

## Consultation on changing the Water UK metrics in D-MeX

Questions	Welsh Water response
Q1 – Do you agree with the NAV metrics that we propose to include in the quantitative component of D-MeX?	<i>In response to the revised metrics proposed for the quantitative element of D-MeX we can confirm we agree with the metrics and have been capturing requirements since 1 April 2020 in readiness for regulatory reporting.</i>
Q2 – Do you agree with the NAV metrics that we propose to include in the qualitative component of D-MeX?	<i>In response to the revised metrics proposed for the qualitative element of D-MeX we can confirm we agree with the metrics and have been capturing requirements since 1 April 2020 in readiness for regulatory reporting.</i>
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?	<i>We are content with the change to the sewerage adoption metrics themselves. However, we have a concern around how the transition from the old to the new metrics is made. It is not clear whether developer services activities that are already underway prior to 1<sup>st</sup> October 2020 will continue to be reportable under the old metric. If ongoing activities that pre-date the change are not reportable after the change is made, there could be very low levels of reportable activity for English companies. This could create a differential with Welsh companies. We therefore propose some kind of transition period in which activities captured and completed by the existing metrics are still reportable.</i>
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?	<i>We are content with the change to the sewerage adoption metrics themselves. However, we have a concern around how the transition from the old to the new metrics is made. It is not clear whether developer services activities that are already underway prior to 1<sup>st</sup> October 2020 will continue to be reportable under the old metric. If ongoing activities that pre-date the change are not reportable after the change is made, there could be very low levels of reportable activity for English companies. This could create a differential with Welsh companies. We therefore propose some kind of transition period in which activities captured and completed by the existing metrics are still reportable.</i>
Q5. Do you have any comments on which draft self – lay water metrics should be included in the	<i>As these draft metrics only apply to English companies, and those that apply to Welsh companies</i>

<p>quantitative and qualitative components of D-MeX? Which existing metrics should be removed?</p>	<p><i>will remain unchanged, we have no representations on which ones should be included for D-MeX. However, as outlined under question 3 &amp; 4 above, the transition from existing to new metrics must ensure fairness to Welsh companies so that all relevant activities are captured by the relevant metrics – existing or new.</i></p>
<p>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?</p>	<p><i>We would agree that the new NAV metrics chosen to be included within D-MeX should apply with effect of 1 April 2020 and that any fieldwork should be based on transactions from the 1 October 2020. As the sewerage adoption metrics apply to English companies only, we have no representations to make.</i></p>
<p>Q7. Do you have any comments on our proposed approach to reporting?</p>	<p><b>Quantitative component</b> – <i>It is unclear what if any impact (positive or negative) this will have on companies D-MeX score and whether this would increase any differential between English and Welsh companies D-MeX outcomes. Please refer to our responses to questions 3 &amp; 4 above. If the existing metric and new metrics will co-exist for a period of time to ensure fairness, it will be necessary to reconsider the reporting approach proposed.</i></p> <p><b>Qualitative component</b> – <i>Our comments above regarding the quantitative component are relevant to qualitative component also.</i></p>