

Innovation Fund: Consultation on amendment to intellectual property right policy for the second Breakthrough Challenge competition – Wessex Water response

We are supportive of this change. It removes a barrier to entry that would deter some entrants. However, we think that there are still barriers to entry that will result in the competition not delivering its full potential benefit to customers, communities, and the environment. The restrictive nature of foreground IPR will put some potential entrants off and the requirement for companies to fund 10% of the cost will put some companies off. We discussed these in detail in our response to the consultation on setting the competition up, our views remain the same.

Q1. In relation to the proposed policy changes which will allow participants to charge for a license for background IPR, to what extent do you think this may, or may not, result in:

- 1) better access to the fund for innovators and third parties;**
- 2) a broader range of projects;**
- 3) higher quality of projects; and**
- 4) any other benefits or disadvantages.**

Please provide any evidence and / or examples, including from your experience with the fund so far.

This change removes a barrier to entry. This will ultimately make involvement in the innovation competition more appealing to innovators and third parties and we expect will result in a broader range of higher quality projects. However, with the other barriers still in place we are unsure if this change in isolation goes far enough.

Q2. To what extent might the proposed approach benefit or disadvantage customers in comparison to the current policy?

The broader range of higher quality projects will ultimately increase the chance that these deliver long term benefits to customers.

Q3. Is there any merit in retaining the option to propose alternative IPR arrangements when submitting a bid given the changes we're proposing within this consultation document? If so, where do you consider that we should allow flexibility in the scope for any alternatives – e.g. Foreground IPR? Please provide specific examples in answering this question.

We think that a real opportunity to propose alternative IPR arrangements will result in an overall benefit. However, alternative proposals need to be fully considered, and weighed against the counterfactual of the project and any associated benefits not progressing. If, even with alternative IPR arrangements, the project will deliver net benefits for customers, communities, and the environment then the IPR arrangements should not be the barrier to it progressing. These alternative arrangements should not be limited to background IPR, but also include foreground IPR to mitigate the existence of another barrier to entry.

Q4. How do you think we could evaluate the impact of our proposed IPR policy changes to inform the next competition, including areas such as access to the competitions and ultimately the benefits to customers? What additional information do you think we should collect in order to help us to evaluate?

The key test is are there more, higher quality projects being put forwards. All that needs to be known to assess the success of this change is would the competitor be here if the change

was not made. This can be gathered in a simple survey of competitors and does not require substantial data collection. However, we would question if there is much value in adding any additional burden to entry.