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By email only to: OfwatPandO@ofwat.gov.uk

20 October 2021

Dear Ofwat,

Response to the draft determination of Yorkshire Water's in-period outcome delivery incentives for 2020-21

Thank you for providing an opportunity to comment on the draft determination for the 2020-21 outcome delivery incentives (ODIs).

We note that there have been some adjustments to education, operational carbon and mains repairs performance commitments compared to our original submission. We provide some comments below on these.

Education

We are disappointed that our evidence for intervention on this performance commitment as a result of the Covid-19 pandemic was not accepted.

The performance commitment level for 2020-21 was to deliver 20,000 hours. During the year, Yorkshire Water has delivered over 30,000 hours of education through a mixture of face to face learning, virtual teaching and over our social media channels. Yorkshire Water sought an intervention to the automatic operation of this in-period ODI on the basis that the activity completed during the year was significantly altered as result of the impact of the Covid-19 pandemic. Prior to the start of the year, Yorkshire Water's education services were nearly fully booked for the Summer 2020 academic term and we would have expected this to continue with bookings throughout the year. The majority of our education provision is based around getting school children into our education centres, which are in Headingley (covers Leeds and North Yorkshire), Ewden (covers South and West Yorkshire) and Tophill Low (covers Hull and East Yorkshire), and

alternatively by providing lessons in the schools. With schools being closed as a response to the Covid-19 pandemic, we altered the delivery of our provision and considered the ways we could continue to deliver this performance commitment innovatively and responsively, sometimes reacting to changes at very short notice. We didn't just stop our activity.

We chose not to include all of the hours where we delivered educational resources as we knew some of this would not meet the definition within the PR19 Final Determination. Our submission in July 2021 was very transparent in the hours we included in our reporting compared to the other hours of education we delivered.

The definition within the PR19 Final Determination states: "In order to count towards learning hours achieved, each individual will provide feedback to the company where they are encouraged to provide information on how useful the session was and how likely they are to change their behaviour as a result". A robust audit trail of all requests for feedback was presented to the external assurance providers. We believe that the fact that some participants chose not to provide any feedback, is feedback in itself and is what we would call a 'nil return' but it still constitutes a 'return'. It is disappointing that several of our delivered training hours do not now count because of differing interpretations over this part of the definition within the PR19 Final Determination.

Covid-19 continues to impact us and this performance commitment in this reporting year. We will take the learning from the draft determination to consider what other avenues we can explore to meet the challenging requirements of this performance commitment in a pandemic.

Operational Carbon

There are several errors in the Carbon Accounting Workbook (CAW) version 13 that do not follow global reporting best practice, which means it cannot give a complete and accurate account of our emissions in the baseline year or reporting year. Firstly, it uses standard UK emission factors relevant to the 2018/19 reporting year, not the 2019/20 reporting year of which our baseline is set. Secondly, it contains a major omission in the methodology to determine nitrous oxide emissions from wastewater treatment plants, an omission which results in a 16.5 ktCO₂e under reporting of our process emissions. Thirdly, it does not account for transmission and distribution losses of electricity emissions in the market-based total, which results in our Scope 3 emissions being under reported by 10 ktCO₂e.

We sought to follow global standards to report the most accurate and fair baseline. In terms of carbon reporting, CAW version 14 was not available when the final determinations were published in December 2019. We have reported using

the latest version of the guidance that related directly to the first year of this AMP period and applied this to the baseline year. This updated version 14 workbook also addresses the issues and errors identified in CAW version 13.

We understand the action taken by Ofwat to ensure consistency of reporting in line with the PR19 Final Determination and across the industry but we would welcome a consultation to consider how we should report this performance commitment in the future to ensure we remain aligned with our obligations in the PR19 Final Determination but also so that we remain aligned with wider carbon reporting best practice, allowing us to provide more accurate reporting on our performance.

Mains Repairs

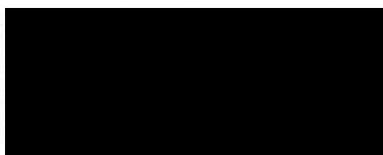
In our original APR submission, we had excluded 25 repairs on repairs where we could evidence specific circumstances, for example: there had been a repair to a very recent existing repair, where the repair had no impact to customer supply or the re-instatement of the surface damaged the repair. The information provided within this draft determination means we will now ensure these types of repairs on repairs are included in our future reporting.

Response to the draft determination

Thank you for providing us with the opportunity to comment on the draft determination for the 2020-21 outcome delivery incentives (ODIs).

We have considered the in-period ODI draft determination carefully and Yorkshire Water accepts the draft determination as published by Ofwat.

Yours faithfully,

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Kirstin Hutchinson
Regulatory Compliance and Assurance Manager
Yorkshire Water