of any further questions or clarifications.

Yours sincerely



Paul Kerr
Group Chief Financial Officer

Appendix I – Responses to consultation questions

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

Response: We agree with the NAV metrics that are proposed to be included in the quantitative component of D-Mex as described in Appendix 1 of your consultation document. While as a Company we have no specific NAVs engaged in our area of operation, we consider the proposed metrics to meet the key principles of ensuring customer interests are prioritised and that there is a consistent and fair comparison between companies.

Q2 Do you agree with the NAV metrics that we prepare to include in the qualitative component of D-Mex?

Response: We agree with the NAV metrics that are proposed to be included in the qualitative component of D-Mex as described in Appendix 2 of your consultation document, based on similar reasons to those noted in our response to Q1 above.

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?

Response: Given our position as a water only company, we do not have a view on the sewerage adoption metrics, other than to note that the similar guiding principles of customer interests and company comparability should be considered when finalising these metrics.

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?

Response: Given our position as a water only company, we do not have a view on the sewerage adoption metrics, other than to note that the similar guiding principles of customer interests and company comparability should be considered when finalising these metrics.

Q5 Do you have any comments on which draft self-lay water metrics should be included in the quantitative and qualitative component of D-Mex? Which existing metrics should be removed?

Response: We do not have any further comments on the proposed self-lay water metrics for inclusion in the quantitative and qualitative components of D-Mex.

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?

Response: We would recommend incorporation of the NAV metrics into D-MEX to be implemented from April 2021 onwards, to avoid the complications that may be introduced by mid-year changes, although it should be noted we have no NAVs formally engaged in our area of operation to date so there would be limited impact on our Company of such proposed changes at this point in time.

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

Response: We are in agreement with the proposed reporting as documented in Ofwat's consultation document, noting that, as with all performance commitments, companies will report on the quantitative component of D-Mex in their annual performance reports.