

Republication of Draft Determination Representation documents

November 2019

Documents republished:

- PR19 Draft Determination Representation
- PR19 Draft Determination Supplementary Evidence
- PR19 Draft Determination Deep Dive on Growth Expenditure

Amendments are shown in tables below.

PR19 Draft Determination Representation

Page	Current text (correction highlighted)	Amended text
Chapter 1: Executive Summary		
Page 4, section 1.4	do not remedy the <i>identified</i> problems we identified	do not remedy the problems we identified
Page 6, section 1.6	driven by our further <i>challenge of</i> ourselves <i>again</i> in light of Ofwat's push for further efficiency costreductions	driven by our further challenging ourselves in light of Ofwat's push for further efficiency costreductions
Chapter 2: Introduction and Overview		
Page 9 Row Revised Data Tables	Mandatory tables as requested plus others required to ensure totex changes <i>appropriate</i> reflected.	Mandatory tables as requested plus others required to ensure totex changes appropriately reflected.
Chapter 4: Key methodological points		
Page 14 section 4.1	shortcomings <i>with</i> Ofwat's approach criticisms levied previously <i>of</i> Ofwat,	shortcomings of Ofwat's approach criticisms levied previously at Ofwat,
Page 15 section 4.1	subjected to an <i>ex-post</i> true-up	subjected to an <i>ex-post</i> true-up
Page 21 section 4.3.1	further in our Chapter 7 and our Focus Area - Growth	Add hyperlink and delete extra full stop at end of paragraph
Page 21 section 4.3.2	no formal changes to <i>their</i> approach	no formal changes to its approach
Page 21 section 4.3.3	<i>Ex-ante</i> , it is a reasonable	<i>Ex-ante</i> , it is a reasonable
Page 23 section 4.3.5	<i>The analysis in the table above refers to the Recommendation Risk Index (RRI) is</i> used	The Recommendation Risk Index (RRI) is used
Page 25 Box	One example <i>is</i> how assets	One example how assets
Page 27	The relationship between capital maintenance expenditure,	Make into a heading

	activity and performance and the consequences of reducing capital maintenance.	
Page 29	investment levels and <i>drinking water</i> quality,	investment levels and effluent quality,
Page 32	Ofwat <i>undertake</i> a full review	Ofwat undertakes a full review
Page 35 section 4.4.1	<i>This is imperfect</i>	The IDOK process is imperfect
Chapter 5: Outcomes		
Page 40 section 5.1.2	Where <i>we assess that</i> Ofwat's interventions	Where our assessment shows that Ofwat's intervention
Page 46 Table 4	Sewer collapses Performance rating <i>PCL = 5.5</i> <i>P10 = 9.1</i> <i>Range = 3.0</i>	<i>PCL = 5.5</i> <i>P10 = 9.1</i> <i>Range = 3.6</i>
Page 52 Section 5.7	WINEP ANH.OC.A62 - introduction of an underperformance payment we have assessed that the <i>removal of financial incentives</i> does not detract	we have assessed that the inclusion of underperformance financial incentives does not detract
Page 59 Section 5.11 "Why change is needed"	made easier operational <i>improve, improvement</i> for companies that are improvement. "It is therefore	made the easier operational improvements. Improvement for companies that are improvement. It is therefore
Page 65 section 5.13	a series of amendments to resolve.	a series of amendments to resolve these issues.
Page 75 section 5.18	<i>Detemination</i>	Determination
Page 77 section 5.19	<i>recieve</i>	receive
Page 82 table 21	United <i>Utilities</i>	United Utilities
Chapter 6: Cost Assessment Overview		
Page 88	Botex Plus are listed in table <i>26</i> below set out in table <i>27</i> below set out in table <i>28</i> below	Botex Plus are listed in table 25 below set out in table 26 below set out in table 27 below
Page 89	Table <i>26</i> was moved into Botex Table <i>29</i> below sets	Table 25 was moved into Botex Table 28 below sets
Page 90	set out in table <i>30</i> below Table <i>30</i> above Table <i>31</i> below	set out in table 29 below Table 29 above Table 30 below
Page 92 section 6.1.4	Table <i>32</i> below	Table 31 below
Page 93	Table <i>33</i> below is reproduced below <i>as figure</i> below	Table 32 below is reproduced below as Figure 22 below

	in Tables 33 and 34 (above), the blue bars in figure above	in Tables 31 and 32 (above), the blue bars in Figure 22 above
Page 98	Figure below sets	Figure 26 below sets
Page 99	illustrated in table 36 below	illustrated in table 35 below
Page 100	The industries in table 36 (above) collectively internal inter-connection programme which its specified timelines	The industries in table 35 (above) collectively internal inter-connection programme within its specified timelines
Page 101 section 6.1.6	substantial components of our WRMP (score) have been excluded	substantial components of our WRMP have been excluded
Chapter 7: Cost Assessment – Botex Plus		
Page 102 section 7.1.	our increase is just £3m, or 0.1% for AMP7 over AMP6	our increase is just £47m, or 1.3% for AMP7 over AMP6
Page 102 section 7.2	Table 37 below	Table 36 below
Page 103 section 7.2.1	reduction of £18m falls under two headings	reduction of £15m falls under two headings
Page 104 section 7.2.6	Capex values set out in table 38 (above) RPE associated to the removed capex Table 38 below	Capex values set out in table 36 (above) RPE associated with the removed capex Table 37 below
Page 105 section 7.3	table 39 below Our revised Wholesale Botex plan compared to historical expenditure	table 38 below Our revised Wholesale Botex plan compared to historical expenditure (before removal of enhancement opex)
Page 106	Table 39 (above) table 40 below table 39 (above) Table 40 below	Table 38 (above) table 39 below table 38 (above) Table 39 below
Page 108	We illustrate this in table 41 below.	We illustrate this in table 40 below.
Page 109	in table 42 below	in table 41 below
Page 110	are shown below in tables 43 and 44 below.	are shown below in tables 42 and 43 below.
Page 111	tables 45 and 46 below	tables 44 and 45 below
Page 112	table 47 below	table 46 below
Page 113	table 48 overleaf	table 47 overleaf
Page 114	AWS are one	AWS is one
Page 114 section 7.6.2	same basis. An extract from the PR19 data table commentary is included in an appendix to this note. (see appendix 1 and 2)	same basis.
Page 115 section 7.6.3	Table 50 below	Table 48 below
Chapter 8: Cost Assessment - Enhancement		

Page 117 section 8.0.2	further £37.6m efficiency challenge	further £37.7m efficiency challenge
Page 118 section 8.1	further £37.6m efficiency challenge	a further £37.7m efficiency challenge
Page 119 section 8.1.1	WINEP Phosphorus Removal – removing £12.4m capex Water Recycling Centre capacity increase for growth – removing £2.5m this equates to £37.6m of capex	WINEP Phosphorus Removal – removing £12.6m capex Water Recycling Centre capacity increase for growth – removing £2.4m this equates to £37.7m of capex
Page 120 Log-log adjustments	there is now a corresponding correction	There is not a corresponding correction
Page 134 Table 56	NIS Directive 15.171 Mobile treatment facilities 0.963 Emergency preparedness 0.668	15.183 0.961 0.667
Page 145, Further evidence	Line of WWS2 by £3.138m	3.108
Chapter 9: Risk and Return		
Page 163 Table 68		Add table note to Ofwat DD column “Adjusted to reflect the natural PAYG rate”
Page 169		Box – split the box at DD Cost assessment appendix page 94-95
Chapter 10: Focus Area: Growth		
Page 170	In AMP7 we expect the percentage of connections occurring on development sites greater than 350 plots to increase from 15% to 59% by the end of AMP7	We expect the percentage of connections occurring on development sites greater than 350 plots to increase from 15% to 59% by the end of AMP7
Page 172 figure 44		Add to title “change from IAP”
Page 173	This compliments our	This complements our
Page 179 section 10.4.5	we would council against	we would counsel against
Page 186 Definition	mechanism operate based	mechanism operates based
Page 189 Table 73	Expenditure 161.6 Unit rate 323.57	172.67 345.67
Page 190	ambiguity remains Ofwat needs to clarify interaction of totex sharing mechanism	ambiguity remains. Ofwat needs to clarify the interaction of the totex sharing mechanism
Chapter 11: Focus Area - WRMP		
Page 213 Row RTN27-South Lincolnshire WRZ to North Ruthamford WRZ	established to explore imports. This includes imports for our own needs and those with Affinity Water if required for strategic transfers into their system. This section of the WRMP enables a solution for Single Source Supply Resilience investment at Salterford WTW. This provide mitigation to 23,344 (0.53%) in the event of a sustained loss of output.	established to explore imports. This includes imports for our own needs and those with Affinity Water if required for strategic transfers into their system.
Page 216 Row ESU8-Bury	an interconnector between the East Suffolk WRZ and	an interconnector between the East Suffolk WRZ and South

Haverhill WRZ to East Suffolk WRZ	South Essex WRZ. <i>Addition of text</i>	Essex WRZ. This scheme enables a solution for Single Source Supply Resilience investment at Alton WTW providing mitigation to 30,458 (1.6%) properties.
Page 216 Row SEX4-East Suffolk WRZ to South Essex WRZ	Resilience investments at Alton, Ardleigh, Gt Horkesley and Raydon WTWs. This provides mitigation to 30,458 (1.60%), 2,852 (0.15%), 8,176 (0.43%) and 4,440 (0.23%) respectively	Resilience investments at Ardleigh, Gt Horkesley and Raydon WTWs. This provides mitigation to 2,852 (0.15%), 8,176 (0.43%) and 4,440 (0.23%) properties respectively
Chapter 12: Focus Area - Leakage		
Page 224 section 12.3.3	are insufficient manifestly upper quartile to 169MI/d £1.25m/M based	are insufficient to manifestly upper quartile to 169.6MI/d £1.25mMI/d based
Page 225 Scenario 1	of leakage that a companies must achieve	of leakage that a company must achieve
Page 226 Scenario 2	level of leakage that a companies must achieve reaching frontier performance is practically unacheivable).	level of leakage that a company must achieve reaching frontier performance is practically unachievable).
Page 227 section 12.5.2	figure to reflect the new RPE (from £76.939m to £76.676m))	figure to reflect the new RPE
Page 227 section 12.5.3	instead of the 169ML/d proposed	instead of the 169.6ML/d proposed
Page 228 Figure 57	Total cost recovery against a baseline of the botex allowance	Total cost recovery (£m) against a baseline of the botex allowance

PR19 DD Supplementary Evidence

Page	Current text (correction high-lighted)	Amended text
Smart Metering		
Page 10 section 2.2.1	cost adjustment claim below.	cost adjustment claim.
Page 11	will not be able the benefits above	will not enable the benefits above
Page 11	was collected	was collected
Page 12 section 2.2.4	rolling out smart meter technology they become end of life	rolling out smart meter technology they reach end of life
Page 13	costs in the table above).	costs in table 5).
Partnership Funding		
Page 17	Agency's aligns with the vision	Agency's aligns with the vision
Page 19 Phase 3	removed with a total investment of £2.669m from the AMP7 programme.	removed with a total investment of £2.154m from the AMP7 programme.

Page 22	Last line in Table: Partnership funding Demand driven schemes 4.7606	4.910
Resilience		
Page 35	<ul style="list-style-type: none"> • Some properties were rezoned and supplied via a different main. • Some properties were rezoned and supplied via a different main. One area was fed solely by tankers injecting into the system. 	• Some properties were rezoned and supplied via a different main. One area was fed solely by tankers injecting into the system.
Page 39	control is thorough maintaining	control is through maintaining
Bioresources		
Page 42 section 7.2	The figure below	Figure 3 below
Page 43	The figure below shows the seasonal nature	Figure 4 below shows the seasonal nature
Page 43 section 7.3	The figure below shows	Figure 5 below shows
Page 44 section 7.4	The figure above shows	Figure 6 below shows

PR19 DD Deep dive on growth expenditure

Page	Current text (correction high-lighted)	Amended text
Page 1, table 1	Row: Total value of claim for AMP7 WRN+: £421.76m Row: Totex opex of claim for AMP7 WRN+: £1.46m	430.74 10.44
Page 2 Table 2	Row Waste, New development and growth 37.06 46.10 45.15 55.48 76.34 260.13	36.95 45.88 44.89 55.21 76.14 259.1
Page 2 Table 2	Row: Growth at sewage treatment works (excluding sludge treatment) 17.22 45.65 32.66 46.04 20.06 161.63	17.87 46.87 34.51 48.71 23.71 171.7

Page 2 table 2	Total 648.79	657.794
Page 21 section 1.3.2	(productivity challenge of 1.5% pa).	(productivity challenge of 1% pa).
Page 24 section 1.5.1	then applied our 1.5% pa productivity challenge	then applied our 1% pa productivity challenge
Page 26 Water onsite – mains	our 1.5% pa productivity challenge	our 1% pa productivity challenge