



Via email: [REDACTED]

**21 July 2021**

Dear Ofwat,

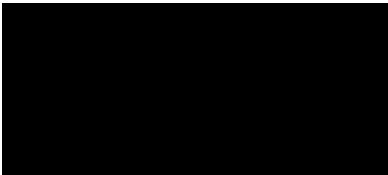
**Ofwat Consultation on regulatory reporting for the 2021-22 reporting year**

Thank you for the opportunity to comment on the proposals for new regulatory reporting.

Below are our detailed responses to the questions raised in the consultation.

I hope you find our response helpful, please do not hesitate to reach out if you have any queries.

Yours sincerely,



Nicky Fomes

**Interim Director of Strategy and Regulation**

Q1	<p>What are your views on the proposed changes to the APR tables in A1?</p> <p>Please refer to the detailed responses in Table A1 below.</p>
Q2	<p>Do you have any other comments or views on the proposal for mandatory standardised reporting for operational GHG emissions, beyond those included in responses to last year's RAGs consultation?</p> <p>We support a standardised approach to reporting operational GHG emission and undertook shadow reporting on this basis in in 2020/21. We also used the SWOT analysis to support internal discussions.</p>
Q3	<p>Are there any other data, metrics or further breakdown or categorisation that should be included in Table 2</p> <p>We support the standardised approach and the data and metrics proposed.</p>
Q4	<p>What are the key challenges that need to be considered and addressed to facilitate greater standardisation of reporting on embedded emissions</p> <p>A major challenge is the lack of a standardised approach or database on emissions factors. We are partners with Anglian Water and Welsh Water on the Ofwat Innovation in Water Challenge 'Enabling whole life carbon design' project, which we hope can help with this.</p>
Q5	<p>Are there any particularly relevant frameworks or approaches for us and the industry to consider in relation to embedded emissions reporting and reductions? For example PAS2080?</p> <p>We believe PAS2080 provides a useful framework for considering embedded emissions, however we would welcome further guidance on reporting.</p>
Q6	<p>What area/s of data or other information do you consider we should focus on for voluntary reporting? For example: Design, construction and/or maintenance activities Number and/or size of suppliers Project spend and/or value Inputs and/or materials Specific services Number of GHGs reported on by suppliers</p> <p>We suggest Ofwat discusses this with the 'Enabling Whole Life Carbon Design' team and the project team delivering the UKWIR project on Whole Life/ TOTEX carbon approaches.</p>

Q7	<p>Should the guidance for business rates allocation for the water service be changed in RAG2? If so then what is the most suitable driver?</p> <p>We do not necessarily feel the need for this allocation to be changed, and have no strong preference for an alternative driver.</p>
Q8	<p>Does your company jointly own or operate assets with another company? Should guidance be included in this area? What specific points should the guidance cover</p> <p>Yes, we have a number of assets that we either jointly own or operate with other water companies. This is for both our Strategic Regional Operations Programmes where we are incurring capital spend for assets we jointly own and recognise these as assets, and for separate reservoirs owned by other water companies, where we have a legally enforceable access rights and are liable to contribute towards the capital spend incurred on these sites by fellow water companies but do not recognise these as our own assets.</p> <p>We would welcome additional guidance from Ofwat on the expectations of reporting for both types of expenditure.</p>
<b>Additional Comments</b>	
	<p><a href="#">WRMP Table 6F</a></p> <p>Although we understand why Ofwat is collecting these data we think that there is unlikely to be consistency between companies' activities and methodologies. The section of the table that requests interconnectors pipework only does not account for the varied assets that are involved in enabling water transfer.</p>

**Table A1**

Table	Line	Issue
1F / 4H	1F.17 4H.5	<p>As per the list of changes made to RAG4.10, Ofwat state “1F.17 title now consistent with 4H.5 “RORE (return on regulatory equity)”.</p> <p>We ask Ofwat to clarify or update the line description for 4H.5 in RAG 4.10 as this still refers to linking to "Total earning, actual returns and notional regulatory equity % for the current year and average AMP to date" and should refer to linking to "RORE, actual returns and notional regulatory equity % for the current year and average AMP to date".</p>
2B	2B.12 and 2B.20	<p>Ofwat states that table 2B has been updated for green recovery costs “New lines 2B.12 and 2B.20 to separately identify ‘Green Recovery’ expenditure.”</p> <p>We ask Ofwat to clarify the changes that have been made as these new lines are not included in the proforma template or in the updated RAG 4.10.</p>
2L	N/A	<p>A new “additional control” column has been added to this table.</p> <p>We ask Ofwat to confirm that this only relates to Thames Tideway and Havant Thicket Winter Storage Reservoir, or include in the RAGs what information you require in the “additional control” columns.</p>
3A	All	<p>We suggest it would be better to head columns 3 and 4 with the actual years, rather than ‘previous’ and ‘current’ (as there is a risk that this could be misinterpreted, and has in fact been misinterpreted by some of our colleagues).</p>
3E	All	<p>As above for 3A.</p>
3F	1&2	<p>Mains repairs ‘reactive’ and ‘proactive’ – we suggest that Ofwat provides more detailed guidance to cover these terms. Whilst some repairs are clearly ‘reactive’ and others clearly ‘proactive’, a sizeable proportion fall into a ‘grey area’ in between. Our experience is that there is not consistency between companies in reporting this, or even between individuals within the same company. We suggest the following wording could be included in the RAG to give clearer guidance on ‘reactive’ and ‘proactive’: Reactive mains repairs are those resulting from notification to the company by a third party of the existence of a leak. This includes where detection techniques are required to pinpoint the exact location of the leak.</p>
4A	All	<p>It would be helpful if this table allowed for companies to insert extra lines (for where the number of imports or exports is more than 10).</p>

Table	Line	Issue
4B	Columns 19, 20 and 21	<p>For the columns with headings “Reference benchmark”, “Reference benchmark rate” and “Margin over reference benchmark rate”, we ask Ofwat to confirm whether the information should be reported as at the time the bond was issued or as at the reporting date.</p> <p>If the information is to be reported as at the reporting date, judgement will need to be applied as we will need to identify the reference gilt, find a market yield for the gilt and find the market price for our spread – requiring judgement as there are likely to be multiple sources of information to triangulate. We also have concerns over whether market providers would be happy for us to use this information in our published documentation. We may also incur additional costs obtaining this information, so there is a risk of increasing our regulatory burden.</p>
4H	N/A	<p>Ofwat state “Lines have been deleted and revisions made to aid understanding and to link with the ‘green recovery’ impact.”</p> <p>We ask that Ofwat clarifies which lines have been edited as this is not clear from the proforma tables or RAG 4.10.</p>
4L	All	We ask that Ofwat confirms whether this requirement is to report against all expenditure we included in WS1/2 per our PR19 Business Plan, or just specific projects.
4R	10-25	As highlighted in the APR-21 query process, the table needs to have lines added for properties that are ‘uneconomical to bill’, without which ‘total connected properties’ will be incorrect.
4R	RAG4	Is it problematic to refer to AMR readers as ‘smart meters’. We welcome the changes to the headings in the table itself, however the RAG document still refers to basic and smart meters – the pink coloured box on page 73 should be revised to reflect the table headings.
6B	8,31,32	It would be helpful if the RAG clarified whether measured volumes supplied to NAVs are to be recorded as ‘billed measured’ or as ‘bulk exports’.
6C	20	It would be helpful if the RAG confirmed whether areas supplied via NAVs should be included or excluded from our reported area of supply km <sup>2</sup> .
6D	RAG4	Same comment on ‘smart’ meters as for 4R above. Pink coloured box on pages 95 to 96 should be revised.
6E		Same comment on ‘reactive’ and ‘proactive’ repairs as for 3F above.
6F	Internal interconnectors	Acquiring information relating only to costs vs lengths/diameters of mains could be misleading. There are certain costs that apply irrespective of the length of main to be laid e.g. connections, valves, control valves, telemetry, kiosks, chambers etc. Some interconnectors

Table	Line	Issue
		would be quite short in length so the cost per metre would naturally be very high. Also, an internal interconnector could require the construction of a booster pumping station, which might be a more expensive item than the length of transfer main.