

May 2021

Bioresources market information direction

About this document

This is a direction requiring specified sewerage companies to publish or provide the information set out in this direction to the Water Services Regulation Authority ('Ofwat') for the purpose of supporting the development and operation of a market in bioresources.

This direction is issued by Ofwat to each of the 11 largest water and sewerage companies¹ in England and Wales under Condition M1 (Information Remedies) of the conditions of their appointments ('licences'). These companies are: Anglian Water Services Limited, Dŵr Cymru Cyfyngedig (Welsh Water), Hafren Dyfrdwy, Northumbrian Water Limited, Severn Trent Water Limited, Southern Water Services Limited, South West Water Limited, Thames Water Utilities Limited, United Utilities Water Limited, Wessex Water Services Limited, and Yorkshire Water Services Limited (the 'relevant companies').

Condition M1 is a requirement for water or sewerage companies to publish or make available information specified by Ofwat in relation to water resources, demand management, leakage services or bioresources.

We originally published a version of this direction on 11 October 2017. In March 2021 we consulted on our proposal to amend this direction. Having taken into account the comments received, this direction was made on Thursday 6 May 2021, coming into effect on the same day. This direction replaces in its entirety the 11 October 2017 version of the direction. We have separately published the [consultation responses](#) we received and our [reasons](#) for issuing this revised direction.

¹ For the purpose of this document, a reference to a water and sewerage company, a water company, incumbent company or company, means, unless the contrary intention appears, a company holding an appointment as a water and/or sewerage undertaker under the Water Industry Act 1991.

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1. Introduction

This direction was originally published on 11 October 2017. Its purpose was to support the development and operation of a bioresources market by requiring the relevant companies to provide information on opportunities for third party entry to the bioresources market and to enable Ofwat to effectively monitor the market.

As part of the Price Review 2019 (PR19), we implemented a separate price control for bioresources activities for the relevant companies. One way that the separate control is expected to benefit customers is by revealing improved information about bioresources activities.

In October 2020 we published our first iteration of the [bioresources market monitoring report](#). This report made use of the market activity information submitted to us under this direction. We intend to publish this report annually, with the information submitted to us under this direction continuing to be key in the production of this report.

As part of our current bioresources market review work, which we will consult on in May 2021, we have reviewed the information that we require companies to provide on the bioresources market. Following feedback from the industry and wider stakeholders, as well as drawing on the experience of producing our bioresources market monitoring report, we identified a number of changes which we considered needed to be made to the bioresources information relevant companies are required to provide. We consider these changes will further facilitate bioresources market activity.

We [consulted on these proposed changes](#) from 17 March 2021 to 15 April 2021. Having taken into account the comments received, this direction was made on Thursday 6 May 2021, and came into effect on the same day. This direction replaces in its entirety the 11 October 2017 version of the direction. We have separately published our [reasons](#) for issuing this revised direction.

1.1 Purpose and Scope

The key objectives of this direction are as follows:

- to provide standardised and defined information to enable potential market participants to identify opportunities to supply services in the treatment, transport, recycling and disposal of bioresources;

- to ensure information is comparable and reliable for use by market participants; and
- to enable us to monitor the bioresources markets to see how effectively they develop.

In issuing this direction, we confirm:

- that we consider the direction to be reasonable and appropriate to support the development and operation of markets in bioresources activities; and
- that we reasonably consider that the direction would not be contrary to the interests of national security or seriously and prejudicially affect the interests of any person.¹

The information requirements in this direction only apply to the relevant companies.

This document sets out:

- assurance requirements;
- the publication of market information related to sludge production, sludge treatment facilities and sludge transport;
- the information we require companies to provide to us so that we can effectively monitor the market; and
- the publication of this monitoring information.

The purpose of companies publishing information related to sludge production, sludge treatment facilities and sludge transport is to allow third parties to identify market opportunities and thus to facilitate discussions between third parties and the relevant companies about such opportunities. It does not cover all the information that might be included in any contract between the two parties. For example, it does not include product quality requirements where a third party is treating a company's sludge.

¹ See paragraph 4 of Condition M1.

2. Assurance requirements

The assurance that companies apply to their market information and market monitoring information needs to be appropriate and proportionate to data that will be used either:

- to identify opportunities to supply services in the treatment, transportation and disposal of bioresources and promote contract negotiation discussions between parties; and/or
- for Ofwat to assess market development.

We want companies to publish information that stakeholders can have trust and confidence in, easily understand and navigate.

Ultimate responsibility for assurance lies with companies' boards. Companies need to appropriately assure their data to give stakeholders trust and confidence in what they publish, including this market information. We expect companies to provide information on the assurance processes they have used to ensure that information is accurate and complete when they publish it, or provide it to us, in accordance with this direction.

3. Market information

3.1 Publication of information

Companies must populate the following template when reporting market information:

[Bioresources market information template](#)

3.1.1 Timing and frequency

Companies are free to update their published information as frequently as they deem necessary, in order to reflect current market status as closely as possible. However, we would expect published data to be updated at least annually.

The annual publication must be made by 5pm on 31 July each year to cover information from the previous financial year (1 April to 31 March) and, in the case of projected supply and demand information related to sludge treatment capacity, future months and years.

The information should be clearly available on the company's website.

3.1.2 Information must be easily accessible

The information related to relevant companies' sludge production, sludge treatment facilities, sludge transport and information on contracts that have been agreed by third parties to provide bioresources services, must be published in the template provided, which is a searchable spreadsheet format. It must not be converted to text or published as a pdf file type.

The data cover sheet, called "contact information" must contain up to date contact information to help market participants to contact the company to explore commercial opportunities. The information required is:

- water and sewerage company name;
- financial year the historical data relates to;
- date the spreadsheet was published;
- contact details for anyone wanting to discuss commercial opportunities arising from this information;

- any further details regarding any future procurement;
- a brief description of geographical boundary of data included;
- a brief description of the level of data assurance; and
- a summary of significant changes between the most recent previously published version of the information and the current version.

Each sheet within the data template has a row for optional company commentary. Companies may use this to explain aspects of their information to aid understanding for those looking at the data.

4. Market monitoring information

Companies must populate the following template when providing market monitoring information:

[Bioresources market monitoring information template](#)

4.1 Publication

Companies are required to publish market monitoring information as part of the Annual Performance Report (APR). Where companies deem individual lines of the market monitoring information as commercially sensitive, these lines may be redacted. Where this is the case, companies must state a rationale for why this information is deemed commercially sensitive in the accompanying data table commentary. We will assess this reasoning to ensure that data is not being inappropriately redacted.

Companies must submit a non-redacted version of the market monitoring information to Ofwat, regardless of perceived commercial sensitivities. We will not publish commercially sensitive information from individual companies but we may publish some industry wide statistics on the overall market activity and information on the proportion of contracts held by independent third parties as part of our annual market monitoring report or other publications. Any commercially sensitive information we do publish will be aggregated or put into ranges.

4.1.1 Format, timing and frequency

When completing the template no changes should be made to the format. This will enable us to upload it to our database. This information must be submitted to Ofwat in electronic form annually at the same time as the APR submission and published as part of the APR on company websites

4.1.2 Market monitoring survey

Companies are also required to complete the market monitoring survey, alongside their submission. The survey replaces the narrative disclosure included as a requirement in the previous direction and allows us to obtain targeted information to help inform our market monitoring. The survey is currently conducted via MS Forms, but may involve

the use of other electronic platforms in the future. We will send companies a link to the survey every year, approximately one month before the APR submission is due.

The survey covers the following broad themes:

- Assurance of market monitoring information;
- Company experiences in the market over the past year;
- Company expectations for the market;
- Risks, issues and barriers to market development; and
- Engagement with third parties

We would also welcome any further information that companies consider would assist in our monitoring of the bioresources market.

5. Process for changing information requirements

We are committed to regularly reviewing the information we ask companies to provide in this direction to reflect developments in the bioresources market. As required by Condition M1, we will first consult the affected companies before issuing a new or amended direction. The timescale for requiring companies to submit any new data will be determined based on the complexity of the data, and how readily available the data is.

**Ofwat (The Water Services Regulation Authority)
is a non-ministerial government department.
We regulate the water sector in England and Wales.**

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