

Summary of outcome of October Outcome Working Group - Customer and Environment common PCs

Carbon PCs

There was a consensus that there should be a common PC on operational carbon. This is in line with the growing focus on this area. It will be important to understand customer views in how fast companies progress to the 2050 target for net zero.

There was a greater range of views about embedded carbon. Most thought that we needed to make progress in developing consistent measurements across companies, but there was uncertainty about whether it would be ready to be a PC for PR24. There was also a view that it may distract from the industry commitment to reach net zero operational carbon by 2030.

It was flagged that the 2050 target of net zero is for the UK as a whole and the contributions of different sectors may differ. The water sector will also need to respond to the impacts of climate change which could add emissions and this will need to be taken into account as well. A further point was that companies may need to consider interactions between regulated and non-regulated business if they are to produce a coherent plan for the whole of their business.

Next steps

These views will be considered as we develop the approach to reporting through the existing Regulatory Accounting Guidelines process that would form the basis for any new common performance commitments.

Sustainable abstraction

There were a wide range of views on this topic. Some considered that we should make progress towards measuring sustainable abstraction, potentially combining this with other existing metrics. Others considered that we should measure leakage reduction and water efficiency activity. However, others considered that this would be a return to outputs and should not be considered as part of an outcomes regime.

Some considered it was important to extend wholesale incentives to business, charity and public service organisations (business customers) and that wholesalers needed to take action to be able to move towards sustainable abstraction. It was also noted that there was a growing desire for support on water efficiency from business customers. Others thought that the issue needed to be addressed directly within the retail market and noted that some wholesaler's schemes to financially incentivise retailers had not been a success. There was a suggestion that B-MeX and R-MeX may be more appropriate routes to provide incentives for the interface between wholesalers and

retailers. Some expressed that further clarity was required of the roles of wholesalers and retailers.

Next steps

It was agreed that the incentives for wholesalers for business water efficiency needed to fit with the wider consideration of the retail market. The interactions, including guidance on how wholesalers can deliver business water savings, encompassing working with retailers, is part of the RWG business water efficiency action plan. The issues of common PCs will need to be considered alongside the delivery of the RWG action plan.