

24 August 2020

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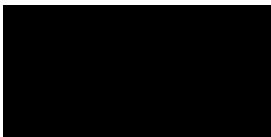
Dear colleagues

CONSULTATION ON CHANGING THE WATER UK METRICS IN D-MEX

Thank you for the opportunity to respond to the consultation on changing the Water UK metrics in D-MeX. We have provided responses to the consultation questions in Appendix 1.

If you should have further questions please do not hesitate to contact me.

Yours faithfully



Sally Mills
Regulatory Director

D: [REDACTED]

E: [REDACTED]

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

Yes, we agree to the metrics being included into the quantitative component of D-MeX.

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

Yes, we agree to the metrics being included into the qualitative component of D-MeX.

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?

Yes, we agree to the metrics being included into the quantitative component of D-MeX.

In relation to S7.1 - (Legal agreements) – There is a transition from Sewers for Adoption 6 & 7 to the Design and Construction Guidance. This is supported by two different sets of metrics. The current ones for example S7.1 will drop in time once the transition proposals have finished and be replaced with SAM 3/1. Even when they finish in England and move to the new Codes for Adoption metrics, the old metrics will still need to be kept for submissions in Wales as the Codes for Adoption do not apply. By the introduction of the new Codes for Adoption metrics for English companies, this will increase the number of metrics English companies are measured against in comparison to Welsh companies.

We would suggest adding SAM 2/2 into the quantitative component as the provision of the first review is a critical part of the process to a developer customer.

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?

Yes, we agree to the metrics being included into the qualitative component of D-MeX. However, to allow Welsh companies to continue reporting, other metrics cannot be removed unless it is proposed that Welsh companies use the new metrics but with their own definitions.

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?

To allow parity between clean and waste, similar metrics that have been added to waste should be added to clean. The important metrics for a Self Lay Provider are the provision of the quotation (**SLPM - S2/2a or SLPM - S2/2b**) and the provision of the branch connection (**SLPM – S4/1**). These are essential metrics which should be included in the D-MeX quantitative and qualitative components.

6. 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 any new metric should be given time to report formally on a shadow reporting basis before becoming part of D-MeX. We would recommend that the NAV metrics form part of the reporting for levels of service basis from 1 October 2020 with the introduction into D-MeX from 1 April 2021. This will allow companies time to report it correctly and deal with any issues as part of this.

As you are aware the industry has commissioned via Water UK, a new reporting system to take effect from 1 October 2020, with the first reporting month in November 2020. To enable these metrics to be included within the reporting system, the system specification would need to be configured now. The consultation suggests a decision on the metrics will not be made until the end of September 2020, which would not align with dates to configure new measures into the reporting system.

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

Procedures for changing a performance commitment contained in Annex 2 of the outcomes performance commitment appendix states:

“As a default, we expect any changes will apply from the beginning of the next charging year, but we recognise that there may be circumstances where it may be more appropriate for a change to apply from part-way through a charging year (for example, to align with a measure reported for another regulator)...”

This does not align with the proposals to implement the new metric part-way through the year and retrospectively apply them to the beginning of the current charging year. We are supportive of reporting the new metrics in shadow form to ensure consistency of reporting across companies, with reporting formally starting at 1 April 2021.

We do not support the change in the quantitative measurement methodology proposed in 4.2 that revises the calculation approach set out in the final determinations by asking companies to calculate separate half year performance, then report the average of these two half-yearly scores. This is confusing, will again impact levels of service system configuration and testing timelines, and appears to be out of line with the requirements of Table 3D of the 2020/21 Regulatory Reporting consultation.

We have some concerns how the proposed changes part-way through the reporting year and applying retrospectively from 1 April 2021 as well as the proposed revised calculation for the quantitative element may have on the credibility of the D-MeX measure. Since D-MeX is a new performance commitment which has not even reported its first quarterly result, stakeholders are familiarising themselves with this measure, after its evolution during the shadow year. We believe these proposals make it unnecessarily complicated and could undermine the transparency and credibility of the new measure.