

Accent

 PJM economics

Outcome Delivery Incentive Research: Design of Methodology

Initial Consultation Report

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1 Introduction

Accent and PJM economics have been commissioned by Ofwat and CCW to develop a methodology for obtaining the customer evidence to support ODI rate setting for common PCs at PR24 (Stage 1), and to develop and test the materials based on this methodology (Stage 2). This project has been referred to in Ofwat's recent position paper 'PR24 and beyond position paper: Collaborative customer research for PR24' (October 2021)'.

A project inception report has been previously distributed to companies, as well as to Ofwat and CCW, which set out details of the project's proposed scope, timescales, governance arrangements, and a draft set of principles put forward and agreed with Ofwat and CCW to guide the development of the methodology. One of the key principles put forward in that document was that the methodology should be developed collaboratively with the industry. Accordingly, one of the key early tasks involved consulting with water companies on a number of areas with a view to capturing relevant insights and perspectives at the outset of the study.

This document is our report on this consultation. Section 2 outlines the scope of the consultation; Section 3 summarises the findings. The Annex to this report contains the invitation email, which also served as the topic guide for the meetings.

2 Scope of Consultation

An email was sent to all companies on 28 October inviting them to participate in a 1-hour Teams meeting. (A copy of this email is included in the Annex to this report.) The meetings themselves mostly followed the structure of the topics listed in this email closely. However, since some responses overlapped between questions, and since conversations ranged broadly in some cases, this report has been structured with section headings corresponding to thematic areas rather than follow the specific questions asked in the invitation email.

In order to reach a broader range of organisations and experts, including those outside of the water industry, within a limited time window and budget, the Delivery group for the study had suggested that companies could participate in these meetings as pairs, or small groups, of companies rather than individually. Accordingly, we asked companies to state whether or not they would be happy to join a meeting with another company or two; for example, companies they worked with as part of regional water resources groups.

All companies except one responded to the invitation and, accordingly, meetings were arranged with 16 water companies altogether. Three of the meetings took place in pairs, with all others taking place with individual companies. Participants included a mix of customer insight, regulation, finance and asset planning professions, although not all roles were represented for all companies.

In addition to companies, a meeting was also held with Water UK, and another with a group of three Customer Challenge Group (CCG) chairs. The present report contains a summary of responses from all participants.

3 Findings

3.1 Introduction

This section presents the findings from the consultation, grouped into the following thematic areas:

- Collaborative research programme (3.2)
- Valuation framework (3.3)
- Survey design and testing (3.4)
- Survey administration (3.5)
- Additional issues (3.6)
- Principles for success (3.7)

3.2 Collaborative research programme

Immediately prior to the consultation, Ofwat published a position paper on the scope, timings, delivery and governance of the collaborative research programme¹. This document represented a key reference point within many of the discussions held with participants.

Broadly, the findings from the consultation matched those reported in the ‘Stakeholder responses’ sections of the position paper. Almost all participants accepted the rationale for the collaborative research programme, in principle, and expressed a desire for it to be successful. Furthermore, there were no significant concerns regarding the governance arrangements of the programme.

However, comments were made, and issues raised, with respect to:

- Relationships with companies own research and valuation frameworks
- Timelines and fit with the development of business plans
- The delivery model for the fieldwork
- The impact on the relationship between the water company and the customer

(Detailed discussions were also held around various aspects of the scope of the collaborative ODI research but these are captured within Sections 3.3 to 3.7.)

Relationships with companies’ own research and valuation frameworks

Ofwat’s expectation, as set out in its position paper, was that companies may conduct their own willingness-to-pay research to inform their long-term delivery strategies and consequent requests for enhancement funding, and that this research evidence may

¹ Ofwat (2021) PR24 and beyond position paper: Collaborative customer research for PR24. October 2021

overlap with the collaborative ODI research. Most companies said they would conduct their own willingness to pay / valuation research, but few had plans already underway. The majority said they would wait to see the outcome from Stage 1 of the collaborative ODI research study to see what needed to be done and how they should link in their company's own research, e.g., for bespoke PCs and enhancement cases.

In relation to this, several companies said they would like the Stage 1 report to provide guidance on how companies' own research could be integrated with the collaborative ODI research.

The general expectation amongst companies, where the issue was discussed, was that the collaborative study would generate customer valuations as an input to ODI rates, and that these valuations would be of a form that could be incorporated within the broader valuation framework used to support asset planning. A common valuation structure, particularly amongst the larger companies, involved having a set of anchor values, for key service measures, and a set of weights for different severities or types of service issue that could be linked into the anchor values. Some companies suggested, or agreed, that the outputs from the collaborative ODI research could potentially serve as anchor values within their valuation framework and that they expected to undertake 'Stage 2' stated preference surveys to provide the relative values or weights needed to complete their framework.

A number of companies indicated that they intended to develop local valuation evidence that they would seek to triangulate against the outputs of the collaborative ODI research, both for setting ODIs and for supporting expenditure cases within their business plan. This was in response to the issue raised by many companies, and discussed further in Section 3.3 below, that relying on a single study to generate ODI evidence represented a substantial risk to their business plan programme.

There was some disagreement over whether there needed to be consistency between the valuations used for ODI rates and those used for asset planning. Whilst the economic principle for consistency was generally recognised, some companies suggested that the contexts were different and that customers would value them differently when comparing ODI variation against variation in future PC levels.

Timelines and fit with the development of business plans

According to the timelines set out in Ofwat's position paper, the outcome from the collaborative ODI research programme will not be available until December 2022. A number of companies told us that business plans will be well developed by that point and that this timing therefore represents a risk of needing to make major adjustments to business plans at a late stage of the planning process.

A small number of companies said they would be initiating their own WTP research in the near future to obtain the values they needed for business planning, including those for common PCs. This was principally because they could not afford to wait until the collaborative research outputs were made available.

A further issue in relation to timing concerns the possibility of obtaining the information on service levels and/or costs that may be needed to support the collaborative ODI research. Some companies said that, depending on the ask, it could take a while to pull together certain data and that this would need to be allowed for in the timetable.

Delivery model for fieldwork

A number of companies commented on the proposed approach to separate out fieldwork from the design and analysis stages of the research, and/or the choice between centralised or standardised / devolved delivery models.

- Firstly, several companies argued that commissioning an agency solely to complete the fieldwork for the research could potentially lead to one or more of the following problems:
 - Data protection issues involved with transferring data between agencies, companies and Ofwat
 - Cases where agencies could blame one another if there are issues down the line
 - Also, the fact that the opportunity to do so could lead to weakened incentives on fieldwork agencies to try and prevent problems appearing at the analysis stage
 - Problems procuring the best agencies/people to do the fieldwork when these agencies are renowned for also delivering high quality analysis.

- Regarding the choice between centralised or standardised/devolved delivery models, most participants, where this topic was discussed, expressed a preference for a centralised model. This was because this model was considered to be:
 - more practical
 - more efficient; and/or
 - carry the least risk of there being subtle differences between methodologies that could cause differences in valuation results.

Two companies noted that if there was an opportunity to include bespoke service issues then this would switch their preference to an own-company or regional delivery model.

If a standardised/devolved model does end up being adopted, most participants who discussed this favoured a regional delivery model over an own-company only approach.

Governance and participation

All participants were satisfied with the opportunities for participation in the development of the ODI research methodology. However, one company requested clarity that the Steering Group is overseeing the efforts of working groups on this collaborative project.

One company helpfully suggested setting up a centralised platform to gather and moderate discussion around options and survey materials as they develop. This would

help to coordinate and generate discussion rather than relying on email exchanges alone.

3.3 Valuation framework

A valuation framework comprises the specification of measures for valuation and the methods to be used for obtaining those values. Valuation frameworks are used by companies as the basis for asset planning systems and for guiding the design of valuation research studies.

In the case of the collaborative research, the valuation framework is anticipated to involve a focus on limited number of common PCs only, and to include only one survey to obtain the valuation evidence.

A number of comments and issues were raised in relation to these areas, including:

- Basis for selection of common PCs
- Risk of relying on just one study
- Risk of including just common PCs rather than whole package
- Avoiding double counting

Basis for selection of common PCs

A small number of participants said they were concerned that common PCs will not necessarily include all the right things as they're not based on (recent) customer research and that customer priorities have, or are likely to have, changed over time.

One said they would like the set of common PCs to be tested with stakeholders at least, and that the timetable should be extended if necessary to allow this to happen.

Risk of relying on just one study

Many participants said that a key strength of PR19, and an improvement on PR14, was the use, and triangulation, of multiple sources of evidence, covering a broad range of techniques, in order to collect a robust and proportionate basis for valuation. Accordingly, many also considered that it would be a step backwards if a single study was used in isolation to obtain this evidence.

Common reasons given included that:

- Individual studies can return anomalous / outlying results. (This is particularly a risk if the methodology is innovative.)
- No one methodology is necessarily 'correct'.
- Research conducted at one point in time is potentially biased in comparison to having multiple touchpoints, perhaps as part of an ongoing tracker-type study.
- Follow-on research is useful to check/assure the main valuation results or ODIs, eg via the use of 'odds ratio' research to test that relative valuations match relative priorities.

A few companies went further and said they would conduct their own overlapping valuation research programme, including revealed preference research, and would expect Ofwat to take the findings into consideration as they cannot ignore robust evidence when determining ODIs.

Risk of including just common PCs rather than whole package

Given the nature of the collaborative ODI research study, it is anticipated that surveys will include only the common PCs and not the full set of common and bespoke PCs comprising each company's plan. It will therefore not be capable of obtaining a holistic valuation, as some participants pointed out.

This feature was considered to represent a risk of overvaluation by a number of participants. This is because it is generally the case that adding the values obtained from two surveys, e.g. one covering bespoke PCs and one focused on common PCs, will exceed the value for the combined package when obtained from a single survey. This is an example of less-than-proportional scope sensitivity in willingness to pay valuations, a common finding that has significant implications for the design of the collaborative ODI research methodology as discussed in Section 3.4 below.

Additionally, one participant argued that it would be difficult for companies to carry out their own research for bespoke PCs without the wider context of common PCs.

Avoiding double counting

At the time of consultation, Ofwat's proposals concerning the common PCs to be used at PR24 had not yet been published. However, some companies highlighted that it was important for the study to be aware of the possibility of double counting of values due to interactions between common PCs. For example, Mains repairs, Leakage and Water supply interruptions are all inter-related.

In relation to this, one company highlighted to us the merits of its approach to deriving values asset health PCs via their impact on service and environmental outcomes while avoiding double counting. This approach, and the methodology for valuing all PCs whilst avoiding double counting will be considered further as we move to develop the methodology in the next phase of the collaborative study.

3.4 Survey design and testing

On the basis that a survey approach is used to generate the evidence required to populate the valuation framework, a number of issues must be addressed to ensure that the results are valid and reliable. Many of these issues were touched upon throughout the consultation.

Key issue affecting valuations to date – the ‘denominator effect’ / scope insensitivity

Several participants either raised the issue, or were aware of the issue, that the WTP evidence obtained from traditional valuation methods is highly sensitive to the scope of service change offered in the surveys used to generate the evidence. In different circles this is referred to either as the ‘denominator effect’, or as an example of scope insensitivity of valuations.

Essentially, the value per avoided service failure is determined by measuring the value for some reduction in the risk of that service failure, say a reduction from 0.5% to 0.4%, and then dividing the resulting value through by the size of the risk reduction, i.e. 0.1%. Thus, if the value measured for the risk reduction is £1 per household per year, the total household value per avoided service failure would be calculated as $\text{£}1/0.001 = \text{£}1,000$.

The problem is that the numerator, £1, does not vary in customer surveys in line with the denominator. If one doubles the size of the risk reduction shown to 0.2%, the customer valuation does not tend to double but, rather, it increases only very marginally. In this example, if it stays the same at £1 per household per year, the total household value per avoided service would halve to $\text{£}1/0.002 = \text{£}500$.

The issue has also been discussed in two recent submissions to Ofwat’s Future Ideas Lab²³ and has great significance to the design of the collaborative research.

In the consultation, the key implications raised included that the use of traditional choice experiment methods could lead to:

- large differences in valuations between companies – although this could be avoided if the same set of service improvements was shown to all companies
- valuations which appear excessive
- anomalous differences, such as long interruptions receiving a WTP valuation that is less than short-term interruptions.

For some companies, the key implication of the denominator effect was that WTP surveys in general could not be relied upon in isolation and that triangulation against other studies, including revealed preference approaches, was needed to provide confidence in the results.

Types of valuation survey

Several companies put forward examples of different types of valuation study that were used at PR19 and made research reports available for us to review as part of our desk review of PR19 approaches. These included:

- Studies involving innovative gamification techniques

² United Utilities (2021) Developing a National Approach to Customer Research. Proposal for an approach.

³ Metcalfe, P. and Sen, A. (2021) Sensitivity to scope of water and wastewater service valuations: A meta-analysis of findings from water price reviews in Great Britain, 15 August 2021.

- Menu/Slider-based studies
- Odds-ratio studies to develop weights and priorities
- Studies focused on preferred top-down allocations of an overall bill variation to ODIs.
- Subjective well-being approaches.
- Revealed preference studies

A number of participants mentioned the quality of the user experience and the visual appeal of the materials used as key aspects in favour of the gamified approaches and menu/slider-based studies.

With regard to the top-down allocation approach, one participant was particularly strongly in favour of this, although it was also raised as a strong candidate approach by two others. It was noted, however, that Ofwat had not been in favour of a top down approach to determining ODI rates at PR19.

The range of valuation approaches used at PR19 are discussed in the round in our desk review which accompanies this consultation report.

Simple and meaningful research materials, tested thoroughly

Several participants stressed the importance of having strong visual materials and a good user experience for the survey.

One participant said they were keen that behavioural economic principles should be used to ensure that questions are asked in the correct way, considering potential ordering and framing effects and the low salience of the topic.

Participant fatigue was also put forward as a factor that needs to be considered.

Context setting and how service descriptions, levels, costs etc. are presented were said to be crucial, and that 'real world' terms should be used and displayed in a way that's understood.

A number of participants also emphasised the importance of thoroughly testing the survey materials with customers prior to their main roll-out to ensure that they are meaningful and understandable.

Context for valuation

A number of issues and comments were raised and discussed relating to how the core valuation questions should be framed, as discussed below.

■ ODIs or PC levels?

In principle, measures to support ODI rates could be based on responses to questions about ODI rates directly, and the amount of bill variation the customer would like to see, or questions about preferred service level-bill combinations. Both options could generate the evidence needed to support ODI rates.

Asking about ODI rates directly has the potential advantage of being closest to the context in which the results will be applied, which is a generally desirable feature of a valuation survey instrument. However, even this is debatable if consistent valuation results are to be used as part of a CBA-based valuation framework as well as for setting ODI rates.

The chief disadvantages cited against using ODI mechanism directly within the survey instrument were:

- Firstly, the concepts associated with ODIs can be difficult to communicate with customers simply, particularly if one includes caps and collars within the presentation and choices
- Secondly, customers have consistently told companies, in many cases, that they do not like the principle of ODIs.

A decision will be needed once the methodology options are developed further regarding which of these two approaches, if not a third option, is to be preferred for the collaborative ODI research.

■ **Short-term vs long-term context**

Some participants noted there was a need to incorporate long term context in the valuation research so that the research results reveal current, mid-term and long-term preferences and trade-offs including exploration of any differences between values over different time horizons.

■ **Citizen vs Individual perspective**

Two participants raised the issue of there being an important distinction between individual and citizen perspectives, with both proposing that both types of values should be measured and compared in order to give a more rounded understanding of trade-offs.

■ **Use of comparative information**

Use of comparative information was considered important by one participant to provide context to customers when making their choices in willingness to pay, ODI or acceptability research.

Choice of service levels and degree of tailoring

One of the key inputs to a valuation survey design is the set of service levels used, including base service and bill levels and the levels showing variations around these.

No participant voiced any objection to the use of base service and bill levels tailored to each company, although some queried whether these would be known with sufficient confidence at the time the survey is conducted.

There was a key divergence of views regarding the extent to which different service ranges around base levels should be tested.

- Having the same range for every company can be expected to lead to much more comparable valuation results than having different ranges for different companies (due to the issue of the 'denominator effect' discussed above).

- On the other hand, tailoring to a company’s situation can be expected to return results for that company that are calibrated to the opportunities for improvement facing that company.

One company that was at the frontier for one of the common PCs at PR19 said that they would expect the ranges to be tailored to company situations in terms of opportunities for improvement. This was considered to be more limited for companies at the performance frontier than for other companies and hence this should be reflected in the choices shown to participants to ensure realism. The fact that this could be expected to result in a divergence of valuations was understood, but considered to be a preferable outcome in this participant’s view.

For other participants, where this issue was discussed, all appeared to be content with the idea that the survey might be designed around common performance ranges with the aim of maximising comparability. One company said they were nervous, however, that unrealistic service levels might be shown for the sake of comparability.

A further issue raised in relation to the choice of service levels concerns whether the ranges shown should include deteriorations as well as improvements, or just focus on improvements. No proposal was put forward in this regard – the issue was simply raised as one that will need to be addressed as the collaborative ODI methodology is developed.

Impact of experiencing service issues

One participant suggested that the survey should capture respondents’ previous experiences of service issues as these are likely to impact on their willingness to pay.

3.5 Survey administration

Almost all participants commented in some form in relation to the survey administration decisions and procedures that might be put in place for the collaborative ODI research. In the following these comments are grouped under:

- Survey mode and sampling frame
- Sample size and structure

Survey mode and sampling frame

A variety of survey modes and sampling frames were used by companies at PR19 for their valuation and ODI research and, accordingly, views were mixed as to the preferred approach to take for the PR24 collaborative ODI research.

Survey mode	Comments / issues raised
Online, commercial panels	Widely used survey mode as it is cost-effective, and one can generally easily and quickly get a sample that is representative by key demographics. No significant concerns raised by participants against this mode for households except that they are known to exclude certain hard-to-reach groups.

	For non-households, views were mixed regarding whether commercial panels could be used successfully. Many companies said they did use them, but some reported concerns that the respondents may not be the correct company decision maker.
Online, customer lists	Many companies said they had a list of contact details for customers that they used for research. However, different companies adopt different approaches to assembling the customer lists and they are not always representative of their customer base. For example, some companies compile lists based on those that have contacted the company. Moreover, not all companies maintain customer lists. These factors could be considered as reasons against the use of customer lists as a sampling frame for the PR24 collaborative ODI research
Telephone	Telephone research is more expensive and time-consuming than online research and was not as widely used at PR19. Some companies did use this mode extensively, however, particularly for non-household customers for whom it was considered to be a more reliable means of ensuring the correct decision maker is interviewed.
Face to face	Face-to-face research is also more expensive and time consuming than online and was accordingly also not widely used as the sole mode. However, this mode was widely considered to be a good way to recruit hard-to-reach households that don't show up in panels, by targeting specific locations. One issue raised was the need to consider Covid impacts if using this mode Another issue raised was that a sufficient number of sampling locations would need to be used to mitigate clustering effects.

A key tension identified regarding survey mode was between the desire to ensure comparability between companies in terms of the survey mode, or mix of modes, used, and the need to ensure that the adopted approach would be feasible for every company. In particular, one small company raised the issue that they struggle to recruit sufficient sample sizes when using commercial panels. Another company mentioned issues recruiting sufficient numbers of non-households when using commercial panels.

One (large) company suggested using retailers as a conduit for recruiting non-household customers.

Whilst most participants, where the issue was discussed, expressed a desire for there to be the same mix of modes for all companies, one company suggested that one option might be to adjust for differences in survey modes ex-post using a calibration procedure based on analysis of the data.

These issues will be considered as the options for the ODI research methodology are developed.

Sample size and structure

A key issue to be addressed as the methodology options are developed is how large the sample size should be for each company. This is driven primarily by whether valuation

results are intended to be derived at the level of the company or for segments within the company. There is also the question of the desired level of precision vis-à-vis the cost of the fieldwork. And there is the constraint that, conditional on survey mode, it should be feasible to achieve the chosen sample size.

These trade-offs and constraints are perceived differently by small vs large companies. For small companies, there are important constraints regarding the number of responses that can be obtained using online panels for example, particularly for non-households.

By contrast, several (large) companies said that they would expect to obtain results at sub-company level rather than simply getting a single set of results representing their whole company. This would mean that bigger sample sizes would be needed.

The desired household segments that were mentioned included:

- by region (within company)
- hard-to-reach customers
- future customers
- low income customers
- vulnerable customers

For non-households, no further segmentations were suggested although there was a request that the full range of business sectors would be represented.

Additionally, a question was raised regarding whether the focus should be solely on SMEs, given that larger businesses are typically harder to recruit, or whether the research should cover all non-households.

There was an expectation by one company that the research would focus on end customers only and not include retailers, nor developers. However, the company in question asked that this would be made explicit in the methodology to avoid confusion.

3.6 Additional issues

A few additional issues were raised by participants that fall outside of the areas discussed above.

Guidance on analysis and outcomes

A few participants requested that the Stage 1 methodology report include guidance on the analysis of the survey responses and the outcomes that would be obtained, an area that was excluded from the inception report.

Guidance on integration of company research with collaborative research

On the same note, several participants requested that the report include guidance on how to integrate companies' own research with the collaborative research.

Assurance

Finally, it was considered important by a number of companies that their willingness to pay studies, and often also triangulation approaches, were subject to academic peer review at PR19. This was felt to provide an important level of assurance that they were adhering to best practice.

Accordingly, some participants suggested that a similar peer review would be needed for the collaborative research for PR24. To be clear, the present study to develop the methodology for the collaborative research does include academic review, but this does not cover the survey administration or analysis phases of the research.

3.7 Principles for success

Initial principles

The project inception report included the following initial set of principles to guide the development of the methodology: (see inception report, p.4-5.)

Collaborative	Developed in consultation with companies and key stakeholders.
Tailored	Designed with a specific focus on the PCs and measures required.
Customer-focused	The survey should be focused on customers, using language and questions that are meaningful and understandable to them, in order to generate meaningful responses which are a valid reflection of their views.
Forward-focussed	Although methodological options should be founded on a review of best practice to ensure that existing methodologies are well understood, the focus of the study should be forward-looking, and consider creative new research ideas to inform development of ODI rates alongside these.
Robust	Results generated by the recommended approach should be valid and reliable, where validity and reliability are to be defined through the early part of this study.
Comparable	Whilst there may be a need for differences across companies, for legitimate reasons such as different languages or different legislative contexts, the methodology should aim to produce comparable results across companies. .

These principles were broadly approved by participants. However, a number of comments and suggested additions were raised.

Comments on initial principles

Some participants commented on the order of priority that should be given to the principles as there are trade-offs between them. However, there was no consensus at all on this, with different principles being cited as most or least important by different participants.

One small company suggested that comparability should not necessarily involve having the same survey administration approach for all companies. This may be impossible, or undesirable, due to issues of sample availability.

Additional principles

The following aspects were also raised as being important in addition to the ones proposed in the Inception Report.

Inclusive

Several companies mentioned that it would be important that the sampling methodology adopted was inclusive: capturing hard-to-reach, vulnerable, and future customers.

Flexibility

PR24 common PCs are still under development and there are emerging themes and options especially for environmental outcomes. The ODI research methodology was therefore said to need to have the flexibility to accommodate ongoing PC developments

Proportionality

Sample size and the effort need to be proportionate to the materiality of the metric and quality improvement on the research result

Timeliness

Some companies wanted assurance that timeliness would be a key principle so that companies can plan for applications of the results in their business plan decisions.

Deliverability

One small company stressed the importance of ensuring that any decisions reached regarding survey mode and sample sizes would be deliverable by small companies.

Annex Invitation Email / Topic Guide

Dear XXXX,

As you may be aware, Accent and PJM Economics have been appointed by Ofwat and CCW to develop an approach to customer research to inform the setting of ODI rates for PR24. [This project is referred to in Ofwat's [PR24 and beyond position paper: Collaborative customer research for PR24](#).] As part of this study, we are consulting with water companies, and others, on requirements and perspectives on key issues pertaining to the ODI rates research methodology.

The attached document is the project inception report, which gives details of the scope and timescales for the study.

In relation to the consultation, we would like to set up a 1-hour Teams meeting with you sometime in the next two weeks to gather your insight and perspectives with respect to the following questions:

- Are there any valuation studies, or aspects of your PR19 approach to developing ODIs that you would like to highlight to us as best practice examples worth considering, or building on, for PR24?
- What aspects in particular would you consider to be most notable, and why?
- What is your current thinking on how the research to provide evidence for ODIs should evolve for PR24?
- What plans, if any, do you have for undertaking valuation research to inform ODI rates for bespoke PCs or the shape of your longer-term plans? Do you envisage any issues in triangulating your own research with the research from the national study? Do you envisage triangulating?
- How far do you agree with the initial set of principles we have established to guide the methodology? (See inception report, p.4-5.)
- The inception report (p.8-9) sets out the range of issues that we expect the core options in our Stage 1 report to focus on. What additional issues, if any, do you feel should be covered by the methodology?
- Do you have any ideas, or are there any comments you would like to make, with respect to any of these issues? In particular, do you have a preferred approach to survey administration, e.g. how survey participants are recruited and questioned, and what are the reasons for your preference?
- Are you satisfied that you will have adequate opportunity to participate in the development of the methodology?

The results from the consultation, and concurrent desk review, will form the basis for an interim report, which is due to be delivered by 19 November. We will happily share this report with participants that we meet with as part of this consultation.

The time available for this initial set of meetings is limited and so we'd be grateful if you would respond to this email ASAP, and **by Wednesday 3rd November** at the latest please, if you would like to take part.

In order to reach a broader range of organisations and experts, including those outside of the water industry, within a limited time window and budget, the Delivery group for the study have suggested that companies could participate in these meetings as pairs, or small groups, of companies rather than individually. With this in mind, we would be grateful if you would indicate in your response, as well as whether or not you are happy to take part, whether there are any companies you would be happy to join a meeting with. This could, for example, be companies that you work with as part of regional water resources groups.

We do hope that you are able to participate, and take this opportunity to thank you in advance for taking part.

Best wishes,

Paul Metcalfe (PJM Economics)

Rob Sheldon (Accent)