



Leep Networks (Water) Ltd.  
The Greenhouse  
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Ofwat  
NAV Policy  
By email

Date: 30 Aug. 21

Name: [REDACTED]

Telephone: [REDACTED]

Email: [REDACTED]

Dear sirs

Please find below our response to the consultation on regulatory reporting requirements for new appointees.

Yours sincerely,

[REDACTED]  
Licence & Compliance Manager.

## Leep Networks (Water) Ltd (the Company) response

### Question 1 – Proposed approach

We support the approach and we believe new, focused documentation will improve understanding for both existing and new entrants to the market and the accuracy and relevance of performance returns.

### Question 2 – Comments

We have no comments on this.

### Question 3 – RAGs

We have no objections to the proposals.

### Question 4 – Accounting policy

We have no comment on this.

### Question 5 – Overhead costs

We have no comment on this.

### Question 6 – Financial reporting tables

We do not generally object to the proposals, though our Finance team have made the following observations:

F4 – We do not currently publish a cashflow statement and we would consider this to be potentially sensitive information.

F5 – The level of detail requested is greater than is published in our statutory accounts and may be classed as sensitive.

### Question 7 – Performance reporting tables

We note that the outputs in the 'P' tables are based on a site-by-site assessment. We have previously expressed concern that site-based assessments have the potential to be misleading, though we note there is a standardization procedure in that only the totals are used to generate outcomes, with which we agree. Nevertheless, we do believe there is still potential for statistically misleading outputs, particularly in the case of a new or small NAV. For example, a site with 300 apartments in two blocks facing an interruption would translate into a very high rate of minutes lost per customer. More importantly, we urge that consideration be given to allowing a New Appointee to only report interruptions or other incidents that occur as a result of conditions or events wholly within the control of the Appointee. In our experience, the majority of the limited number of interruptions result from loss of the upstream supply and we do not believe it is reasonable to assess a company's operational performance on factors beyond its reasonable control.

#### Question 8 – Unique identifiers

The Company uses unique identifiers as water resource zone numbers for each of its sites, in the format Z0001, Z0002 etc. These zone numbers are used within the Company's Water Resource Management Plan. We believe it would be best to allow appointees to provide their own identifiers to align with their existing internal practices and external publications.

#### Question 9 – Guaranteed Standards

We agree with the current level of granularity and believe that it is well placed at company level. Although a Company may experience higher levels of failure at specific sites (for example, sewer flooding), this is potentially indicative only of specific circumstances related to that site and not a generic failure in the Company's ability to respond to such events. Failures in standards such as setting and meeting appointments is more general and is likely to be spread across the Company's active customer base.