October 2021

Consultation on regulatory reporting for 2021-22 – Responses document

Ofwat

About this document

This document sets out a summary of the feedback received to our consultation on changes to be made to the regulatory accounting guidelines for the purposes of 2021-22 reporting. It also sets out our subsequent responses and final decisions having had regard to that feedback. In the consultation we set out a log containing a comprehensive list of the changes being proposed. Those changes can be seen in A1.1 [for the APR tables] and A2.1 [for RAGs 3 and 4] in this document. Where we have made further changes that arise from our consideration of the consultation responses, then these revisions are set out in A1.2 and A2.2 in this document.

Executive summary

In May 2021, we published our consultation on regulatory reporting for the 2021-22 reporting year (the consultation), in which we explained that one of the three goals set out in our recent Time to act together: Ofwat's strategy (our strategy) is to transform water company performance. A key part of achieving this is through the publication of companies' annual performance reports (APRs). This helps us, customers and other stakeholders to hold companies to account. It also provides insight that will help us drive improvements in water company performance and to understand the progress that is being made in meeting long-term aspirations. Clear and transparent information will ensure that stakeholders understand how companies are performing, this enables trust and confidence in the sector and allows Ofwat and stakeholders to hold the sector to account.

Our consultation closed on 8 July. We have considered stakeholders' responses to the consultation and we set out our responses in this document.

This document contains the following information:

- for each of the 8 consultation questions, a summary of the views made and our response to them;
- a chapter exploring in more detail the themes that were contained in response to question 1 – where we received over 200 observations;
- a chapter which sets out our thinking behind disclosures for greenhouse gas emissions;
- a list of changes to the APR tables including line definitions – split between changes proposed in the consultation and further changes we have made after considering the consultation responses; and
- a list of changes to the RAGs (excluding the table changes in RAG4) – split between changes proposed in the consultation and further changes we have made after considering the consultation responses.

We have also taken into account over 200 points of detail relating to the tables. This has resulted in clarifications being made to line definitions. We have also incorporated clarifications that were identified as being needed during the 2020-21 APR query process.

Next steps

Companies will be required to publish their 2021-22 APR and submit their completed Excel table templates by 15 July 2022.

Companies have one month to decide whether to dispute revisions to the RAGs. If a company wishes to dispute any revision it must let us know in writing no later than 25 November 2021.

Contents

1. Consultation questions and responses

We have published the responses to our consultation on regulatory reporting for the 2021-22 reporting year (the consultation) on our website. Below, we summarise responses to the numbered consultation questions and set out the reasons for our decisions with respect to these particular questions.

1.1 Question 1

What are your views on the proposed changes to the APR tables in Appendix 1?

Respondents' views

There were 242 comments made by respondents on the proposed tables.

These were across a broad range of issues such as such as cross references that needed updating or detailed points on definitions which required more clarity. The highest number of responses on individual tables were directed towards tables 1F and 4C concerning financial flows and price control performance.

Due to the majority of tables in the APR being associated with cost information, particularly in sections 4-8, most of the remaining comments were directed towards this area. These were dominated by technical observations.

Our response

We have set out the detailed changes to the consultation version of the tables in A1. Our rationale for doing so is set out in A1 and A2 in this document.

1.2 Question 2

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?

Respondents' views

We received 17 responses to this question.

The vast majority of respondents were supportive of the introduction of mandatory operational emissions reporting, or had no further comments in addition to those made to the 2020-21 consultation.

Several respondents made comments or recommendations in relation to the proposed reporting requirements set out in the consultation document, including:

- Ofwat should be explicit that gross emissions are reported under location-based grid factors, and net emissions are reported under market-based grid factors.
- There needs to be further guidance as to what should be included in the SWOT analysis.
- There are current limitations in the reporting of CH_4 and N_2O emissions.
- Reporting should be understandable to stakeholders.
- Reporting should be by net emissions, not gross.
- The regulatory framework should promote investment in reducing carbon emissions, particularly in areas where economic incentives for lower carbon options and/or low-carbon alternative technologies do not currently exist.

A few respondents reminded Ofwat that duplication and/or additional regulatory burden should be avoided wherever possible in relation to this reporting, particularly where metrics are already available elsewhere or reporting is already being undertaken. One respondent considered that reporting should remain voluntary until some other steps and reviews have been taken, such as a full review of the regulatory burden associated.

1.3 Question 3

Are there any other data, metrics or further breakdown or categorisation that should be included in Table 2?

Respondents' views

We received 16 responses to this question. Respondents were generally supportive of our reporting table but made several recommendations for how it could be improved, including:

- Companies should be able to report market-based as well as location-based emissions data.
- Companies should be able to report emissions reduction activities, including but not limited to, offsets.

- Ofwat should amend the terminology linked to Scope 2 emissions reporting, and companies should be able to report on power for electric vehicles and purchased heat.
- Instead of breaking down emissions by GHG type for water and wastewater, the focus should be on total GHG type values for each scope.
- Companies should have the option to voluntarily report on other GHG emissions, specifically HFCs, PFCs, and SF6 where appropriate to do so.
- Clarify that process emissions and fugitive emissions include refrigerants.
- Companies should not need to report GHG emissions in relation to turnover.
- Ofwat should standardise the calculation of tCO2e ratio values for water and wastewater.

We asked that companies provide a 'Strengths', 'Weakness', 'Opportunities', 'Threats' (SWOT) explanatory statement to accompany the emissions data. One respondent disagreed with this, stating that its potential benefits would not outweigh the potential costs and burden of reporting. In contrast to this view, several respondents welcomed the SWOT based explanatory statement, recognising its ability to aid understanding and planning, particularly in making clear the challenges companies face in reducing operational GHG emissions. Related to this, three respondents requested clarification as to what we would like to see specifically in the SWOT analysis, for example focusing on the accounting and reporting process, the carbon performance and impact, or both.

Our response for questions 2 and 3

Based on the responses received to these questions, with the majority showing support for mandatory reporting of operational emissions, we confirm our decision that reporting will be mandatory from the 2021-22 reporting year onwards. The amended table that should be used for reporting can be found in **A3**. This includes asking companies to provide a SWOT analysis alongside their reporting on a voluntary basis for 2021-22.

We recognise that many companies in the sector already have in place established reporting procedures for operational GHG emissions, such as the Carbon Accounting Workbook (CAW). As a result, our GHG reporting expectations remains anchored to the latest version of the CAW. We acknowledge this is not consistent with in company performance commitment definitions that some companies have to report against for the 2020-25 period. We intend to consult on which version of CAW we expect companies to use for their performance commitments for future years.

We still expect companies to specify additional reporting practices they may be using to ascertain, verify and publicly demonstrate the credibility of their approach to managing operational GHG emissions. As a result, our approach to reporting continues to be focused on enabling key data to be clearly and consistently extracted and reported on to allow Ofwat, customers, and other stakeholders gain a better understanding of the progress being made by the sector.

We have amended our reporting table for operational emissions to ensure that it more closely aligns with the reporting focus of the CAW. It also aligns with the latest best practice developments and the reporting approach of the GHG protocol and carbon reporting and emissions guidance from the Defra. We have also amended our operational emissions reporting table to better complement the sectors efforts to demonstrate progress in moving to net zero, taking into account responses we received to the consultation. As a result, key changes to companies reporting of operational GHG emissions include, but are not limited to, asking companies to:

- report market-based as well as location-based emissions data;
- report on emissions reduction activities, including but not limited to, offsets;
- report on power for electric vehicles and purchased heat; and
- voluntarily report on other GHG emissions, specifically HFCs, PFCs, and SF6 where appropriate to do so.

We continue to request that companies break down GHG emissions by water and wastewater separately to facilitate greater comparability between water only and combined companies. However, we have removed the requirement to breakdown scope-based emissions by GHG type for water and wastewater separately. Instead, we have adopted the approach of the CAW where emissions within scopes are broken down by GHG type for water and wastewater combined. We have also amended our reporting table to be clear that process and fugitive emissions include refrigerants, ensuring our reporting requirements align with the CAW.

Following requests from some companies to do so, we also invite companies to voluntarily report on other GHG emissions, specifically HFCs, PFCs, and SF6. We believe this additional reporting will enable further insights into how companies are managing their usage of these GHGs.

In relation to ratio values, we retain the focus on both water and wastewater, providing clarity on how these should be calculated. Wastewater ratio value should focus on providing information focused on flow to full treatment and water distribution input, with GHG emissions per Ml of treated water based on GHG emissions derived from the abstraction, treatment, and distribution of water. We no longer request that companies detail a ratio value in relation to turnover. On this point we agree that this metric does not allow for useful comparison between companies.

In relation to the reporting of emissions from gross and net perspectives, we expect companies to report both values as listed in the reporting table in **A3.** We remain of the view that such data will enable companies to be clearer on how the outcomes of their actions reduce their GHG emissions. It will also encourage companies to provide data on their GHG reduction activities. In reporting offsets, companies should be clear on how they are ensuring their offsets are credible, and how they will monitor the performance over time. Effective and robust monitoring in this area will be important in enabling companies to reallocate or trade such offsets in the future.

We continue to request that companies provide a SWOT based explanatory statement alongside the emissions data reported to us, but this will be on a voluntary basis for 2021-22.

This will become mandatory from 2022-23 onwards, subject to consultation. A SWOT analysis-based narrative enables better and more consistent stakeholder understandings of company actions on GHG emissions. We expect companies to already have in place approaches for managing their GHG emissions, with a good understanding of the strengths, weaknesses, opportunities, and threats of these approach being central to the effective management of such emissions. As such, we do not view the reporting of this information as unduly burdensome. This approach is aimed at encouraging the sharing of best practice as well as highlighting any challenges companies face, particularly in relation to identifying how barriers to action can be overcome, and/or how innovation can be encouraged, as well as highlighting risks to continued progress.

In relation to the content of the SWOT based explanatory statement, we request that companies focus on both accounting and reporting processes as well as carbon performance and impact. Companies should ensure their SWOT statements are not overly technical, and instead, they should focus on key headline issues. Where a company is unable to report on or is concerned about the accuracy of an area of operational GHG emissions, they should make clear why this is the case and what action they are taking or will take to address this. Such issues could, for example, be recognised in the SWOT based explanatory statement as a weakness but could also be an opportunity for the scope and accuracy of company reporting to be improved.

Tideway considers that all its project emissions should be categorised as embedded. We agree in as much as the Thames Tideway Tunnel project is in its construction phase and upon completion will be handed over to Thames Water. Thames Water will then become responsible for reporting on its operational GHG emissions. Therefore, Tideway should continue to report on embedded emissions as they have done for the reporting year 2020-21 but should be mindful of our response to the reporting of embedded GHG emissions detailed below.

Respondents mentioned other areas where minor clarifications, explanation, or innovation in regulatory frameworks would be useful. We envisage holding a workshop to discuss these issues around the end of 2021 / beginning of 2022.

1.4 Question 4

What are the key challenges that need to be considered and addressed to facilitate greater standardisation of reporting on embedded emissions?

Respondents' views

We received 17 responses to this question, with respondents outlining a range of challenges.

- There is currently no standardised way of reporting on embedded emissions. Existing frameworks are more focused on identification and management.
- There is currently no standardised database on emissions factors, with current tools and calculators used in the sector intended to inform decisions through the life of a project, rather than to quantify total emissions.
- The variation in the adoption of existing frameworks is poorly understood by the sector. The variation needs to be better understood before a standard approach can be developed.
- Embedded emissions are more expensive to report on than operational emissions as the data is more difficult and burdensome to collect.
- Suppliers do not provide data in a consistent format and current contracts with suppliers do not require this information.
- Suppliers prioritise working with larger water companies to provide data on embedded emissions, with smaller water companies struggling to get traction for such data requests.
- Smaller companies do not have the capacity to provide information on their embedded emissions.
- There is an overarching concern about the comparability across companies of any data provided due to reasons highlighted above.
- Capital investment varies from year to year. This brings into question whether annual reporting would create a meaningful picture.

Linked to and following on from the above challenges, respondents made a series of suggestions to help make progress in the reporting of embedded emissions. These included:

- consider expanding reporting of Scope 3 emissions;
- utilisation of the outcomes of UKWIR project focused on whole life / totex carbon, ensuring any reporting approach is consistent with the reporting requirements covered by the Task Force on Climate-related Financial Disclosures (TCFD), and Streamlined Energy and Carbon Reporting (SECR);
- more clarity around the definition/meaning of the term 'embedded emissions';
- Ofwat being involved in a working group, possibly an already existing group, to consider these, and other, challenges in this area; and
- a requirement that companies demonstrate how they have accurately and appropriately valued the embedded and operational emissions over the whole life of specific projects.

Only one respondent disagreed with the need for reporting of embedded carbon emissions, unless required by government. The same respondent also argued that the use of a framework would only serve to increase the regulatory burden.

1.5 Question 5

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?

Respondents' views

We received 17 responses to this question.

In general, respondents acknowledged the benefit of using frameworks such as PAS2080, highlighting however that these are used to manage decision-making, rather than the reporting of emissions.

Respondents also highlighted other important reference points to consider in relation to the reporting of embedded emissions. In particular, the UKWIR project on calculating whole life / totex carbon, the International GHG Protocol Scope 3 guidance, the Carbon Disclosure Project Scope 3 reporting categories, and the Science Based Targets (SBT) definitions.

Several respondents mentioned that they were either supportive and/or open minded around the frameworks to use in this space, with a number also highlighting that they would welcome a working group on this.

1.6 Question 6

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**

Respondents' views

We received 17 responses to this question, with responses covering a wide range of issues and making several suggestions.

- Reporting should first focus on particular materials, as well as focussing on areas with the most potential positive impact on reducing GHG emissions.
- Reporting should be aligned with other reporting methods such as SBT and TCFD
- To encourage reflection on progress, the focus should be on quantitative data alongside a SWOT analysis.
- With a view to encouraging learning and the sharing of best practice, Ofwat could share case studies, possibly through some form of 'learning portal'.
- There should be a focus on emissions reduced or avoided against a baseline.
- Ofwat should engage with UKWIR's 'Enabling Whole Life Carbon Design' project.
- Ofwat should lead on establishing a working group in this area. A number of respondents suggested this idea, welcoming the collaboration and sharing of knowledge it would facilitate.

In response to this question, one respondent questioned why this information would be needed by Ofwat. The same respondent, along with one other, expressed concern about the possible additional regulatory burden such reporting would create, and which may make it more difficult for smaller companies in the sector to comply.

Our response to questions 4 to 6

As a result of the responses to this consultation, combined with our voluntary approach to reporting on embedded emissions for 2020-21, we have developed a richer understanding of how the sector is reporting, and importantly how companies are managing their embedded emissions. Only three companies returned any information on their embedded emission for 2020-21. While we were disappointed with this response, we do recognise that asking companies to report on their embedded emissions is not without challenges. However, it is imperative that companies make more rapid progress in this area. Increasingly in the future, stakeholders will expect companies to be capable of demonstrating that their actions are contributing towards the UK and Welsh Governments' 2050 net zero targets.

We recognise that companies are not yet reporting on their embedded emissions in a comprehensive or consistent manner due to a lack of an agreed definition, frameworks and tools. However, a lack of a clear definition, or standardisation, should neither prevent progress nor justify a lack of progress in relation to companies being able to demonstrate that they are taking meaningful action to reduce their embedded emissions and justifying related investment decisions. While specifications such as PAS2080, the 2012 UKWIR Framework on Accounting for Embodied Carbon, and the Science Based Targets (SBT) approach are not yet consistently or widely used across the industry, companies should be using all of these, or similar approaches, to help them achieve and robustly demonstrate reductions in their embedded GHG emissions.

Responding to feedback to define what we view embedded emissions as encompassing, we ask that companies at a minimum report on tCO_2e in relation to capital projects undertaken in the reporting year up to the point they are commissioned (ie. cradle-to-gate[1]). We also ask that companies split their reporting by construction and maintenance activity. By doing so, companies will be better able to demonstrate the progress they are making in considering and reducing embedded GHG emissions. We recognise that some companies are going further in their reporting, for instance also reporting emissions from on-site construction of assets and off-site disposal of waste (ie, cradle-to-build[2]). Also, some companies are reporting on purchased goods and services, which are part of a company's embedded emissions. Where companies can report on their embedded emissions in more detail, they should do so, in addition to reporting in line with our minimum requirements.

Therefore, for the 2021-22 reporting year we continue to invite voluntary reporting of embedded emissions, but in a more standardised way as indicated above, with the aim being to introduce a form of mandatory standardised reporting on embedded GHG emissions for 2022-23, subject to consultation. For 2021-22, we encourage all companies, as a minimum, to:

[1] 'Cradle-to-gate': emissions resulting from the extraction, transportation and processing of raw materials used to create product and deliver it to the factory gate (UKWIR, 2012).
[2] 'Cradle-to-build' – cradle-to-gate emissions plus those from on-site construction of assets and the off-site disposal of any waste (UKWIR, 2012).

- calculate and report on the total quantity of GHG emissions, in tCO_2e, up to the point it is commissioned (ie, 'cradle-to-gate'), for all capital projects undertaken in the reporting year;
- breakdown their reporting on GHG emission from capital projects by construction, and maintenance activity;
- provide more in-depth reporting ie, 'cradle to build' where possible; and
- provide information on purchased good services in tCO_2e

We note that some companies estimate their emissions from capital projects by focusing on a certain percentage of their spend, with this approach helping to make reporting more practicable and cost effective. Therefore, where a company to date has adopted this approach it can continue to do so. Where companies want to start reporting on their embedded emissions, they may consider adopting this approach. However, our preference is for GHG emissions to be calculated in relation to all capital projects. In relation to purchased goods and services, companies may also wish to adopt a focused approach. However, they must also make clear, as for capital projects, the rationale and scope of their reporting. We do not view the use of the term 'purchased goods and services' as sufficiently aiding stakeholder understandings of what this exactly encompasses.

In relation to the reporting of embedded emissions associated with maintenance activity, companies should adopt a baseline year to enable them to demonstrate progress made over time. Also, companies should break down emissions from maintenance activity by base and enhancement expenditure, as this will allow for better stakeholder understandings, greater transparency, and support for company actions on GHG emissions. In relation to construction activity, the data presented should be capable of demonstrating that GHG emissions have been minimised.

Existing tools and frameworks, if appropriately verified and audited, can not only drive positive action on embedded emissions, but also build trusted relationships with stakeholders. Therefore, in their reporting to us, companies should be clear on the frameworks, methodologies, and datasets they have used and how they align to wider reporting requirements linked to the Task Force on Climate-related Financial Disclosures and Streamlined Energy and Carbon Reporting.

Company reporting of embedded emissions should also be accompanied by a SWOT based explanatory statement that focuses on both accounting and reporting processes, as well as carbon performance and impact.

While our current approach to reporting on embedded emissions is designed to give companies flexibility in the frameworks and the definitions they adopt, we see our approach as evolving and building in its requirements over time, with a view to mandatory and standardised reporting of embedded emissions. As approaches to the reporting of embedded emissions evolve, we may align our reporting requirements with the objectives and key principles detailed in existing or proposed frameworks. For example, we will be examining the outcomes of the current UKWIR project on 'whole life / totex carbon in this regard.
We want to encourage greater and more transparent industry progress on embedded emissions.

Following reporting returns for 2021-22, and in preparation for the 2022-23 reporting year, we will indicate what we expect ‘excellent’ and ‘less good’ reporting practice on embedded emissions to look like. For the reporting year 2022-23 onwards, we may benchmark how companies have done against these expectations, publishing the outcomes of this benchmarking exercise to make clear how we want companies to improve.

To facilitate wider discussion and agreement on how further progress can be made in the reporting of embedded emissions, we envisage holding a workshop around the end of 2021/ beginning of 2022. The outcomes of this workshop may result in further guidance on embedded emissions being issued via an information note in Spring 2022.

Our approach to reporting remains as follows:

Reporting year	Operational emissions	Embedded emissions
2020-21	Voluntary standardised reporting	Voluntary company determined reporting
2021-22	Mandatory standardised reporting	Increasingly standardised reporting but voluntary
2022-23	Mandatory standardised reporting	Mandatory standardised reporting

1.7 Question 7

Should the guidance for business rates allocation for the water service be changed in RAG2? If so then what is the most suitable driver?

Respondents’ views

We received 15 responses to this question.

We asked this question because a company had concerns that the allocation basis in RAG2 was no longer appropriate. We wanted to find out if other companies had the same concerns. Ten companies either agreed with the current allocation basis, could not identify a better alternative or made no substantive comments. One company agreed with the current allocation basis for wastewater but proposed an alternative for water. Two companies considered that while the current basis is sufficient, it may need to be reviewed depending on the outcome of the Government's fundamental review of business rates.

Two companies highlighted that since current cost accounting is no longer used, gross MEA values are increasingly difficult to derive.

Of the companies that disagreed with the current allocation basis, four alternative methods were proposed:

- Allowed revenues at PR19.
- Profit or return measure (similar to Valuation Office Agency methodology in setting rateable values).
- PR19 RCV for water service.
- Historic cost gross or net book value.

Our response

Since most companies agree with the current basis of allocation and there was no common alternative proposed, we have decided not to change it at this time. We will review its ongoing appropriateness following the conclusion of the Government's review.

1.8 Question 8

- **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?**

Respondents’ views

We received 17 responses to this question.

Seven companies were either happy with the status quo or had no comments or views on this. Of the remainder;

- 5 supported further guidance but gave no specific detail,
- 3 suggested that guidance covered RCV, capex and opex,
- One suggested that for jointly owned assets each company should show their share of the capex and opex costs to avoid double counting; and,

- One considered the example of a large project and how that should be accounted for following the start of the operational phase of the project.

Our response

We agree that some basic guidance should be given in RAG2 to ensure that a consistent approach is applied in this area. We are aware that different approaches have been applied in the PR19 business plans and so we would expect companies to report in their APRs over 2020-25 consistently with their approach in the plans to ensure comparability between the forecast and actual expenditure. However, our business plan reporting guidance for PR24 will set out that companies should show only their share of the respective capex and opex in their forecasts and we will update RAG2 for 2025-26 to be consistent with this.

2. Points of detail raised in the responses to question 1

Many of the responses to question 1 were in respect of the tables which were directly related to the questions described in chapter 1 of this document. Where responses were directed to tables not directly connected to questions these have been grouped and dealt with in this chapter.

2.1 Cost assessment

Information on costs forms the majority of the information required for the APR. We have looked again at our proposals following the responses received. There were over 200 points made in response to question 1 in our consultation – over 43% of these were directed towards the requirements in the cost assessment tables. Many of these responses set out areas where the reporting requirements could be made clearer, or where there were omissions in the guidance. The 2020-21 reporting cycle had clearly identified many of these issues for which we have proposed solutions in this consultation.

2.1.1 Tables 4L and 4M – Allowances at PR19

In the consultation we proposed new columns to compare actual enhancement expenditure to that included in our allowances at PR19.

A large number of comments asked for guidance on where the allowances should be sourced from, how allowances should be allocated across multiple lines and how the allowances should be inflated each report year.

In early 2022, we will provide the allowances that companies should use for each line that we are asking for this information along with any other guidance companies should need.

2.1.2 Table 4L– Metering enhancement expenditure

We received feedback that addition of lines for enhancement expenditure relating to smart meter replacement and smart meter infrastructure development would provide greater clarity in the table. Both of these areas were specifically funded for some companies in our 2019 price review final determinations and therefore we consider that it is beneficial to add these lines to table 4L.

2.1.3 Table 4R– Connected properties and population

We identified potential areas of inconsistency in reporting between companies through our review of the 2020-21 annual performance reports and subsequent query process. We discussed potential changes to table 4R with companies at the cost assessment working group, 'Average pumping head and other wholesale base cost data issues' on 07 September. Following the working group session we provided companies with an opportunity to further review and feedback on our proposals.

We have reviewed company responses and consider that making the following changes to the table and reporting requirements will ensure greater clarity of reporting and support the analysis of related performance commitments.

We are therefore adding lines to capture detail of unbilled residential and business properties for the total connected water properties at year end. We request that this is reported in terms of properties that are uneconomic to bill and other unbilled properties.

To support the reporting of total connected properties we add further clarification to the table and line descriptions.

- confirming NAV properties, customers and populations should not be included – we separately consulted on reporting requirements for NAVs in July 2021;
- detailing how multiple properties supplied from a single connection should be treated;
- confirming that cattle troughs should be excluded - to align totals with the definition used in supply interruption calculations; and
- stating that non-household properties not billed by the reporting company ie billed by another retailer should be reported as billed properties unless identified as vacant on the MOSL database.

We also add lines to capture household population (water) used in the reporting of per capita consumption (PCC) in tables 3F and 6D. We request companies to report the population associated with PCC in table 3F in terms of residential and non-residential populations, where both have been used. This information aides the analysis of PCC trends.

2.1.4 Table 4R and 6D – Meter reporting

In the consultation we proposed to replace reporting of smart meters with reporting of AMR meters and AMI meters. AMR meters were further subdivided into meters that were capable of upgrading to AMI and those that were not.

The majority of companies were supportive of collecting further information on meter type in both their consultation responses and during discussions at the leakage and metering information workshop held on 23 June.

Some companies however raised issues including the challenge of identifying AMR meters that were capable of being upgraded, whether AMR meters should be classified as smart and how AMI meters that were installed but not currently operating in an AMI function should be reported.

In response we have amended the reporting requirements in table 4R, table 6D, and updated the definition of meter types provided in RAG4 as supporting text to table 4R. In table 4R we replace the consultation proposals with a requirement to report in terms of AMR, AMI(capable) and AMI (active) meters. We also grey out the reporting of measured properties without a meter for clarity. In table 6D we replace the consultation proposals with a requirement to report in terms of AMR and AMI meters. We also amend the line descriptions in table 6D to clarify that we are requesting benefits for new meters installed for existing customers as opposed to meters installed at new connections.

2.1.5 Table 6E – Leakage activity detailed analysis

In the consultation we proposed to replace reporting of more granular leakage cost and benefit information in table 6E. During the consultation period we held the leakage and metering information workshop to further discuss these proposals with companies.

In their consultation responses companies are broadly supportive of capturing additional information in this area. However, the majority of feedback recognises the significant challenge in collecting this data, indicates no 'quick wins', and that further collaboration across the sector will be required to make progress in this area.

We therefore have removed the table from the RAGs for 2021-22 but will continue to work with the sector to develop reporting in this area.

2.1.6 Tables 6F and 7F – WRMP annual reporting on delivery - non-leakage activities and wastewater network+ - WINEP phosphorus removal scheme costs and cost drivers

These tables fulfil a similar function in recording the delivery of the WINEP and WRMP schemes. We therefore amend table 6F to follow a similar format to table 7F. Based upon company feedback and our requirement to capture sufficient cost and cost driver information prior to the next price review we request that companies provide both actual and forecast data within both tables. We therefore add columns for the reporting of forecast costs and driver information post 2024-25.

Company feedback identified that cost drivers for interconnection schemes would include pumping station capacity. We therefore have reviewed the data capture requirements for these schemes in table 6E and add pumping station capacity and storage capacity. Both drivers were used by companies at the 2019 price review to explain their interconnection schemes.

2.1.7 Tables 4S, 4T, 4U, 10A, 10B, 10C, 10D and 10E – Green recovery

In response to consultation feedback we provide an explanation of the green recovery programme and the companies impacted in the context of annual performance reporting alongside table 4S in RAG4.

Tables 10A to 10E have been updated to align with the 'Green economic recovery: Final decisions'. The tables cover the following areas:

- Table 10A – captures the impact of green recovery expenditure on key metrics reported in tables 1 to 9 of the annual performance reports;
- Table 10B – captures the impact of green recovery expenditure on water common performance commitments;
- Table 10C – captures the impact of green recovery expenditure on wastewater common performance commitments;
- Table 10D – captures the impact of green recovery expenditure on bespoke performance commitments; and
- Table 10E – captures green recovery delivery by component.

The focus of these tables is principally on the impact of the green recovery on metrics already included in the annual performance reporting. We have defined further reporting requirements in the 'Green economic recovery: Final decisions' and expect companies to publish their annual reports on green recovery alongside their annual performance reports as a stand-alone supporting appendix.

2.2 Transparency of financial flows

Development of reporting in this area has continued to be refined since our last version of the RAGs by means of continued dialogue with water companies. We are grateful for this engagement and our changes proposed take into account the views and comments in relation to tables 1F and 4C.

2.3 Developer services

We continue to work to look at data collection in this area to help us to make an informed decision on how to regulate developer services at PR24. Additional developer services data can inform our views on future policy options such as deregulation. It can help refine existing uncertainty mechanisms within the price control and support the evolution of the cost assessment in this area.

We have looked at the 2020-21 developer services data in the APRs and have identified where we are able to simplify tables where possible. We have also responded to company queries that were raised in order to make the tables more logical and to refine the line definitions.

Companies have completed a complementary 2020-21 developer services data request which were submitted to us this month. We are now analysing the data received and will consider whether to incorporate additional developer services data requirements into the 2021-22 APRs with a decision in late 2021.

3. General concerns raised in the responses

Many of the responses set out general concerns with the proposed RAGs, unconnected with particular tables or definitions. Those areas which were highlighted by more than one respondent were principally concerned with;

- the burden of producing the APR,
- whether we had identified obsolete data that could be removed from the requirements; and,
- the query process.

3.1 Avoiding duplication and excessive burden

We have looked again for obsolete or repetitive data requirements and removed these where possible. We have, for instance, in the developer services data removed cells which would not normally be populated, based on our findings from the 2020-21 APRs. We will continue to review the need for all of the data that we are collect.

Some of the need for additional data has arisen from recommendations given by the Competition and Markets authority (CMA) following their 2021 price control redeterminations for the 4 appellant companies.

We have made considerable efforts in our cost reporting tables since 2020 to ensure that they are fit for purpose as we approach PR24. Whilst this has resulted in changes to, and increases in data requirements, we are committed to ensuring that these formats will be closely aligned to our business plan reporting requirements for PR24 and for annual reporting beyond 2025.

3.2 Ensuring clarity

There were some comments on the query process and the interaction with the RAGs for 2021-22. We have included changes in the RAGs which resolve the issues identified in the query process. For 2021-22 it has been suggested that we start the process earlier in the year than we did previously and we can confirm that this is our intention for for 2022.

A1 Changes to tables (RAG3) and line definitions (RAG4)

A1.1 Changes to tables (RAG3) and line definitions (RAG4) proposed in our consultation

Table	Issue	Description of change	Table changes	Line definition changes
1A	No changes	n/a	N	N
1B	No changes	n/a	N	N
1C	No changes	n/a	N	N
1D	No changes	n/a	N	N
1E	No changes	n/a	N	N
1F	Correction	1F.7 now refers to 1F.8 rather than 1F.10.	N	Y
1F	Correction	1F.10 now refers to 4C.21 rather than 4C.18.	N	Y
1F	Correction	1F.17 title now consistent with 4H.5 "RORE (return on regulatory equity)".	Y	Y
1F	Correction	1F Note 1 "Calculating Cost of Debt (unadjusted for hedging instruments): Actual returns and actual regulatory equity" point d) now correctly refers to 1F.2.	N	Y
1F	Clarification	1F.15; Land sales proceeds should be reflected in RoRE and financial flows after adjusting to reflect the 50:50 sharing mechanism in the RCV midnight adjustments.	N	Y
2A	No changes	n/a	N	N
2B	Correction	2B.3 Wastewater formula has been corrected to the sum of 4K.8-10.	N	Y
2B	Clarification	2B.7 renamed 'Other operating expenditure (including Location specific costs & obligations)' to clarify the link to 4J and 4K.	Y	Y
2B	Correction	2B.11 and 2B.19 captions now refer to 'developer services' rather than 'growth'.	Y	N
2B	Correction	2B.19 now refers to capital rather than operating expenditure.	N	Y
2B	New requirement	New lines 2B.12 and 2B.20 to separately identify 'Green Recovery' expenditure.	Y	Y
2C	New requirement	New lines 2C.30- 2C.32 to allow a comparison between actual and allowed expenditure.	Y	Y
2D	No changes	n/a	N	N
2E	No changes	n/a	N	N
2F	Correction	Line 2F.4 now correctly refers to line 2F.2.	N	Y
2G	No changes	n/a	N	N
2H	No changes	n/a	N	N

2I	No changes	n/a	N	N
2J	No changes	n/a	N	N
2K	Correction	2K.1 table now shows C C C rather than I I C (copies from 2E.10 and 2E.23)	Y	N
2K	Correction	2K.5 table now shows C C C rather than I I C (copies from 2K.1)	Y	N
2L	Correction	Include 'additional control' column omitted in error	Y	N
2M	No changes	n/a	N	N
2M	Update	2M.4 reference updated for new version of the reconciliation rulebook; "For bioresources - This is equivalent to the 'Modified Revenue' set out in line 3 of the calculations block in the PR19 Reconciliation Rulebook."	N	Y
2M	Update	2M.6 reference updated for new version of the reconciliation rulebook; "For bioresources - This is equivalent to minus 'Bioresources revenue adjustment (ABR) - with financing adjustment & 2 year lag of inflation' in line 7 of the calculations block in the PR19 Reconciliation Rulebook."	N	Y
2M	Update	2M.7 reference updated for new version of the reconciliation rulebook; "For bioresources - This is equivalent to minus 'Profit from bioresources trading - with 2 year lag of inflation' in line 8 of the bioresources calculation block in the PR19 Reconciliation Rulebook."	N	Y
2M	Update	2M.8 reference updated for new version of the reconciliation rulebook; "For bioresources - This is equivalent to the 'Allowed revenue' in line 4 of the calculations block in the PR19 Reconciliation Rulebook."	N	Y
2M	Update	2M.11 reference updated for new version of the reconciliation rulebook; "For bioresources - This is the 'Revenue imbalance' in line 5 of the calculations block in the PR19 Reconciliation Rulebook.	N	Y
2N	Correction	2N.4 – 2N.6 now corrected to refer to customers NOT on social tariffs.	N	Y
2O	No changes	n/a	N	N
3A	No changes	n/a	N	N
3B	No changes	n/a	N	N
3C	No changes	n/a	N	N
3D	No changes	n/a	N	N
3E	No changes	n/a	N	N
3F	No changes	n/a	N	N
3G	No changes	n/a	N	N
3H	No changes	n/a	N	N
3I	No changes	n/a	N	N
4A	No changes	n/a	N	N
4B	New requirement	Changes to table to align with business plan format.	Y	Y
4C	New requirement	Additional lines for increased transparency of cost sharing and for Green recovery expenditure.	Y	Y

4C	Correction	Shadow RCV calculation corrected	Y	Y
4D	Clarification	4D.1 validation check added.	N	Y
4D	Correction	4D.3 now correctly refers to 4N.12. Developer services in this table correctly includes third party activities.	N	Y
4D	Correction	4D.11 now correctly refers to 4N.11.	N	Y
4E	Clarification	4E.1 validation check added.	N	Y
4E	Correction	4E.3 now correctly refers to 4O.10 Developer services in this table correctly includes third party activities.	N	Y
4E	Correction	4E.11 now correctly refers to 4O.9.	N	Y
4F	No changes	n/a	N	N
4G	No changes	n/a	N	N
4H	Clarification	4H.13 formula clarified.	N	Y
4H	Clarification	4H.14 formula clarified.	N	Y
4H	Clarification	4H.19 Description and formula clarified.	Y	Y
4H	Deletion and New requirement	Lines have been deleted and revisions made to aid understanding and to link with the 'green recovery' impact.	Y	Y
4I	No changes	n/a	N	N
4J	Clarification	Sub-heading changed to 'Location specific costs & obligations'	Y	N
4K	Clarification	Sub-heading changed to 'Location specific costs & obligations'	Y	N
4L	New requirement	New columns to capture expenditure versus allowance.	Y	N
4M	New requirement	New columns to capture expenditure versus allowance.	Y	N
4N	No changes	n/a	N	N
4O	No changes	n/a	N	N
4P	No changes	n/a	N	N
4Q	Correction	4Q.14 reference to 6C.4 now correctly aligned with that in 4Q.13.	N	Y
4R	Correction	4R.12 and 4R.15 changed to 'C' in tables.	Y	N
4R	Correction	4R.14 now correctly refers to 'business' properties.	Y	N
4R	New requirement	Additional columns for AMR and AMI meters	Y	Y
4S	New requirement	New table for 'Green recovery' expenditure (water).	Y	Y
4T	New requirement	New table for 'Green recovery' expenditure (wastewater).	Y	Y
4U	New requirement	New table for 'Green recovery' impact on RCV	Y	Y
5A	No changes	n/a	N	N
5B	No changes	n/a	N	N
6A	No changes	n/a	N	N
6B	No changes	n/a	N	N
6C	No changes	n/a	N	N
6D	Clarification	6D.7 definition clarified.	N	Y
6D	New requirement	Additional columns for AMR and AMI meters	Y	Y

7A	No changes	n/a	N	N
7B	No changes	n/a	N	N
7C	No changes	n/a	N	N
7D	No changes	n/a	N	N
7E	No changes	n/a	N	N
7F	New requirement	New table for P removal following CMA recommendations.	Y	Y
8A	Clarification	8A.5 definition clarified for untreated sludge.	N	Y
8B	Correction	Erroneous 'Basic meters' header removed.	N	Y
8C	No changes	n/a	N	N
8D	No changes	n/a	N	N
9A	Clarification	'In year' added to columns 2 and 4.	Y	Y
10A	New requirement	New table for Green recovery non-cost data.	Y	No line definitions included in this consultation.
10B	New requirement	New table for Green recovery water outcomes data.	Y	
10C	New requirement	New table for Green recovery wastewater outcomes data.	Y	
S1	No changes	n/a	N	N
S2	No changes	n/a	N	N

A1.2 Changes to tables (RAG3) and line definitions (RAG4) following the consultation

Table	Issue	Description of change	Table changes	Line definition changes
1A	Clarification	1A.16-18 clarification of expected signage.	N	Y
1B	No changes	n/a	N	N
1C	No changes	n/a	N	N
1D	No changes	n/a	N	N
1E	No changes	n/a	N	N
1F	No changes	n/a	N	N
2A	Correction	"x -1" added to formulae 2A.3-2A.5	N	Y
2A	Correction	2A.3 formula revised to (2C.8 + 2C. 19 + 2C. 20) x (-1)	N	Y
2A	Correction	Price control column order on 2A, 2D, 2O made consistent.	Y	N

2B	Correction	2B.18 should be defined as; Total developer services capital expenditure rather than operating expenditure.	N	Y
2C	New requirement	An **annual allowed expenditure** line has been added which may be compared to line 2C.18 for residential retail.	Y	Y
2D	Clarification	Retail headings have been updated to business and residential (formerly non-household and household) in line with PR19 definitions.	Y	N
2E	No changes	n/a	N	N
2F	Correction	2F.11 formula corrected to be multiplied by 1000 to give a £ per customer.	N	Y
2F	Clarification	We now clarify that 'Actual customers' in 2F.7 is equal to 'Total Residential Customers' (4R.4).	N	Y
2G	No changes	n/a	N	N
2H	No changes	n/a	N	N
2I	No changes	n/a	N	N
2J	No changes	n/a	N	N
2K	No changes	n/a	N	N
2L	No changes	n/a	N	N
2M	No changes	n/a	N	N
2N	Clarification	2N.10-12 have been reworded to avoid differing interpretations.	N	Y
2O	No changes	n/a	N	N
3A	No changes	n/a	N	N
3B	No changes	n/a	N	N
3C	No changes	n/a	N	N
3D	Correction	2E.10 and 2E.23 removed from the calculation in 3D.4 and 3D.5 respectively.	N	Y
3E	No changes	n/a	N	N
3F	Correction	3F.4 col 2 table descriptor corrected.	Y	N
3F	Clarification	3F.4 col 3 definition revised.	N	Y
3F	Clarification	3F.9 col 23 definition revised.	N	Y

3G	No changes	n/a	N	N
3H	No changes	n/a	N	N
3I	Correction	3I.4 definition change 'spot' to 'patch'.	N	Y
4A	Clarification	We have increased the number of available lines to 25 per service following requests from companies. We will review this table over time and may need to split to 2 tables if in practice it is difficult to publish due to its size.	Y	N
4B	Clarification	Revisions resulting from the query process	N	Y
4C	No changes	n/a	N	N
4D 4E	Correction	Our aim is to eliminate **Developer Services (DS)** costs from the table below line 3 and so the inclusion of all DS spend, including third party, is deliberate. Definition for 4D.3 and 4E.3 has been updated to correctly use data from 4N, 4O, 4P.	N	Y
4F	No changes	n/a	N	N
4G	No changes	n/a	N	N
4H	Correction	4H.2, 3 cross references updated.	N	Y
4H	Clarification	4H.5 definition clarified.	N	Y
4H	Correction	4H.7, 4H.8; Clarification provided in the definition and a correction to the stated formula.	N	Y
4H	Clarification	4H.9-4H.11, "only" added.	N	Y
4H	Clarification	4H.15, 4H.16 "interest paid" requirements clarified.	N	Y
4H	Correction	4H.18 - In formula 1A.11 changed to 1A.9.	N	Y
4I	Clarification	New column for financial derivatives with a maturity of 0 to 1 years	N	Y
4I	Clarification	New line 4I.7 for index-linked to index-linked swaps.	N	Y
4I	Correction	Line definitions for 4I correctly restored.	N	Y
4J	Correction	4J.1 reference to copied cell from 4N.1 is incorrect and has been removed.	N	Y
4K	Correction	4K.1 reference to copied cell from 4O.1 is incorrect and has been removed.	N	Y
4K	New requirement	New lines 4K.19 and 4K.20 for shadow reporting.	Y	Y

4L	New requirement	Separate reporting lines, 4L.48 to 4l.53 added for smart meter infrastructure and smart meter replacements	Y	Y
4L	Clarification	Definitions amended and new descriptions added to RAG4 to accommodate separate reporting of smart meter replacement enhancement expenditure and infrastructure development from meter installation.	N	Y
4L	Clarification	Additional guidance added to clarify measurement of **completed schemes.**	N	Y
4M	Clarification	Additional guidance added to clarify measurement of **completed schemes.**	N	Y
4M	Deletion	We have removed the requirement to report actual against allowed expenditure for the reducing flooding at properties and growth at sewage treatment works.	Y	Y
4N	Deletion	4N columns other than 'treated water distribution' removed as not relevant based on 2020-21 APR.	Y	N
4N	Clarification	Title amended to be clear where price control and non-price control information is located.	Y	Y
4O	Clarification	Title amended to be clear where price control and non-price control information is located.	Y	Y
4O	New requirement	Split 'New connections' and 'Requisition mains' to two separate lines.	Y	Y
4O	Deletion	Bioresources columns removed as not relevant.	Y	N
4P	Clarification	Title amended to be clear where price control and non-price control information is located.	Y	Y
4P	New requirement	Missing lines for non-price control non-diversion activity added.	Y	Y
4P	Deletion	Bioresources columns removed as not relevant.	Y	N
4Q	Clarification	4Q.1-4 has a change in definition to "the number of lateral drains connected to sewers by company plus “self laid” by contractors working on behalf of developers."	N	Y
4R	New requirement	Addition of lines 4R.20 and 4R.23 to capture residential and business properties unbilled at year end for water, split by uneconomic to bill and other unbilled.	Y	Y
4R	Clarification	Column for reporting measured properties with no meter in lines 4R.17 to 4R.26 has been removed.	Y	N
4R	Clarification	Table amended to require meter reporting in terms of AMR, AMI (capable) and AMI(active) meters for total connected properties at year end (water)	Y	Y
4R	Clarification	Cells for reporting of measured properties connected at year end with no meter are now greyed out	Y	N
4R	New requirement	Addition of lines 4R.29 to 4R.32 to record the population figures associated with reporting of PCC in tables 3F and 6D.	Y	Y
4S	No changes	n/a	N	N

4T	No changes	n/a	N	N
4U	Correction	Changed 4U.8-11 line definitions to reference 4U.3 rather than 4U.5. Changed 4U.12 line definition to say 'Calculated as 4U.2 plus 4U.8 minus 4U.9.'	N	Y
5A	Correction	Reference to 'raw water transport' deleted from 5A.20. Removed 'bankside storage facility' from 5A.18	N	Y
5B	Deletion	Consolidate 'other opex direct' and 'other opex indirect' lines into one 'other opex' line.	Y	Y
6A	No changes	n/a	N	N
6B	Clarification	6B.23 clarification of 'single property' now worded as "local bespoke single customer solutions to overcome localised pressure and flow complaints".	N	Y
6B	Clarification	Clarification that "Measured volumes supplied to NAVs" should be reported as bulk exports under 6B.32.	N	Y
6C	Clarification	6C.20 Added clarification "No adjustment should be made to take account of areas supplied by NAVs."	N	Y
6C	Clarification	Removal of the requirement to capture supply demand benefits in this table as they are duplicated in tables 6D and 6F for all elements apart from leakage. Leakage benefit capture moved to table 6D to be located alongside leakage costs.	Y	Y
6C	New requirement	New line 6C.26 - compliance risk index.	Y	Y
6D	Clarification	Amendments of line names and descriptions to clarify reporting is for new meters installed for existing customers as opposed to meters installed at new connections.	Y	Y
6D	Clarification	Table amended to require meter reporting in terms of AMR and AMI meters	Y	Y
6F	New requirement	Forecast data to be included alongside actual data and therefore columns added for reporting forecast figures post 2024-25	Y	Y
6F	New requirement	Cost drivers added to interconnection scheme data capture for pumping station capacity and storage capacity	Y	Y
6F	Clarification	Metering and leakage costs and benefits reported in other tables should not be duplicated in this table.	N	Y
7A	No changes	n/a	N	N
7B	No changes	n/a	N	N
7C	No changes	n/a	N	N
7D	No changes	n/a	N	N
7E	No changes	n/a	N	N

7F	Clarification	Additional guidance has been provided and examples have been provided.	N	Y
7F	New requirement	Forecast data to be included alongside actual data and therefore columns added for reporting forecast figures post 2024-25	Y	Y
8A	No changes	n/a	N	N
8B	Deletion	Consolidate 'other opex direct' and 'other opex indirect' lines into one 'other opex' line.	Y	Y
8B	Deletion	'Incineration of digested sludge' inputs moved from 'sludge treatment' block to 'sludge disposal'.	Y	Y
8C	Clarification	8C.15; Clarification that this is **settled** BOD.	N	Y
8C	New requirement	New lines 8C.18-8C.24	Y	Y
8D	No changes	n/a	N	N
9A	No changes	n/a	N	N
10A	New requirement	Table updated to align with the 'Green economic recovery: Final decisions'	Y	Y
10B	New requirement	Table updated to align with the 'Green economic recovery: Final decisions'	Y	Y
10C	New requirement	Table updated to align with the 'Green economic recovery: Final decisions'	Y	Y
10D	New requirement	Table updated to align with the 'Green economic recovery: Final decisions'	Y	Y
10E	New requirement	Table updated to align with the 'Green economic recovery: Final decisions'	Y	Y
S1	Deletion	Tables will be superseded for 2021-22 as proposed in Our monitoring and reporting approach for new appointees – a consultation - Ofwat	Y	Y
S2	Deletion	Tables will be superseded for 2021-22 as proposed in Our monitoring and reporting approach for new appointees – a consultation - Ofwat	Y	Y

A2 Changes to RAGs 3 and 4

A2.1 Changes to text proposed in our consultation

Table	Issue	Description of change	Paragraph affected
RAG3	New requirement	New narrative requirement on proportional allocation.	4.25
RAG3	Deletion	Unit cost commentary requirements have been removed in line with the revised tables for 2020-21.	n/a
RAG3	Correction	References to RAG4 in paragraphs now refer correctly to RAG2.	A2.4, A2.5 and A2.7
RAG4	No changes	Add guidance on proportional allocation between base and enhancement to RAG4	13.10

A2.2 Further changes to text made following the consultation

RAG	Issue	Description	Paragraph affected
RAG3	Clarification	Update reference to PR19.	1.1
RAG3	Correction	Minor redrafting.	1.3
RAG3	Clarification	Minor redrafting.	2.1, 2.16
RAG3	Clarification	RAG3 para 2.9 now cross refers to the list of exempt tables set out in para 2.7 rather than repeating that list.	2.9
RAG3	Deletion	Paragraph deleted and the subsequent paragraphs have been renumbered.	2.15
RAG3	Correction	References updated	3.11
RAG3	Clarification	Minor redrafting.	3.12, 3.14
RAG3	Correction	Text redrafted and simplified to reflect recent licence changes.	3.26-3.29
RAG3	Correction	References updated.	3.30
RAG3	Clarification	Amended paragraph to cover multiple tables associated with WMRP delivery and to incorporate elements of paragraph 4.35 to enable its removal.	4.34
RAG3	Deletion	Paragraph deleted and the subsequent paragraphs have been renumbered. The requirements of this paragraph are covered by Table 6F and the preceding paragraph in RAG3 .	4.35
RAG3	Deletion	Small company requirements have been removed and will be superseded for 2021-22 as proposed in Our monitoring and reporting approach for new appointees – a consultation - Ofwat	Chapter 5
RAG3	New requirement	Revenue calculations added to the methodology statement list of requirements.	A2.5

RAG4	New requirement	Paragraph added to give definition of 'additional control'.	2.1
RAG4	Clarification	Additional text added addressing "Out-of-the-money (liability) positions".	4.20
RAG4	Clarification	Additional text added addressing reconciliations to table 1C.	4.21
RAG4	Clarification	New paragraph to clarify property types.	4.34
RAG4	Clarification	New guidance to exclude NAV properties from table 4R.	4.35
RAG4	Clarification	New guidance on reporting on multiple properties supplied by a single connection in table 4R.	4.37
RAG4	Clarification	New guidance to exclude cattle troughs from table 4R.	4.38
RAG4	Clarification	New guidance on reporting non-household properties billed by another retailer in table 4R.	4.39
RAG4	New requirement	Revised meter definitions to align with new reporting in tables 4R and 6D.	'Meter definitions' box
RAG4	Clarification	Definition of green economic recovery and companies impacted in the context of annual performance reporting	'Green economic recovery' box
RAG4	Clarification	New guidance on reporting of green recovery schemes. Generally impacts should be included in tables 1 to 9 with green recovery impact identified separately in table 10. Note for performance commitment reporting companies should follow the guidance for each performance commitment included in ['Green economic recovery: Final decisions'].	4.40-4.43
RAG4	Clarification	New guidance on reporting forecast costs, including green recovery schemes and excluding leakage or metering benefits.	6.15 to 6.19
RAG4	Clarification	New guidance on including green recovery schemes	7.17
RAG4	Clarification	For 8C.1-8C.5; heat column purpose clarified.	8.4-8.5
RAG4	Clarification	New paragraph.	9.1
RAG4	Clarification	'Liquor storage tanks' are confirmed as being added to Network+ sludge liquor treatment assets list.	Section 10
RAG4	New requirement	New guidance on reporting to account for impacts of green recovery and scheme delivery by component.	10.1-10.18
RAG4	Deletion	Delete the unit cost descriptions as they are not used anywhere else.	Section 11
RAG4	Update	Definitions for the residential and business premises updated to align with PR19.	Section 12
RAG4	Clarification	References to RAG2 replaced by new text regarding proportional allocation.	15.10

A3 Operational emissions reporting table

Table 1: Operational emissions reporting table

Focus	Water (tCO_2e)	Wastewater (tCO_2e)
Scope 1 emissions (for example):		
Direct emissions from burning of fossil fuels		
Process and fugitive emissions (including refrigerants)		
Transport: Company owned or leased vehicles		
Total scope 1 emissions by water and wastewater		
Overall total scope 1 emissions		
Overall total scope 1 emissions by GHG type*	CO_2 CH_4 N_2O	

Scope 2 emissions		
Purchased electricity – generation (location based)		
Purchased electricity – generation (market based)		
Purchased heat		
Electric vehicles		
Removal of electricity to charge electric vehicles at site		
Total scope 2 emissions by water and wastewater		
Overall total scope 2 emissions by GHG type*	CO_2 CH_4 N_2O	

Scope 3 emissions (for example):		
Business travel on public transport and private vehicles used for company business		
Outsourced activities (if not included in Scope 1 or 2) Energy and other (if other please specify)		
Purchased electricity - transmission and distribution (location based)		
Purchased electricity – transmission and distribution (market based)		
Purchased heat – transmission and distribution		
Total scope 3 emissions by water and wastewater		
Overall total scope 3 emissions		

Overall total scope 3 emissions by GHG type*	CO_2 CH_4 N_2O

Gross operational emissions (Scope 1, 2 and 3)		
By area - water and wastewater (location based)		
Overall total (location based)		
By area – water and wastewater (market based)		
Overall total (market based)		

Emissions reductions	
Exported renewables (generated onsite and exported)	
Exported biomethane (generated onsite and exported)	
Green tariff electricity offsets purchased (location based)	
Other (specify)	

Net annual emissions		
By area - water and wastewater (location based)		
Overall total (location based)		
By area – water and wastewater (market based)		
Overall total (market based)		

Annual GHG intensity ratio values ($kgCO_2e/Ml$)	
GHG emissions per Ml of treated water	
GHG emissions per Ml of sewage treated (flow to full treatment)	
GHG emissions per Ml of sewage treated (water distribution input)	

*where possible, companies are encouraged to voluntarily report on other GHGs, specifically HFCs, PFCs, and SF6.

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

Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA
Phone: 0121 644 7500

This document is also available from our website at www.ofwat.gov.uk.

Any enquiries regarding this publication should be sent to mailbox@ofwat.gov.uk.