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Sent by email only

14 October 2021

Dear Ken,

**RE: Draft determinations of in-period ODIs**

Thank you for the opportunity to respond to your draft decisions on in-period ODI delivery incentives for 2020-21. We have reviewed the documents Ofwat has provided and are pleased to note that the draft decisions are broadly in line with the proposals we put forward to Ofwat.

We have noted a couple of areas where Ofwat has not used the most up to date information in its models to inform its calculations. The impact of these is not significant but we set them out below for your consideration:

**K-Factors** - The in-period model that Ofwat has provided use K-factors from the CMA redetermination, which have been superseded by Ofwat's interim determination published on 10 August 2021 (ANH\_Interim\_Determination\_Final\_Determination.pdf (ofwat.gov.uk)). Page 12 of that document outlines the following changes to the K-Factors as follows:

**Table 8: Change in K numbers for each charging year**

Percentage change	2020-21	2021-22	2022-23	2023-24	2024-25
CMA redetermination	0.00%	3.22%	4.92%	4.67%	4.64%
Interim determination FD	0.00%	3.22%	5.16%	4.88%	4.70%
Change			0.24%	0.22%	0.07%

We note Jeevan Jones' email of 14 October which acknowledged this issue.



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**C-MeX** - The calculation for C-MeX reward that Ofwat has proposed uses the allowed retail revenue of £103.247m from its own FD, rather than the CMA FD value of £103.238m. The updated CMA figures should be used.

Yours Sincerely,



Alex Plant  
Director of Strategy & Regulation