



Consultation on changing the Water UK metrics in D-MeX

24th August 2020



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

- 1.1 We agree that the proposed NAV metrics are appropriate and that they are broadly comparable to the scope of existing metrics in D-MeX. We consider that these metrics represent the key stages of service delivery and are proportionate to the level of NAV activity relative to other developer services work. These metrics are in line with the principles set out in the final determinations for reviewing the Water UK metrics included in D-MeX (revisions in customers' interests, consistent and fair comparisons between companies, alignment with our wider duties)¹.

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

- 1.2 We agree that the proposed NAV metrics are appropriate and that they are broadly comparable to the scope of existing metrics in D-MeX. We support the rationale of including all performance-based metrics, excluding acknowledgments to ensure a sufficient sample size for all customer types, including NAV's and that this will maximise the opportunity for NAVs to be interviewed without over-representing this customer group due to the sampling approach.

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 be removed?

- 1.3 We agree that the proposed sewerage adoption metrics are appropriate and consistent with the scope of existing metrics in D-MeX. We consider that these metrics represent the key stages of service delivery and are proportionate to the volume and importance relative to other developer services work.
- 1.4 We recognise that the newly defined levels of service metrics from Code for Adoptions Agreements should be consistently applied. We therefore agree that the new metric SAM3/1 should be included in the quantitative component of D-MeX and that S7.1 should be removed and no longer apply to avoid double counting of the same activity.
- 1.5 These metrics are in line with the principles set out in the final determinations as referenced above.

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 SAM 3/1 applies? Should any other metrics also be removed?

- 1.6 We agree that the proposed sewerage adoption metrics are appropriate and consistent with the scope of existing metrics in D-MeX. We support the rationale of including all performance-based metrics, excluding acknowledgments to ensure a sufficient sample size for sewer adoptions and that this will maximise the opportunity for this customer group to be interviewed without over-representing this customer group due to the sampling approach.

¹ PR19 final determinations: Thames Water - *Outcomes performance commitment appendix, published 18th December 2019, Section 1.1.15 D-MeX, Any other relevant information, page 48*



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- 1.7 We recognise that the newly defined levels of service metrics from Code for Adoptions Agreements should be consistently applied. We therefore agree that the new metric SAM3/1 should be included in the qualitative component of D-MeX and that S7.1 should be removed and no longer apply to avoid double counting of the same activity.
- 1.8 We also consider that S6.1 should be removed and no longer apply as this is being replaced by SAM 2.2, otherwise we would double count this activity. We also consider that SAM 1.2 should be removed in its entirety as this was aimed at covering large multi-phased developments and is a more strategic overview process that we foresee will be rarely used.

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?

1.9 We have included a table below to show the draft self-lay water metrics from the Code for Adoptions Agreements that we consider should be included from 1st April 2021. We have assumed that the Code for Adoption Water metrics will be live on or prior to the 1st April 2021. These are the performance-based metrics (excluding acknowledgements) which is the same approach to the other customer groups/service offerings within D-MeX. This covers the key stages of performance and is in line with similar service offerings where customers can come direct to us which will ensure a level playing field is maintained. We also show in this table which existing Water UK levels of service metrics should be removed and no longer apply to avoid double counting of the same activity.

Table 1 Proposed water code for adoption metrics for D-MeX

Draft self-lay metric under Code for Adoptions Agreement	Metric Description	To be included from April 2021 for D-MeX - Qualitative measure	To be included from April 2021 for D-MeX - Quantitative measure	Replaces existing Water UK LoS metric in D-MeX?
SLPM S1.1	Initial application review	N	N	No
SLPM S1.2	Review PoC proposal	Y	Y	W20.1 & W21.1
SLPM S2.1a	Review design application	N	N	No
SLPM S.2a	Provide design	Y	Y	W23.1 & W24.1
SLPM S2.1b	Water company to review	N	N	No
SLPM S2.2B	Water company to provide design acceptance	Y	Y	W23.1 & W24.1



Draft self-lay metric under Code for Adoptions Agreement	Metric Description	To be included from April 2021 for D-MeX - Qualitative measure	To be included from April 2021 for D-MeX - Quantitative measure	Replaces existing Water UK LoS metric in D-MeX?
SLPM S3	Review/ Acknowledge water adoption agreement	Y	N	W25.1
SLPM S4.1	Source of water delivery date	Y	Y	W26.1
SLPM S4.2	Provide sample results and submit construction records	N	N	SLP Responsibility
SLPM S5.1a	Review request and carry out final connection	Y	Y	W27.1
SLPM S5.1B	Review application and agree date of final connection	Y	N	No
SLPM S5.2	Complete connection and provide required information to the water company	N	N	SLP Responsibility
SLPM S6	Issue vesting certificate	Y	N	W28.1
SLPM S7.1	Validate notification and provide consent to progress with connection	Y	Y	W30.1
SLPM S7.2	SLP to notify water company that the connection is made	N	N	SLP Responsibility
SLPM S7.3	Install screw in meter and record details	N	N	No

1.10 We also consider that the current metric W29.1 - Self Lay Asset payments should remain as it is today – included in the qualitative and not included in the quantitative. This will



maximise the opportunity for this customer group to be interviewed. Use of this metric will naturally phase out over time as Asset Payments have been removed from new quotes from 1st April 2020 onwards.

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 the relevant transactions made from 1 October 2020, and the sewerage adoption metrics which we choose to include should apply from 1 October 2020?

- 1.11 We strongly disagree that changes to the metrics included in the qualitative and quantitative measures, and the change in methodology for calculating the quantitative metrics should be applied mid-year (and retrospectively for NAV quantitative metrics).
- 1.12 We believe that a mid-year change would be inconsistent with the first two principles set out by Ofwat in the Final Determination.²
- 1.13 D-MeX is a new performance commitment which has not yet reported its first quarterly result (Qualitative scores for Q1 are due on 17th September). The proposal for retrospective change would come at a time when stakeholders are just familiarising themselves with this measure, after its evolution during shadow year. We believe these proposals would be unnecessarily complicated and could undermine the transparency and credibility of the new measure.
- 1.14 We also note Ofwat's view as set out in the PR19 final determinations regarding changes to Performance commitments, "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)"³.
- 1.15 We do not consider that the case has been made for the need for a mid-year change to this performance commitment nor does the process envisage any retrospective implementation of changes to a performance commitment.
- 1.16 We also ask Ofwat to note that we are fully committed to continuing to support the ongoing joint project assessing the impact of Covid-19 on water companies. One of the key impacts being considered in this work is the implication on performance commitments from the pandemic. We consider that there may therefore be a more urgent case for change to other performance commitments, than there is for a mid-year change to D-MeX.
- 1.17 We would therefore propose that all these changes, including the Water code for adoption metrics are implemented from April 2021.

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

- 1.18 We do not support the change in the quantitative measurement methodology proposed in 4.2 that wishes to revise the calculation approach set out in the final determinations by asking companies to calculate separate half year performance, then report the average of

² PR19 final determinations: Thames Water - *Outcomes performance commitment appendix, published 18th December 2019, Section 1.1.15 D-MeX, Any other relevant information, page 48*

³ PR19 final determinations: Thames Water - *Outcomes performance commitment appendix, published 18th December 2019, Annex 2 – Changes to performance commitments during the price control period, Changes to third party materials referenced to in performance commitment definitions, page 162*



these two half-yearly scores. This is confusing and it is inconsistent with the proposed annual return reporting requirements as set out in the Consultation on regulatory reporting for 2020-21 reporting year.⁴

- 1.19 The revision of the methodology for the quantitative metric into two half years, could adversely impact some companies over others due to the impact of Covid-19 in the first few months of this year, This will mean that volumes in the two halves of the year would not be even and the performance of companies due to their different approaches to providing services during lockdown could have a bigger impact on D-MeX scores than they would otherwise have done. Given the ongoing joint work to assess the impact of Covid-19 on water companies, we suggest that D-MeX remains within the scope of that ongoing review.

Other comments and observations

- 1.20 There will now be a considerable number of metrics that only apply in England and not in Wales (and vice-versa). This means that in addition to the inconsistencies that are already included between Water only companies (WoCs) and Water and Sewerage Companies (WASCs), there will now be added inconsistencies between the WASCs. We will continue to review the materiality of the differences in the measures that each company includes as this creates greater divergence between what is in scope for DMEX across different companies and evaluate the impact on the resulting D-MeX league table.

⁴ RAG 4.09- Guideline for table definitions in the Annual Report Consultation Version, *published 1 June 2020, Table 3D, page 45*

