

OFWAT
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By email: PR24@ofwat.gov.uk

Dear Sirs,

Response to the CFI on PR24 and beyond: Reflecting customer preferences in future price reviews

Many thanks for the opportunity to input into this CFI: this response is representative of the collaborative Self Supply community which means that some of the detail of previous price reviews is not known, beyond that contained in the discussion paper and the linked documents provided. Therefore, responses are limited to where we feel our response add value and/or support of the approach undertaken. However, given the customer focus we felt compelled to respond.

Q1: Do you agree with the goals we have proposed or customer engagement at future price reviews? If not, why not?

We agree with the proposed goals which clearly demonstrate that the lessons learned from PR19 have been extremely well considered as they directly respond to the challenges faced in reflecting the customer input to the PR19 assessment. The holistic approach undertaken will naturally drive improvement as each goal drives greater value. Looking at this through a customer lens transparency of how customer evidence is used in decision making will drive greater recognition of the value of participation for customers and companies resource deployment alike, which will then enable easier high-quality engagement and exploration of broadening the value. We are delighted to see the collaborative theme continue throughout this document as this needs to become second nature to the industry to enable delivery of all market goals. However, having it called out as a specific goal in this document provides a good reminder of this.

Q2: Are there any other goals which you think we should have for customer engagement at future price reviews?

We do not believe so at this time but will continue to provide feedback through the 'Future Ideas Lab' if we latterly think anything has been missed. However, we would be keen to see feedback shared with customers, which falls in part under the 'Promote transparency' goal as participants in engagement generally want to see value/results from what they have undertaken, and they may not see the decision documents. Encouraging direct feedback will improve further engagement and learnings.

Q3. Do you agree with the principle that in areas that are of common concern to all customers within a nation, evidence of customers' preferences should be generated in a consistent manner such that results are comparable? If so, why? If not, why not?

Yes, this is extremely important as it not only provides context and broadens insight to those who are considering but allows better measurement. Such comparisons will then enable a fairer application of pricing rules or ODIs. However, this does come with challenges given the diversity of structures,

networks and demographics so these common concerns must have a clear evaluation criteria and be around areas that companies can equally influence.

Q4. If we make use of collaborative nationwide research in future price reviews: 'Which aspects of business plans do you think should fall within the scope of this research?' 'Which organisations do you think should be involved in steering this research?' •When should this research be undertaken? •How should this research account for differences between England and Wales?

This greatly depends upon how the collaborative research is undertaken; following the Ofgem model of an independent nationwide challenge group would enable you to include all aspects of the business plan but would require 'expert' consumers. The selection criteria for this group would be vastly different to those undertaken for the CCGs. However, this cannot be undertaken in isolation and must not detract from company direct engagement, as per the goals, with companies taking responsibility. Having nationwide research would provide a contextualised overarching view for both Ofwat and companies. It would also enable companies to develop more focused engagement with customers relative to what they value and what they would like to influence and are able to give a meaningful opinion on.

We do not have enough experience in the research field to identify independent companies but being driven by Ofwat as per the Ofgem model seems a sensible approach.

Q5: To what extent do you think it would be necessary for us to provide guidance on customer engagement, assurance, and other issues at future price reviews if we made –or did not make –use of collaborative nationwide engagement?

In our view the guidance should focus purely on the output that you expect, with any minimum thresholds you expect, to allow the companies to take full responsibility for how they achieve their goals. However, there must be measurable criteria and for it to be unacceptable for companies not to evidence information requested, as was seen in PR19. The guidance and principles currently available appear sufficient.

Q6: To the extent that you consider further guidance is necessary, what areas should this cover?
N/a

Q7: Are there other models which you think we should consider for providing assurance at future price reviews? If so, what are the benefits of these alternative approaches?

We do not have any suggestions for alternative approaches.

Q8: To what extent do you think that the research techniques which have previously been used in the water sector are suitable to enable companies' business plans and our final determinations to reflect customer views? Do you think any particular approaches should be revisited?

We hold no strong views on this so cannot add value.

Q9: Do you think that there are alternative approaches that we might usefully adopt in water, including those used in other sectors and potentially outside the area of economic regulation? If so, which techniques and why? If not, why not?

We do not have any suggestions for alternative approaches.

Q10: Are there any areas of the price review where the scope to solicit informed opinions from customers is intrinsically limited?

Q11: Do you think there are other ideas we should be considering for shaping customer engagement at future price reviews? If so, how would these ideas help deliver on the goals proposed in this paper?

There are several expert consumers who currently operate within the NHH market and have direct access to the household market. These consumers undertake direct customer engagement within their businesses with vast experience regarding tailoring to different customer types using different mediums. Given their positive engagement with the water market we would be happy to facilitate sharing of good practice or case studies to support recognising preferences, fostering collaboration and broadening value.

Yours faithfully



Claire Yeates
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