

Ofwat
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By email: [REDACTED]

24 August 2020

Dear Ofwat,

Re: Consultation on changing the Water UK metrics in D-MeX.

Thank you for the opportunity to review, and provide feedback on, the proposals to change D-MeX to reflect new metrics relating to the services provided to NAVs and the adoption of sewerage assets, as published on 15 July 2020.

We have reviewed the proposals to change D-MeX in relation to:

- revised Water UK metrics should be included in D-MeX;
- when the changes should apply; and
- how companies should report against these metrics in 2020-21.

We append our responses to the consultation questions to this letter below. We welcome the opportunity to participate in any further engagement on D-MeX with Ofwat both through the industry working group and directly.

Should you have any questions in relation to this response you can contact me by email at: colin.fraser@yorkshirewater.co.uk.

Yours faithfully,

[REDACTED]

Colin Fraser
Regulatory Strategy Manager

Yorkshire Water Response to: Consultation on changing the Water UK metrics in D-MeX (July 2020)

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

We agree with the NAV metrics proposed for inclusion in the quantitative component of D-MeX.

For clarity where a NAV site involves any off-site mains or requisitions, then companies should continue to report these activities under normal metrics references W##, not WN##.

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

We agree with the NAV metrics proposed for inclusion in the qualitative component of D-MeX.

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 support Ofwat's approach to considering the two sewerage adoption metrics for inclusion in D-MeX. We do however disagree with its view that measures associated with technical vetting activities are less stretching and therefore should be excluded for this reason.

Despite this, we agree with the sewerage adoption metrics proposed for inclusion in the quantitative component of D-MeX as this is concise and aligns with the new Codes for Adoption process. We also support the removal of metric S7.1, but do not believe any further metrics should be removed.

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?

Yes, we agree with the sewerage adoption metrics proposed for inclusion in the qualitative component of D-MeX. This is a logical approach and aligns with the new Codes for Adoption process. We also support the removal of metric S7.1, but do not believe any further metrics should be removed.

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?

We note the latest metrics published on the Water UK website and believe this should form the basis for self-lay related metrics to be selected from for inclusion in D-MeX. When the final Code for Adoptions guidance and related metrics are approved, we will welcome engagement on which are most suitable for D-MeX. Although we are unable to be specific at this stage, we would welcome the final list of metrics to be concise.

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 have considered the different timeframes Ofwat propose for the inclusion of metrics and survey fieldwork into D-MeX across the 2020-21 reporting year. Reporting on a company's partial year performance should be avoided where possible unless it can be clearly partitioned and made unambiguous for stakeholders and there is a clear advantage from doing so. We believe the proposals in this consultation add significant complexity to the reporting of D-MeX initially and risk obscuring the impacts of company performance for NAVs and relevant customers through the averaging of two reporting methodologies (including one that excludes metrics that relate to these customers) into one aggregate performance result for 2020-21. This approach could impact the consistency and integrity of comparative data for D-MeX and may confuse customers.

We note delaying the inclusion of the metrics and surveys until 1 April 2021 means NAVs and new connection customers requiring sewerage adoptions are unrepresented in D-MeX for several months of the first year of AMP7. However, we do not believe this will be a basis for them receiving poor service relative to other customers across the sector for this limited period.

A key determinant for the timing for inclusion is the ability of Water UK to support the sector with reporting of the relevant performance metrics. Water UK is presently working on a reporting system to allow companies to fulfil their D-MeX reporting obligations. The system build phase is due to be completed in September and is based on the D-MeX specification at Final Determination and reporting requirements under the sewer Codes for Adoption. Any change to the system design would need to be made after September and are likely to impact companies reporting obligations under the sewer Codes for Adoption.

We believe incorporating all the changes into the D-MeX performance measure from 1 April 2021 for all companies to be more suitable implementation approach and timetable.

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

As with our response to **Q6**, we believe the D-MeX proposals as consulted will make reporting performance in company annual reports for 2020-21 overly complex and opaque. Reporting integrity will be easier to protect should Ofwat agree to defer application of the proposed changes to the D-MeX metrics until 1 April 2020.
