

Simplifying the Price Review: Collaboration, Innovation, Data and Insights: A Regulatory Transformation Proposal

We believe there is an adjustment to Ofwat's current regulatory processes that could redefine regulatory submissions for the future.

Ofwat highlight in the document titled "PR24-and-beyond-Our-reflections-on-lessons-learnt-from-PR19" that there were some challenges around the complexity of the current process and data consumption. Points taken directly from this document are:

- The issue of complexity in PR19 was a key concern for stakeholders.
- Our data and IT systems are key to the successful delivery of price reviews.
- There is scope to improve the data collection process going forwards through better use of technology to reduce duplication of data provision – including between business plan and annual performance report (APR) submissions, better in-built checking and updating of data and improving the data submissions processes.
- We should consider how to structure and streamline the price review process to enable effective engagement and consultation by stakeholders without creating an unduly burdensome or lengthy process.
- Many water companies need to do more to develop an integrated, systems-based approach to resilience and to present high-quality proposals for investments to maintain and enhance operational resilience.

The solution we propose addresses these key themes and streamlines the process, delivering significant benefits to both the regulator and water companies, such as:

- A robust process backed by a powerful engine for modelling and consuming data
- A strong capability to provide insight and reporting during the regulatory period
- Increased governance of the process
- A faster determination cycle between regulator and water companies
- Improved transparency into data insight
- Improved collaboration within water companies themselves
- Reduce manual input and aggregation

Our proposal for a transformation would take the data tables from their current spreadsheet format and move them into a robust, cloud-based technology which houses in-built statistical forecasting methods, governance and audit functionality, submission stage gate processes, real-time data and insight dashboarding, complex scenario modelling, versioning comparisons and could significantly reduce the time to process and submit determinations at both the regulator and water companies.

From the perspective of Ofwat

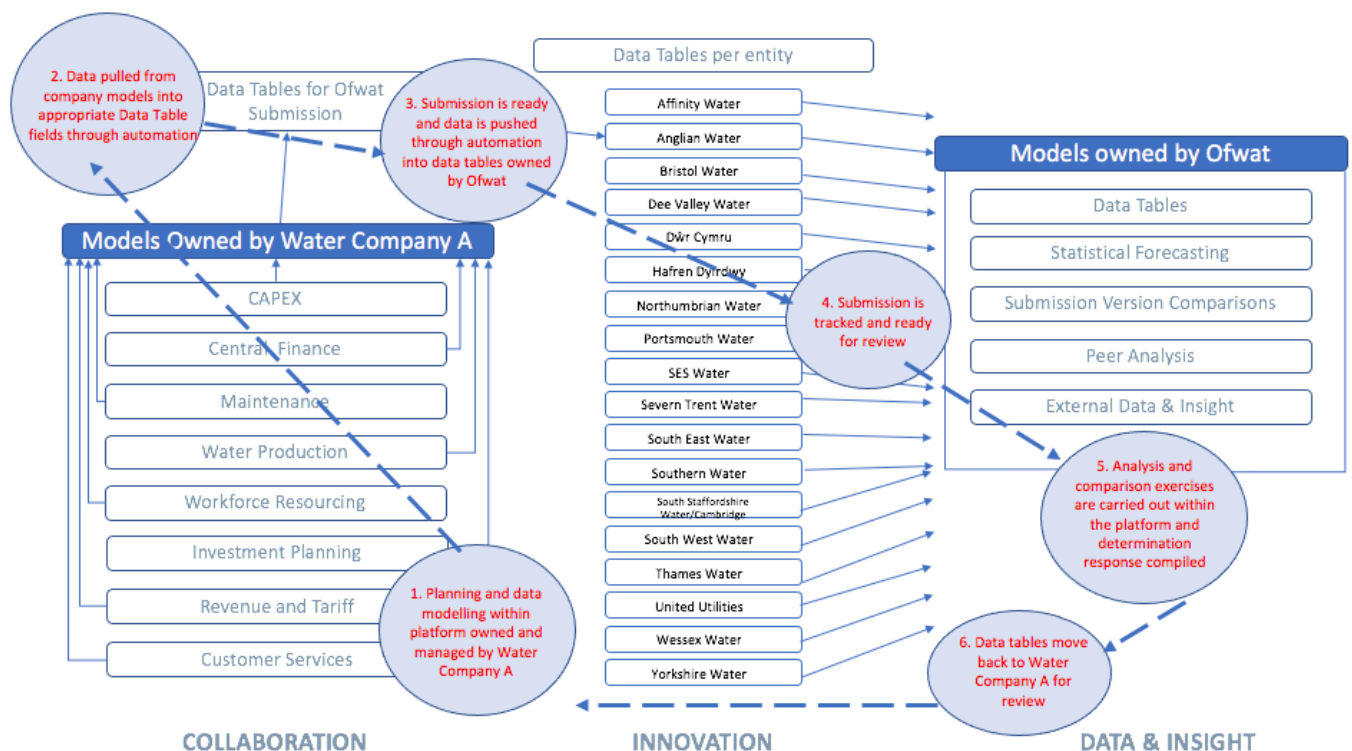
Publishing data tables in protected excel spreadsheets for completion by the water companies lacks traceability of submissions and due to the size of data inputs likely make for a complex process to review. We understand that data inputs are over laid with statistical forecasting methods and we anticipate there will be submission version comparisons which need to take place.

To discuss this in more detail, please contact Hayley McLaren
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From the perspective of Water Companies

The data, insight and effort which has to be carried out across multiple teams within water companies is sizeable before they can arrive at an outcome for input into the data tables. Often organisations lack efficiency when bringing data and insight together and often spreadsheets are used to bring this all together – which is open to error. This process also makes it hard for comparison of replies from the regulator versus the submission.

The diagram below describes a future process which never leaves a single platform. Various models are either owned by Ofwat, the water company or are a collaboration model for exchanging data.



About the platform that would facilitate this transformation

Anaplan is a cloud-based planning and modelling platform that gives end users an intuitive and flexible user interface, combined with a robust data processing engine. As a platform, models can be created across any domain, housing both financial and non-financial data, drivers, assumptions and KPI's.

The platform is used across numerous industries, particularly in those which are regulated, bringing transparency and governance to the process. Anaplan's flexibility also offers water companies an opportunity to bring their data and modelling into the platform for internal efficiency and productivity measures outside of the regulatory period.

We are excited by the prospect of helping transform the water sector. We believe our solution, if used to facilitate the Price Review process would help Ofwat transform a complex process to be more efficient and streamlined. It would also offer greater opportunities to the water companies to deliver highest value services to the people of the UK.

To discuss this in more detail, please contact Hayley McLaren
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