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Date: 23 August 2020

Ofwat Performance & Outcomes

By email

Dear Rosanna

Wessex Water's response to Ofwat's Consultation on changing the Water UK metrics in D-MeX

Thank you for circulating the recent consultation on D-MeX to us. We welcome the opportunity to input our views into the process and appreciate Ofwat's continued engagement with the industry.

We have responded to each of the questions in turn on the attached document. We hope that this is helpful.

Please let us know if you require any further detail.

Kind regards

Matt Greenfield

Director of Economic Regulation

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

We agree with the proposal and consider the NAV metrics recommended for inclusion to be appropriate.

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

We agree with the proposal and consider the NAV metrics recommended for inclusion to be appropriate.

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?

We agree with the sewerage adoption metrics that are recommended for inclusion.

Regarding metric S7.1, we would like to clarify whether it is proposed to:

a) remove this metric entirely from D-MeX, or
b) whether we would only remove S7.1 where the new metric SAM3/1 applies

In the latter scenario, more customers will be captured by D-MeX, but it will marginally increase reporting complexity. This is because we will then effectively have two very similar metrics running alongside each other, with S7.1 continuing to capture **all** sewer adoption submissions, whilst SAM3/1 would exclusively capture any new submissions made post 1 April 2020 under the CFA. Specific guidance would be necessary to clarify the circumstances under which each metric should apply, to avoid double counting.

There are no other metrics that we would recommend for removal.

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?

We agree with the sewerage adoption metrics that are recommended for inclusion.

We have the same query concerning metric S7.1 as we outline in Q3, above.

We would recommend that metric S6.1 should also be removed as SAM2/2 and SAM2/3 effectively replace it. This would avoid companies having to make duplicate submissions to the Appointed Agent for possible survey. If it is ultimately agreed that S6.1 should be removed, our view is that the practical application of this change should follow the same rules as we agree for S7.1.

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

We fully support the approach that has been taken to date to select other Developer Services metrics for inclusion in D-MeX. Therefore, our view is that the draft self-lay metrics should be considered for inclusion based on the same set of fundamental principles. In our

view, there is nothing specific within the self-lay metrics that would cause us concern or warrant a deviation from the established approach.

All existing Self-lay metrics will ultimately need to be removed and replaced with the new draft metrics. Our view is that the practical application of this change should again follow the same rules as we agree for S7.1, wherever the metric definitions are materially similar to an existing metric that already exists in 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?

We agree that the quantitative and qualitative NAV metrics chosen for inclusion in D-MeX should apply from 1 April 2020 and 1 October 2020 respectively.

However, we consider the inclusion of the sewer adoption metrics to be more difficult.

With respect to the quantitative metrics proposed, we agree that SAM 4/1 (inspection and construction period) should apply from 1 October 2020.

Regarding SAM 3/1 (legal agreement), we have outlined queries in Q3 and whilst we agree that it should ultimately be included in D-MeX, we have some concern over the timescale.

We see three options:

a) If the proposal is to remove S7.1 entirely, then the inclusion of SAM 3/1 from 1 October 2020 is workable. However, we consider this to be unfavourable for customers.
b) If the proposal is to only remove S7.1 where SAM 3/1 applies, then the inclusion of SAM 3/1 from 1 October 2020 is workable. However, this increases reporting complexity and would necessitate specific guidance being issued on the circumstances in which each metric should apply, to avoid double counting.
c) We would like to propose an alternative. Currently, we report against S7.1 for **all** sewer adoption applications that reach legal agreement stage, irrespective of whether they are captured by the Codes for Adoption or not. Under this option, we propose that the inclusion of SAM 3/1 in D-MeX is **delayed** until 1 April 2022. On this date, S7.1 would be removed, which shouldn't cause an issue as the majority of the current 'mature' submissions would have progressed to legal agreement stage by that point, with all other more recent submissions captured by SAM 3/1 in any case.

We favour option C as it keeps things relatively simple from a reporting perspective, whilst ensuring that the maximum number of customers are represented in D-MeX.

Finally, with respect to the qualitative metrics proposed under the sewer adoption codes, we agree that these should apply from 1 October 2020.

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

We have no further comments to add.