

# Water UK response to Ofwat consultation on changing the Water UK metrics in D-MeX

Water UK is grateful for the opportunity to comment on Ofwat's proposals regarding D-MeX changes. This response relates only to question 7 in the consultation:

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

The comments made in this response are supported by Water UK's members, specifically those who are part of the Infrastructure Policy Group.

## **1. Impact on new LoS system development and delivery**

Water UK is currently working with an external contractor to deliver a reporting system which will allow companies to fulfil their D-MeX reporting obligations. The initial "build" phase for the new system is due to be completed by 15 September and any change to the "as built" system would need to be the subject of a formal change request. We do not envisage that any such change request could be submitted before the end of September.

Water UK would then need to agree the price and delivery details with the contractor. We have not budgeted for such changes and would need to consult with members as to how the funding would be secured for such changes.

We have consulted with our contractor regarding the changes to the initial specification that implementation of Ofwat's proposals would require and they have commented that from the point of agreeing the changes, a minimum of two further weeks would need to be added to the current delivery timetable.

Given that delivery is currently scheduled to take place on 2 November, the change that is likely to be required by the proposals implies delivery by 16 November at the earliest. This would leave water companies in breach of their reporting obligations under the sewerage code.

We are therefore unable to support the proposal for an October implementation date for these changes.

## **2. Fulfilment of tests set out in Final Determinations**

We agree that it is reasonable for D-MeX to be changed by incorporating the NAV metrics and the two sewerage metrics but do not agree with the proposed timing of the change. We do not view the proposal for mid-year changes as being consistent with the tests set out in the Final Determinations.

First, the incorporation of NAV metrics into a D-MeX system that is already underway and reliant on a different set of data will change companies' positions in the 2020/2021

D-MeX system. In principle, the introduction of such retroactive changes should be avoided as it creates inconsistency and given the relatively small numbers of NAV transactions, we are not persuaded that the benefits to customers outweigh the negative effect on the integrity and consistency of D-MeX data.

Secondly, stakeholders are just familiarising themselves with D-MeX, after its evolution during shadow year. The proposals to change metrics at the mid-year point create uncertainty about the status of the metrics as it will not be obvious to customers either why changes are being made or what their implications are. We do not view such a change as being helpful to customers.

Accordingly, we propose that implementation of both changes be delayed until April 2021. This would also coincide with the likely date for implementation of the water code measures.

Water UK  
24 August 2020