



Response to draft determination of Southern Water's in-period outcome delivery incentives for 2021- 22

Consultation response

In response to the draft determination of our in-period ODIs we agree with the key interventions and alterations. We are pleased Ofwat have aligned with our tax position of 0% for 2021/22 and have allowed for a bespoke adjustment of £10.789m to true-up 2020/21 ODI tax treatment. We note that the default is to recover this in 2023/24 charging year. We would request the flexibility to consider recovering this either in full or in part across the remainder of this AMP (2023/24 or 2024/25).

In terms of the November 2021 CPIH, we agree in the correction to the Office of National Statistics (ONS) published value for inflation.

We wish to ensure consistency in the inflation of the ODIs in the generation of the Ks, and the inflation when setting our charges. The final in-period determination for 2021/22 will be published prior to the publication of the November 2022 CPIH number. Thus, the publication will include a forecast inflation number. We believe Ofwat should encourage companies to update the in-period determination post publication with the actual November 2022 inflation. Therefore, when inputting the Ks in future years these will be correct as per the correct November inflation.