

Draft Determination Representations

Developer services data request
Table commentary

30 August 2019

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1. Introduction

1.1. Purpose and structure of this document

The draft determination contained a data request for further information to inform the developer services assessment for PR19. A conference call was held on Friday 16th August 2019 by Ofwat to discuss the requirements for the information submission and following that call an amended table was issued for completion.

The amended request confirmed that the completed table and associated commentary should be submitted as part of the Company's representations on the draft determination. This document contains the associated commentary and is submitted alongside the completed Excel tables in "PR-19-draft determinations-Developer services-data-request-new-post-DD-WSH.xlsx" which were published on 20th August 2019.

The tables have been completed following the guidance in the document "Developer services conference call: follow up note 20th August 2019". General comments required are included in section 1.2 below.

The data for 2018/19 has been updated with APR19 actuals. We have considered the forecasts in the Business Plan in the light of these numbers and have decided that no changes are required as we believe that they do not warrant any fundamental changes to our underlying assumptions.

The structure of the document is:

Section 2 contains the line commentary for the wholesale water data request

Section 3 contains the line commentary for the wholesale wastewater data request

Appendix 1 shows the wholesale water table

Appendix 2 shows the wholesale wastewater table

Appendix 3 contains the independent assurance report from Jacobs.

1.2. New table circulated after the developer services conference call

- We can confirm that the 2019/20 outturn costs are consistent with the forecast in the business plan which were based on the RPI forecast in App23 of 3%;
- Diversions expenditure is included in WS1 and WWS1 in line A5 ~ Renewals expensed in year (Infrastructure). Diversions income is included in C20 Grants and contributions ~ operating expenditure; and
- Diversions costs are reported on a gross basis.

The revision to the table included new requirements to include income analysis. The income splits between the constituent streams was not required for regulatory reporting before APR16 and as a result these splits are not readily available and so have not been entered for 2011/12 to 2014/15.

1.3. Ofwat queries associated with data in this table

There are a number of queries that have been issued by Ofwat which are pertinent to this data request:

WSH-DD-CE-001

The totals in Block A1 and A2 are consistent with the amounts submitted in response to the query.

WSH-DD-CE-005

A review of this area has been undertaken since the submission of the initial data request submitted in May. As a result there are a number of differences in the data submitted in this table:

Expenditure

The approach to calculating the income offset has changed from the May submission. The income offset in this table has been calculated using the difference between the Requisitions and Infrastructure Network Reinforcement expenditure and the requisition income as explained in the table in the commentary for Block D.

The expenditure against the self-lay lines and asset value payments reflects a more thorough analysis of the self-lay activity that was not possible in the short timescales required for the May submission.

Volumes

The properties totals from 2015/16 were incorrectly recorded against connections. This has been corrected, the properties totals in this submission are now consistent with the Business Plan tables.

The volumes for the self-lay lines reflects a more thorough analysis of the self-lay activity.

Income

The approach to calculating the income offset has changed from the May submission. The income offset in this table has been calculated using the difference between the Requisitions and Infrastructure Network Reinforcement expenditure and the requisition income as explained in the table in the commentary for Block D.

WSH-IAP-CA-009

We continue to urge caution when trying to reach conclusions regarding the relationship between the costs and income presented in this table. There are several reasons why there is not a straight read across which include the timing gap between when income is received and when costs are incurred, the significant changes in reporting requirements for expenditure and income in recent years and the divergence of the charging framework in England and Wales.

WSH-DD-CE-010 and 011

The tables presented in the annexes to section 2 and 3 show the costs outside of developer services costs that are included in the "growth" lines of WS2 and WWS2.

1.4. Assurance

The tables have been independently assured by Jacobs, the report is attached in Appendix 3.

2. Wholesale water – Line commentaries

Block A1 Diversions expenditure – water

Row 1 - Totex expenditure on diversion works requested under section 185 Water Industry Act 1991.

2011/12 - 2018/19 - This is based on a SAP report of the schemes identified as S185 diversions across the relevant years.

2019/20 - This is based on the average spend on S185 schemes across the preceding 5 year period.

2020/21 onwards - This is the forecast spend on diversions consistent with the response to query WSH-DD-CE-001 less the forecast spend on NRSWA diversions in line 2.

Row 2 - Totex expenditure on diversion works requested under New Roads and Street Works Act 1991.

2011/12 - 2018/19 - This is based on analysis of a SAP report of the schemes identified as NRSWA diversions across the relevant years.

2019/20 - This is based on the average spend on NRSWA Diversion schemes across the preceding 5 year period.

2020/21 onwards - This has been based on identification of schemes of which DCWW currently have oversight, and the assumption that there will be a 'baseline' NRSWA spend as new schemes are put forward to the company. This includes the following schemes, (estimated scheme value in brackets): Caernarfon Bypass (£150k), Queensferry A494 Dee Crossing (£2.5m), Heads of the Valleys phase 5 and 6 (£4.4m), Dyfi Bridge (£115k), Abergwyngregyn A55 (£35k), J15-16 A55 (Costs unknown at present, but numerous assets to be affected). As the timing of the expenditure is not finalised an element of judgement has been used to smooth the expenditure.

Row 3 - Totex expenditure on diversion works other than those in lines 1 and 2.

2011/12 - 2018/19 - This is based on analysis of a SAP report of all diversions. No 'Other' diversions were identified as part of this exercise.

2019/20 onwards - It is very rare for networks to be diverted other than under s185 or NRSWA and there are no schemes on the horizon identified as falling into this category so no spend has been forecast in this area.

Row 4 - Sum of lines 1-3.

Calculated fields.

Block A2 Diversions income – water

Row 5 - Income from diversion works requested under section 185 Water Industry Act 1991.

2011/12 – 2014/15 The revision to the table included new requirements to include income analysis. The income splits between the constituent streams was not required for regulatory reporting before APR16 and as a result these splits are not readily available and so have not been entered for 2011/12 to 2014/15.

2015/16 - 2018/19 – This figure has been calculated from the total diversions income in the APR split in proportion to the expenditure recorded in lines 1 and 2

2019/20 onwards is prorated from the total diversions income reported in App28 in proportion to the split of diversions expenditure recorded in lines 1 and 2.

Row 6 – Income from diversion works requested under New Roads and Street Works Act 1991.

2011/12 – 2014/15 The revision to the table included new requirements to include income analysis. The income splits between the constituent streams was not required for regulatory reporting before APR16 and as a result these splits are not readily available and so have not been entered for 2011/12 to 2014/15.

2015/16 - 2018/19 – This figure has been calculated from the total diversions income in the APR split in proportion to the expenditure recorded in lines 1 and 2

2019/20 onwards is prorated from the total diversions income reported in App28 in proportion to the split of diversions expenditure recorded in lines 1 and 2.

Row 7 - Income from diversion works other than those in lines 5 and 6.

2011/12 - 2018/19 - This is based on analysis of a SAP report of all diversions. No 'Other' diversions were identified as part of this exercise.

2019/20 onwards - As there have been no schemes forecast as falling into this category, no spend has been forecast in this area.

Row 8 - Sum of lines 5-7.

As App28 line 11

2011/12 – 2014/15 The revision to the table included new requirements to include income analysis. The income splits between the constituent streams was not required for regulatory reporting before APR16 and as a result these splits are not readily available and so have not been entered for 2011/12 to 2014/15.

Block B Connections volume data – water

Row 9 - Number of new connections in respect of residential properties (excluding any NAV activity)

2011/12 - 2014/15 - This is based on the historical physical connection volumes undertaken by Developer Services.

2015/16 This is based on the average number of connections across the 5 year period between 2014/15 and 2018/19, we have assumed that the number of physical connections will rise in line with the number of properties forecast to be connected in line 18.

Row 10 - Number of new connections in respect of business properties (excluding any NAV activity or connections to a NAV)

2011/12 - 2018/19: This is based on the historical physical connection volumes undertaken by Developer Services.

2019/20 - This is based on the average number of connections across the 5 year period between 2014/15 and 2018/19.

2020 onwards - we have assumed that the number of physical connections will rise in line with the number of properties forecast to be connected in line 19.

Row 11 - Total new connections served by incumbent. Sum of lines 9 and 10.

Calculated fields.

Row 12 - Number of new connections onto NAV sites

2011/12 - 2018/19 - This is based on the number of actual NAV connections provided by DCWW during the relevant time period.

2019/20 onwards - Currently DCWW are engaged in ongoing discussions with a NAV at present for a site in our operating area, however experience has shown that discussions at this stage do not necessarily result in a variation in our operating area. As such we have not forecast any connections at this stage.

Row 13 - Sum of lines 11-12.

Calculated fields.

Row 14 - The number of new connections (excluding NAVs) where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity)

2011/12 - 2018/19 - This is based on the records of the self-lay new connections paid for in the given year. Please note that the figures for 2011/12 and 2012/13 are lower than expected, however are an accurate reflection of the data available.

2019/20 onwards - This is based on the assumption that the proportion of connections undertaken by SLPs in future years will remain similar to the proportions seen in 2018/19. The proportion has been increasing in the previous years, however it is not known whether there will be an increase beyond this point, so the proportion of the total volume of connections forecast has been left flat for the future years.

Row 15 - The number of new connections (excluding NAVs) where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)

The activity for new connections in water in our area is “all or nothing” and we do not anticipate this changing in the medium term so there are no historical or forecast connections.

Row 16 - The number of new connections (excluding NAVs) where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)

This is the balance between the total number of connections and the forecast SLP activity.

Row 17 - Total new connections (excluding NAVs) Sum of lines 14-17. Should agree to line 13.

Calculated fields.

Block C Properties volume data – water

Row 18 - Number of new residential properties added to the network (excluding any NAV activity)

2011/12 - 2014/15 - These figures were taken from the CAT tables

2015/16 onwards - this has been based on the business plan.

Row 19 - Number of new business properties added to the network (excluding any NAV activity)

2011/12 - 2014/15 - These figures were taken from the CAT tables
2015/16 onwards - this has been based on the business plan.

Row 20 - Number of new properties served by incumbent. Sum of lines 18 and 19.

Calculated fields.

Row 21 - Number of new residential properties on a NAV site with a bulk supply from the incumbent.

2011/12 - 2018/19 - This is based on the number of actual NAV connections reported to DCWW during the relevant time period.

2019/20 onwards - Currently DCWW are engaged in ongoing discussions with a NAV at present for a site in our operating area, however experience has shown that discussions at this stage do not necessarily result in a variation in our operating area. As such we have not forecast any connections at this stage.

Row 22 - Number of new business properties on a NAV site with a bulk supply from the incumbent.

2011/12 - 2018/19 - This is based on the number of actual NAV connections reported to DCWW during the relevant time period.

2019/20 onwards - Currently DCWW are engaged in ongoing discussions with a NAV at present for a site in our operating area, however experience has shown that discussions at this stage do not necessarily result in a variation in our operating area. As such we have not forecast any connections at this stage.

Row 23 - Number of new properties on a NAV site with a bulk supply from the incumbent. Sum of lines 21 and 22.

Calculated fields.

Row 24 - Total new properties supplied by the incumbent. Sum of lines 20 and 23.

Calculated fields.

Row 25 - The number of new properties (excluding NAVs) where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity).

This line is equal to line 20, we are not aware of any circumstances where SLPs have carried out a single connection which will feed multiple properties, and as such there is assumed to be a 1:1 relationship between the number of connections and the number of properties.

Row 26 - The number of new properties (excluding NAVs) where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity).

The activity for new connections in water in our area is “all or nothing” and we do not anticipate this changing in the medium term so there are no historical or forecast connections.

Row 27 - The number of new properties (excluding NAVs) where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity).

This line is equal to line 20 less line 25.

Row 28 - Total new properties (excluding NAVs) - sum of lines 25-27. Should agree to line 20.

Calculated fields.

Block D Total cost of contestable activities (£m)

Block D should capture the total cost of contestable works associated with new connections (excluding NAVs). For avoidance of doubt, the cost of requisitions should be included.

All Lines 29 – 35

This block of costs was included with the late revision to the table received 20 August. It has been calculated by splitting out the components of costs included in WS2 line 11 and adding the relevant costs to WS2 line 12 and 51 (see Section2 Annex). This has produced the total entered into line 35. The costs entered into D29 and D32 is explained against the respective lines below. The costs in line 31 is the balancing cost. The line definitions request direct costs of contestable services so it should be noted that these costs include some non-contestable elements (for the physical connection) and capital overheads which are not recorded separately and so would require a significant amount of effort to strip out.

Row 29 - Total direct costs incurred by the water company when undertaking contestable activities (excluding NAVs) for new connections where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity). For avoidance of doubt, asset value payments should be excluded from this line.

2011/12 - 2018/19 – This row is based on a SAP report of the schemes identified as SLP connections across the relevant years.

2019/20 onwards has been prorated to the split of expenditure between SLP and in-house over the four years from 2015/16 as these are the years that we have the most confidence in.

Row 30 - Total direct costs costs incurred by the water company when undertaking contestable activities (excluding NAVs) for new connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity). For avoidance of doubt, asset value payments should be excluded from this line.

The activity for new connections in water in our area is “all or nothing” and we do not anticipate this changing in the medium term so there are no historical or forecast connections.

Row 31 – Total direct costs incurred by the water company when undertaking contestable activities (excluding NAVs) for new connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity). For avoidance of doubt, asset value payments should be excluded from this line.

This is the balance between the total costs and the costs calculated for lines 29 and 32.

Row 32 - The total cost of asset value payments for new connections where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity). Should not contain any costs reported in lines 29 to 31.

2011/12 - 2018/19 - This is based on historical records of asset value payments made. Please note that the records for early years is limited.

2019/20 - This is based on extrapolation from the asset payments made to SLPs in the year to date as of August 2019.

2020/21 onwards - Consistent with the volume of connections in Block B, it is not known whether the level of self-lay schemes will continue to increase or whether it will level off. As such, we have forecast a level figure which is roughly equivalent to the current years forecast.

Row 33 - The total cost of asset value payments for new connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity). Should not contain any costs reported in lines 29 to 31.

The activity for new connections in water in our area is “all or nothing” and we do not anticipate this changing in the medium term so there are no historical or forecast connections.

Row 34 - The total cost of asset value payments for new connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity). Should not contain any costs reported in lines 29 to 31.

We do not consider that there would be any asset value associated with the work that we undertake.

Row 35 - Total cost of contestable activities - sum of lines 29-34.

Calculated fields.

Block E App28 Data

Definition of income offset allowances to those included ... against requisitions for Welsh Companies.

Row 36 - Total infrastructure charges received in the year for new connections. This reflects a contribution to the costs of enhancing the local water network (Water Industry Act s146). These should be reported on a net basis (after deduction of the income offset).

Line taken from App28

Row 37 - Total contributions received from developers to requisition a new water main (Water Industry Act s43, 55 and 56). These should be reported on a net basis (after deduction of the income offset).

Line taken from App28

Row 38 Total value of income offset allowances. These may be included within a water infrastructure charge for English companies or against requisitions for Welsh companies.

The implied income offset has been calculated as the difference between the costs for the work for the developer and the income received from the developer (See Section 2 Annex).

Section 2 Annex Calculation of total cost of contestable activities and implied income offset for wholesale water

Price base	Line description	Units	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
Outturn (nominal)												2017-18 FYA (CPIH deflated)					
D	Total cost of contestable activities (£m)																
35 (a+b+d)	Total cost of contestable activities	£m	5.667	7.053	9.370	10.321	12.223	11.386	8.962	6.409	8.655	12.133	12.214	12.294	12.296	12.307	61.245
	Income offset																
(a+b)	Requisitions and Infra network reinforcement	£m					5.880	5.537	3.896	1.067	3.709	6.691	6.787	6.882	6.890	6.904	34.155
E37	Requisition income	£m					0.779	0.448	0.246	0.703	0.250	0.512	0.512	0.512	0.512	0.512	2.560
E38	Implied Offset Allowance	£m					5.101	5.089	3.650	3.737	3.459	6.179	6.275	6.370	6.378	6.392	31.595
							87%	92%	94%	94%	93%	92%	92%	93%	93%	93%	93%
	WS2 Analysis																
a.	Requisitions (On-site / Site-specific)	£m	2.694	2.692	4.716	5.603	5.868	5.429	3.395	0.144	3.158	5.821	5.905	5.987	5.994	6.007	29.715
b.	Infrastructure Network Reinforce	£m	0.000	0.000	0.000	0.008	0.012	0.108	0.501	0.923	0.551	0.870	0.882	0.895	0.896	0.898	4.440
c.	Network Growth Schemes	£m	0.511	5.726	2.733	0.081	0.105	0.458	2.755	10.967	2.478	1.812	1.791	1.770	1.747	1.727	8.847
WS2.11	Total = New Developments	£m	3.205	8.418	7.449	5.692	5.985	5.995	6.651	12.034	6.187	8.503	8.578	8.652	8.637	8.632	43.002
WS2.12	New Connections (Large) capex	£m	0.542	1.412	1.249	0.955	1.004	1.005	0.994	1.692	0.924	1.739	1.736	1.734	1.729	1.727	8.665
WS2.51	New Connections (Small) opex	£m	2.430	2.950	3.404	3.763	5.351	4.952	4.573	4.573	4.573	4.573	4.573	4.573	4.573	4.573	22.865
d.	Total = New Connections	£m	2.973	4.361	4.654	4.718	6.355	5.958	5.567	5.512	5.497	6.312	6.309	6.307	6.302	6.300	31.530

3. Wholesale wastewater - Line commentaries

Block A1 Diversions expenditure – wastewater

Row 1 - Totex expenditure on diversion works requested under section 185 Water Industry Act 1991.

2011/12 - 2018/19 - This is based on a SAP report of the schemes identified as S185 diversions across the relevant years.

2019/20 - This is based on the average spend on S185 schemes across the preceding 5 year period.

2020/21 onwards - This is the forecast spend on diversions consistent with the response to query WSH-DD-CE-001 less the forecast spend on NRSWA diversions in line 2.

Row 2 - Totex expenditure on diversion works requested under New Roads and Street Works Act 1991.

2011/12 - 2018/19 - This is based on a SAP report of the schemes identified as NRSWA diversions across the relevant years.

2019/20 onwards - This has been based on identification of schemes of which DCWW currently have oversight, and the assumption that there will be a 'baseline' NRSWA spend as new schemes are put forward to the company. This includes the following schemes, (estimated scheme value in brackets): Caernarfon Bypass (£320k), Queensferry A494 Dee Crossing (£200k), Heads of the Valleys 5 and 6 (£3.8M), J15-16A55 (Costs unknown at present, but numerous assets to be affected). As the timing of the expenditure is not finalised an element of judgement has been used to smooth the expenditure over the six years.

Row 3 - Totex expenditure on diversion works other than those in lines 1 and 2.

2011/12 - 2018/19 - This is based on a SAP report of all diversions. Two schemes were identified as 'other' where DCWW undertook diversions outside of their requirements under S185 or NRSWA legislation. No income has been received for these diversions.

2019/20 onwards – It is very rare for networks to be diverted other than under s185 or NRSWA and there are no schemes on the horizon identified as falling into this category so no spend has been forecast in this area.

Row 4 - Sum of lines 1-3.

Calculated fields.

Block A2 Diversions income – wastewater

Row 5 - Income from diversion works requested under section 185 Water Industry Act 1991.

2011/12 – 2014/15 The revision to the table included new requirements to include income analysis. The income splits between the constituent streams was not required for regulatory reporting before APR16 and as a result these splits are not readily available and so have not been entered for 2011/12 to 2014/15.

2015/16 - 2018/19 – This figure has been calculated from the total diversions income in the APR split in proportion to the expenditure recorded in lines 1 and 2

2019/20 onwards is prorated from the total diversions income reported in App28 in proportion to the split of diversions expenditure recorded in lines 1 and 2.

Row 6 – Income from diversion works requested under New Roads and Street Works Act 1991.

2011/12 – 2014/15 The revision to the table included new requirements to include income analysis. The income splits between the constituent streams was not required for regulatory reporting before APR16 and as a result these splits are not readily available and so have not been entered for 2011/12 to 2014/15.

2015/16 - 2018/19 – This figure has been calculated from the total diversions income in the APR split in proportion to the expenditure recorded in lines 1 and 2

2019/20 onwards is prorated from the total diversions income reported in App28 in proportion to the split of diversions expenditure recorded in lines 1 and 2.

Row 7 - Income from diversion works other than those in lines 5 and 6.

2011/12 - 2018/19 - This is based on analysis of a SAP report of all diversions. No 'Other' diversions were identified as part of this exercise.

2019/20 onwards - As there have been no schemes forecast as falling into this category, no spend has been forecast in this area.

Row 8 - Sum of lines 5-7.

As App28 line 11

2011/12 – 2014/15 The revision to the table included new requirements to include income analysis. The income splits between the constituent streams was not required for regulatory reporting before APR16 and as a result these splits are not readily available and so have not been entered for 2011/12 to 2014/15.

Block B Connections volume data – wastewater

Row 9 - Number of new connections in respect of residential properties (excluding any NAV activity)

2011/12 - 2018/19 - This is based on the historical physical connection volumes undertaken by Developer Services.

2019/20 - This is based on the average number of connections across the 5 year period between 2014/15 and 2018/19.

2020 onwards - we have assumed that the number of physical connections will rise in line with the number of properties forecast to be connected in line 18.

Row 10 - Number of new connections in respect of business properties (excluding any NAV activity or connections to a NAV)

2011/12 - 2018/19: This is based on the historical physical connection volumes undertaken by Developer Services.

2019/20 - This is based on the average number of connections across the 5 year period between 2014/15 and 2018/19.

2020 onwards - we have assumed that the number of physical connections will rise in line with the number of properties forecast to be connected in line 19.

Row 11 - Total new connections served by incumbent. Sum of lines 9 and 10.

Calculated fields.

Row 12 - Number of new connections onto NAV sites

2011/12 - 2018/19 - This is based on the number of actual NAV connections provided by DCWW during the relevant time period.

2019/20 onwards - Currently DCWW are engaged in ongoing discussions with a NAV at present for a site in our operating area, however experience has shown that discussions at this stage do not necessarily result in a variation in our operating area. As such we have not forecast any connections at this stage.

Row 13 - Sum of lines 11-12.

Calculated fields.

Row 14 - The number of new connections (excluding NAVs) where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity)

2011/12 - 2018/19 - This is equal to number of connections which were undertaken to DCWW's network. It is very rare for DCWW to undertake a connection to our sewerage network, generally we only provide supervisory and advisory services.

2019/20 onwards - This is forecast based on the average number of connections across the previous years. We have assumed that the number of connections will rise in line with the number of new properties in line 23.

Row 15 - The number of new connections (excluding NAVs) where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)

As DCWW have undertaken no connections, and are anticipating only minor involvement (see comments on line 12 below), this line has been left blank.

Row 16 - The number of new connections (excluding NAVs) where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)

2011/12-2018/19 - this has been set as 0, as DCWW only undertake a connection to the network, with no records of any in the time period.

2019/20 onwards - In the past where there have been issues which would lead to DCWW being required to undertake a connection, we have worked with the developer to identify an alternative solution where possible, this has meant that we have been able to avoid carrying connections out under section 107. With the introduction of Schedule 3 of the Flood and Water Management Act, approval of surface water drainage systems now sits with the SUDS Approval Bodies (SABs). As the mode of connection is no longer controlled to the same extent by DCWW, it is expected that we will have the occasional instance where we are required to make a connection on behalf of the developer. As such, we have forecast a single connection in each year.

Row 17 - Total new connections (excluding NAVs) - sum of lines 14-17. Should agree to line 13.

Calculated fields.

Block C Properties volume data – wastewater

Row 18 - Number of new residential properties added to the network (excluding any NAV activity)

2011/12 - 2014/15 - These figures were taken from the CAT tables

2015/16 onwards - this has been based on the business plan.

Row 19 - Number of new business properties added to the network (excluding any NAV activity)

2011/12 - 2014/15 - These figures were taken from the CAT tables

2015/16 onwards - this has been based on the business plan.

Row 20 - Number of new properties served by incumbent. Sum of lines 18 and 19.

Calculated fields.

Row 21 - Number of new residential properties on a NAV site with a bulk discharge to the incumbent.

2011/12 - 2018/19 - This is based on the number of actual NAV connections reported to DCWW during the relevant time period.

2019/20 onwards - Currently DCWW are engaged in ongoing discussions with a NAV at present for a site in our operating area, however experience has shown that discussions at this stage do not necessarily result in a variation in our operating area. As such we have not forecast any connections at this stage.

Row 22 - Number of new business properties on a NAV site with a bulk discharge to the incumbent.

2011/12 - 2018/19 - This is based on the number of actual NAV connections reported to DCWW during the relevant time period.

2019/20 onwards - Currently DCWW are engaged in ongoing discussions with a NAV at present for a site in our operating area, however experience has shown that discussions at this stage do not necessarily result in a variation in our operating area. As such we have not forecast any connections at this stage.

Row 23 - Number of new properties on a NAV site with a bulk discharge to the incumbent. Sum of lines 21 and 22.

Calculated fields.

Row 24 - Total new properties served by the incumbent. Sum of lines 20 and 23.

Calculated fields.

Row 25 - The number of new properties (excluding NAVs) where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity).

This line is equal to line 20, we are not aware of any circumstances where SLPs have carried out a single connection which will feed multiple properties, and as such there is assumed to be a 1:1 relationship between the number of connections and the number of properties.

Row 26 - The number of new properties (excluding NAVs) where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity).

The activity for new connections in water in our area is “all or nothing” and we do not anticipate this changing in the medium term so there are no historical or forecast connections.

Row 27 - The number of new properties (excluding NAVs) where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity).

This has been forecast on the assumption that the number of properties connected per physical connection will remain constant across the period at 10 per connection which is the historical average number of properties per connection.

Row 28 - Total new properties (excluding NAVs) - sum of lines 25-27. Should agree to line 20.

Calculated fields.

Block D Total cost of new wholesale wastewater connections (£m)

Block D should capture the total cost of contestable works associated with new connections (excluding NAVs). For avoidance of doubt, the cost of requisitions should be included.

All Lines 29 – 35

This block of costs was included with the late revision to the table received 20 August. It has been calculated by splitting out the components of costs included in WWS2 line 25 (see Section 3 Annex). This has produced the total entered into line 35. At present all our connections to the sewer network are carried out by developers. As lines 29 – 31 are looking at direct costs of contestable activities, we have entered zero cost for connections under these lines. The element for which DCWW charge is for non-contestable elements such as the administration of the connection. The figures reported in line D31 comprise the costs incurred for sewer requisitions where the developer wishes us to carry out works for reasons other than the requirement for network reinforcement (which is non-contestable). This includes circumstances such as using our land entry powers. If in future DCWW are required to carry out a connection (as outlined in line B16 above), this would be carried out under section 107 of the Water Industry Act and deemed to be non-contestable as a result.

Additionally, we have not previously made any asset payments for waste adoptions, and there is currently no expectation that we will. As a result only line D31 has been completed.

The line definitions request direct costs of contestable services so it should be noted that these costs include some capital overheads which are not recorded separately and so would require a significant amount of effort to strip out.

Row 29 - Total direct costs incurred by the water company when undertaking contestable activities (excluding NAVs) for new connections where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity). For avoidance of doubt, asset value payments should be excluded from this line.

Row 30 - Total direct costs incurred by the water company when undertaking contestable activities (excluding NAVs) for new connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity). For avoidance of doubt, asset value payments should be excluded from this line.

Row 31 - Total direct costs incurred by the water company when undertaking contestable activities (excluding NAVs) for new connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity). For avoidance of doubt, asset value payments should be excluded from this line.

This value is the total cost calculated from components of WWS2 line 25 as detailed in Section 2 Annex.

Row 32 - The total cost of asset value payments for new connections where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity). Should not contain any costs reported in lines 29 to 31.

Row 33 - The total cost of asset value payments for new connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity). Should not contain any costs reported in lines 29 to 31.

Row 34 - The total cost of asset value payments for new connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity). Should not contain any costs reported in lines 29 to 31.

Row 35 - Total cost of contestable activities - sum of lines 29-34.

Calculated fields.

Block E App28 Data

Definition of income offset allowances to those included ... against requisitions for Welsh Companies.

Row 36 - Total infrastructure charges received in the year for new connections. This reflects a contribution to the costs of enhancing the local water network (Water Industry Act s146). These should be reported on a net basis (after deduction of the income offset).

Line taken from App28.

Row 37 - Total contributions received from developers to requisition a new water main (Water Industry Act s43, 55 and 56). These should be reported on a net basis (after deduction of the income offset).

Line taken from App28

Row 38 Total value of income offset allowances. These may be included within a water infrastructure charge for English companies or against requisitions for Welsh companies.

The implied income offset has been calculated as the difference between the costs for the work for the developer and the income received from the developer (See Section 3 Annex).

Section 3 Annex Calculation of Total cost of contestable activities and implied income offset for wholesale wastewater

Price base	Line description	Units	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
			Outturn (nominal)									2017-18 FYA (CPIH deflated)					
D	Total cost of contestable activities (£m)																
D35 (a+d)	Total cost of contestable activities	£m	0.920	0.187	0.139	0.692	2.549	2.902	1.886	0.059	1.773	1.209	1.214	1.220	1.224	1.214	6.080
	Income offset																
(a+b)	Requisitions & Infra network reinforce	£m					2.873	3.411	4.924	1.665	4.856	2.993	3.004	3.016	3.003	2.978	14.993
E37	Requisition income	£m					1.256	1.521	1.782	2.024	2.446	1.564	1.564	1.564	1.564	1.564	7.820
E38	Implied Offset Allowance	£m					1.617	1.890	3.142	-0.359	2.410	1.429	1.440	1.452	1.439	1.414	7.173
							56%	55%	64%	-22%	50%	48%	48%	48%	48%	47%	48%
	WWS2 Analysis																
a.	Requisitions (On-site / Site-specific)	£m	0.904	0.168	0.115	0.668	2.524	2.863	1.829	0.002	1.714	1.151	1.156	1.161	1.150	1.140	5.757
b.	Infrastructure Network Reinforcement	£m	0.647	1.623	2.378	2.059	0.324	0.509	3.038	1.606	3.083	1.783	1.790	1.796	1.779	1.764	8.913
c.	Network Growth Schemes	£m	0.238	0.375	0.267	0.006	0.035	1.075	0.910	4.768	0.599	0.906	0.895	0.885	0.873	0.864	4.424
d.	Allocations to growth from 'other driver' schemes	£m										4.337	4.515	4.487	2.342	2.237	17.918
WWS2.25	Total = New Developments & Growth	£m	1.789	2.166	2.760	2.733	2.883	4.448	5.777	6.376	5.396	8.178	8.356	8.329	6.144	6.005	37.012
WWS2.72	New development and growth	£m	0.016	0.019	0.024	0.024	0.025	0.039	0.057	0.057	0.059	0.058	0.058	0.059	0.074	0.074	0.323
d.	Total = Requisitions	£m	0.016	0.019	0.024	0.024	0.025	0.039	0.057	0.057	0.059	0.058	0.058	0.059	0.074	0.074	0.323

Appendix 1 Water Table

PR19 Data request, August 2019 - Developer services - Wholesale water

Water

Line description	Units	DPs	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25	
Price base			Outturn (nominal)										2017-18 FYA (CPIH deflated)					
A1 Diversions expenditure - water																		
1	s185	£m	3	0.372	0.443	1.656	0.483	1.430	0.921	2.679	1.796	1.462	1.595	1.607	1.617	1.590	1.567	7.976
2	NRSWA	£m	3	0.190	0.865	1.927	1.438	1.310	1.846	0.947	0.748	1.258	1.258	1.258	1.258	1.258	1.258	6.290
3	Other non-s185	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4	Total diversions	£m	3	0.562	1.308	3.583	1.921	2.740	2.767	3.626	2.544	2.720	2.853	2.865	2.875	2.848	2.825	14.266
A2 Diversions income - water																		
5	s185	£m	3	0.000	0.000	0.000	0.000	1.539	0.758	2.415	1.621	1.786	1.632	1.637	1.641	1.629	1.619	8.158
6	NRSWA	£m	3	0.000	0.000	0.000	0.000	1.409	1.518	0.854	0.613	1.537	1.286	1.281	1.277	1.289	1.299	6.432
7	Other non-s185	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8	Total diversions	£m	3	0.000	0.000	0.000	0.000	2.948	2.276	3.269	2.234	3.323	2.918	2.918	2.918	2.918	2.918	14.590
B Connections volume data - water																		
9	New connections (residential)	number	0	4,753	5,713	6,391	6,469	6,652	6,491	6,384	6,695	7,811	8,011	8,148	8,282	8,317	8,348	41,106
10	New connections (business - excluding NAV connection)	number	0	291	468	503	463	423	372	379	362	377	372	366	363	359	357	1,817
11	Total new connections served by incumbent	number	0	5,044	6,181	6,894	6,932	7,075	6,863	6,763	7,057	8,188	8,383	8,514	8,645	8,676	8,705	42,923
12	New bulk supply connections into NAV sites	number	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Total new connections	number	0	5,045	6,181	6,894	6,932	7,075	6,863	6,763	7,057	8,188	8,383	8,514	8,645	8,676	8,705	42,923
14	New connections where self-lay providers/developers a significant proportion of contestable activity (more than 75% of contestable activity)	number	0	0	66	245	367	208	202	382	481	557	571	580	589	591	593	2,924
15	New connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)	number	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	New connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)	number	0	5,044	6,115	6,649	6,565	6,867	6,661	6,381	6,576	7,630	7,812	7,935	8,056	8,085	8,111	39,999
17	Total new connections (excluding NAVs)	number	0	5,044	6,181	6,894	6,932	7,075	6,863	6,763	7,057	8,187	8,383	8,515	8,645	8,676	8,704	42,923
C Properties volume data - water																		
18	New properties (residential)	number	0	6,956	4,828	5,922	6,783	7,413	6,708	6,637	7,117	8,303	8,516	8,662	8,804	8,841	8,874	43,697
19	New properties (business)	number	0	617	471	543	643	490	202	391	334	348	343	338	335	331	329	1,676
20	Total new properties served by incumbent	number	0	7,573	5,299	6,465	7,426	7,903	6,910	7,028	7,451	8,651	8,859	9,000	9,139	9,172	9,203	45,373
21	New properties on NAV sites (residential)	number	0	61	57	18	0	27	34	30	14	0	0	0	0	0	0	0
22	New properties on NAV sites (business)	number	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Total new properties supplied on NAV sites	number	0	61	57	18	0	27	34	30	14	0	0	0	0	0	0	0
24	Total new properties	number	0	7,634	5,356	6,483	7,426	7,930	6,944	7,058	7,465	8,651	8,859	9,000	9,139	9,172	9,203	45,373
25	New properties where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity)	number	0	0	66	245	367	208	202	382	481	557	571	580	589	591	593	2,924
26	New properties where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)	number	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	New properties where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)	number	0	7,573	5,233	6,220	7,059	7,695	6,708	6,646	6,970	8,094	8,288	8,420	8,550	8,581	8,610	42,449
28	Total new properties served by incumbent	number	0	7,573	5,299	6,465	7,426	7,903	6,910	7,028	7,451	8,651	8,859	9,000	9,139	9,172	9,203	45,373
D Total cost of contestable activities (£m)																		
29	Total direct costs of contestable activities for new connections where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity)	£m	3	0.001	0.000	0.142	0.100	0.080	0.161	0.162	0.070	0.104	0.135	0.136	0.126	0.117	0.111	0.625
30	Total direct costs of contestable activities for new connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
31	Total direct costs of contestable activities for new connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)	£m	3	5.656	7.045	9.082	10.196	12.106	11.281	8.273	8.128	9.200	11.236	11.320	11.414	11.426	11.443	56.839
32	Asset value payments for new connections where self-lay providers/developers a significant proportion of contestable activity (more than 75% of contestable activity)	£m	3	0.009	0.000	0.121	0.000	0.024	0.027	0.146	0.367	0.895	1.000	1.000	1.000	1.000	1.000	5.000
33	Asset value payments for new connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
34	Asset value payments for new connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35	Total cost of contestable activities (excluding NAVs)	£m	3	5.666	7.045	9.345	10.296	12.210	11.469	8.581	8.565	10.199	12.371	12.456	12.540	12.543	12.554	62.464
E App 28 data (£m)																		
36	Infrastructure charge receipts (s146)	£m	3	0.000	0.000	0.000	0.000	3.410	3.716	4.287	4.090	4.358	4.584	4.658	4.728	4.753	4.764	23.487
37	Requisitioned mains (s43, s55 & s56)	£m	3	0.000	0.000	0.000	0.000	0.779	0.448	0.246	0.703	0.250	0.512	0.512	0.512	0.512	0.512	2.560
38	Total value of income offset allowances	£m	3	0.000	0.000	0.000	0.000	5.101	5.089	3.650	0.364	3.459	6.179	6.275	6.370	6.378	6.392	31.594

Appendix 2 Wastewater table

PR19 Data request, August 2019 - Developer services - Wholesale wastewater

Waste

Line description	Units	DPs	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25	
Price base			Outturn (nominal)										2017-18 FYA (CPIH deflated)					
A1 Diversions expenditure - wastewater																		
1	s185	£m	3	1.626	1.829	1.534	1.936	3.163	0.741	0.301	1.318	1.492	2.200	2.217	2.232	2.194	2.160	11.003
2	NRSWA	£m	3	0.047	0.220	1.393	1.271	1.510	3.391	1.753	1.780	1.941	1.941	1.941	1.941	1.941	1.941	9.705
3	Other non-s185	£m	3	0.102	0.033	0.007	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4	Total diversions	£m	3	1.775	2.082	2.934	3.207	4.673	4.132	2.054	3.098	3.433	4.141	4.158	4.173	4.135	4.101	20.708
A2 Diversions income - wastewater																		
5	s185	£m	3	0.000	0.000	0.000	0.000	1.218	0.631	0.131	0.242	0.533	1.170	1.174	1.178	1.168	1.160	5.850
6	NRSWA	£m	3	0.000	0.000	0.000	0.000	0.582	2.885	0.762	0.326	0.693	1.032	1.028	1.024	1.034	1.042	5.160
7	Other non-s185	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8	Total diversions	£m	3	0.000	0.000	0.000	0.000	1.800	3.516	0.893	0.568	1.226	2.202	2.202	2.202	2.202	2.202	11.010
B Connections volume data - wastewater																		
9	New connections (residential)	number	0	824	472	614	716	735	850	855	793	834	855	869	882	886	889	4,381
10	New connections (business - excluding NAV connection)	number	0	50	32	39	48	40	32	38	34	39	40	40	41	41	41	203
11	Total new connections served by incumbent	number	0	874	504	653	764	775	882	893	827	873	895	909	923	927	930	4,584
12	New bulk supply connections into NAV sites	number	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Total new connections	number	0	875	504	653	764	775	882	893	827	873	895	909	923	927	930	4,584
14	New connections where self-lay providers/developers a significant proportion of contestable activity (more than 75% of contestable activity)	number	0	874	504	653	764	775	882	893	827	843	864	878	892	895	898	4,427
15	New connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)	number	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	New connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)	number	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	5
17	Total new connections (excluding NAVs)	number	0	874	504	653	764	775	882	893	827	844	865	879	893	896	899	4,432
C Properties volume data - wastewater																		
18	New properties (residential)	number	0	7,022	5,353	6,268	7,229	8,320	7,640	8,139	8,687	8,218	8,428	8,572	8,713	8,750	8,782	43,245
19	New properties (business)	number	0	423	364	394	489	449	286	360	376	235	232	229	226	224	223	1,134
20	Total new properties served by incumbent	number	0	7,445	5,717	6,662	7,718	8,769	7,926	8,499	9,063	8,453	8,660	8,801	8,939	8,974	9,005	44,379
21	New properties on NAV sites (residential)	number	0	61	57	18	0	27	34	30	14	0	0	0	0	0	0	0
22	New properties on NAV sites (business)	number	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Total new properties supplied on NAV sites	number	0	65	57	18	0	27	34	30	14	0	0	0	0	0	0	0
24	Total new properties	number	0	7,510	5,774	6,680	7,718	8,796	7,960	8,529	9,077	8,453	8,660	8,801	8,939	8,974	9,005	44,379
25	New properties where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity)	number	0	7,445	5,717	6,662	7,718	8,769	7,926	8,499	9,063	8,443	8,650	8,791	8,929	8,964	8,995	44,329
26	New properties where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)	number	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	New properties where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)	number	0	0	0	0	0	0	0	0	10	10	10	10	10	10	10	50
28	Total new properties served by incumbent	number	0	7,445	5,717	6,662	7,718	8,769	7,926	8,499	9,063	8,453	8,660	8,801	8,939	8,974	9,005	44,379
D Total costs of contestable activities (£m)																		
29	Total direct costs of contestable activities for new connections where self-lay providers/developers will undertake a significant proportion of contestable activity (more than 75% of contestable activity)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
30	Total direct costs of contestable activities for new connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
31	Total direct costs of contestable activities for new connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)	£m	3	0.920	0.187	0.139	0.692	2.549	2.902	1.886	0.059	1.773	1.209	1.214	1.220	1.224	1.214	6.081
32	Asset value payments for new connections where self-lay providers/developers a significant proportion of contestable activity (more than 75% of contestable activity)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
33	Asset value payments for new connections where self-lay providers/developers will undertake some contestable activity (25% to 75% of contestable activity)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
34	Asset value payments for new connections where self-lay providers/developers will undertake little to no contestable activity (less than 25% of contestable activity)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35	Total cost of contestable activities	£m	3	0.920	0.187	0.139	0.692	2.549	2.902	1.886	0.059	1.773	1.209	1.214	1.220	1.224	1.214	6.081
E App 28 data (£m)																		
36	Infrastructure charge receipts (s146)	£m	3	0.000	0.000	0.000	0.000	3.636	3.754	4.191	3.832	5.752	4.805	4.884	4.959	4.987	4.999	24.634
37	Requisitioned sewers (s100)	£m	3	0.000	0.000	0.000	0.000	1.256	1.521	1.782	2.024	2.446	1.564	1.564	1.564	1.564	1.564	7.820
38	Total value of income offset allowances	£m	3	0.000	0.000	0.000	0.000	1.617	1.890	3.142	-0.359	2.410	1.429	1.440	1.452	1.439	1.414	7.174

Appendix 3 Independent assurance report

Summary

Item/Table	PR19-draft-determinations-Developer-services-data-request-new-post-DD-la
Process name	Developer services activity and costs – PR19 data request, August 2019
Date of Review	21.08.19 and 22.08.19

Assessment

Summary	<p>Overall, we consider the team’s approach to populating the request appeared to be based on:</p> <ul style="list-style-type: none"> • logical interpretations of the definitions and the intent of the request; and • reasonable assumptions for producing this more granular data given the information available. <p>We note though that Ofwat’s thinking in this area has been developing over PR19 and that there is scope for companies to take other interpretations of the limited definitions and guidance.</p> <p>During the discussions we made a number of non-material recommendations to the team about its approach.</p> <p>We note this was a discussion about the team’s interpretation of the line definitions and some of the assumptions you used in collecting the data. It was not a data audit.</p>
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Background

As part of their August representations Ofwat has asked all companies, including fast track companies, to complete an additional data table on developer services activities and costs (18 July 2019 request).

As the table is new and requires you to provide information at a more granular level than in the past you asked us to review your interpretation of the line definitions and some of the assumptions you used in collecting the data. We agreed we would not audit the data in the table.

We note that Ofwat held a short notice teleconference with companies on this table on 16 August 2019. We note that Ofwat subsequently provided an updated data request on 20 August 2019 which you had populated for our discussion.

Observations

The team outlined the interpretations and assumptions it has made in populating the data table and captured in draft documents (commentaries) it intends to submit alongside the table.

Overall, we consider the team’s approach to populating the request appeared to be based on:

- logical interpretations of the definitions and the intent of the request; and
- reasonable assumptions for producing this more granular data given the information available.

We note though that, as discussed, Ofwat’s thinking in this area has been developing over PR19 and that there is scope for companies to take other interpretations of the limited definitions and guidance.

We also note that during the discussions we made a number of non-material recommendations to the team about its approach. We also advised the team to be very clear and explicit in their commentary. This should include being clear in the commentary where reported zeros are because they have no data, and where zero represents no activity.