

Appendix 8p:
Yorkshire Forum for Water
Customer Statement of Support

Yorkshire Forum for Water Customers

A statement from the Yorkshire Forum for Water Customers on Yorkshire Water's submission of performance commitments and cost adjustment claims as part of the PR19 business plan

September 2018



This letter is presented by the Yorkshire Forum for Water Customers to Ofwat, the economic regulator of the water industry

Dear Sir/Madam

Further to my previous letter to you regarding Yorkshire Water's (YW's) indicative cost adjustment claims and performance commitment definitions in May 2018, I am writing now to set out for Ofwat the involvement of the Yorkshire Forum for Water Customers (the Forum) in Yorkshire Water's (YW) finalisation of these two items.

Performance commitments

Following the submission in May 2018 the Forum has continued to meet with YW regularly to provide input into the development of its performance commitments (PCs) and associated outcome delivery incentives (ODIs). The Forum has provided challenge to the company in relation to the levels of customer support and the methodology employed by the company in the creation of the PCs and ODIs.

The Forum is pleased to note that, where challenges have been made, Yorkshire Water has satisfactorily addressed these, and has welcomed the independent scrutiny the Forum has brought.

The Forum reviewed and challenged the outcomes of the company's engagement with customers regarding the PCs to ensure the engagement reflected the varied customer types within the Yorkshire and Humberside region.

Overall the Forum supports the PCs in the submission; the development of the commitments relating to customers in vulnerable circumstances and the continued development of YW's understanding of wider environmental benefits remain of particular note.

In its report the Forum notes a number of specific points in relation to the regulatory framework that Ofwat has set out in the final methodology, particularly relating to the common performance commitments:

- The Environment Agency is unable to support the use of outperformance payments for the comparative performance commitment 'wastewater pollution incidents (Category 3)'. Companies have a statutory obligation to comply with environmental requirements not to pollute water courses and the EA does not think it is appropriate to allow companies to earn financial rewards for any pollution incidents however this is not the view shared by customers.
- The detailed conversations YW has had with customers highlights that many of the common PCs mandated by Ofwat have much lower levels of support than the bespoke commitments proposed by the company. In particular, the requirement for companies to include commitments relating to 'Gaps' and 'Voids' in the residential retail price control could be an area that Ofwat develops outside of the PC framework.

Cost adjustment claims

The Forum supports the final package of cost adjustment claims as proposed by YW for submission in its PR19 plan. The claims that the Forum has supported are:

- Cellared properties (YKY WWN+01)
- Wastewater growth (YKY WWN+04)
- Bioresources – WINEP enhancement expenditure (YKY BR-01)

The company has taken the Forum through its process of claim development and we have had sufficient opportunity to challenge throughout this process to ensure that the views of customers and wider stakeholders are understood and considered. The Forum also reviewed the approach the company was taking to customer engagement in this area. This has allowed us to form the view that the company has sufficiently challenged itself to develop a rational list of claims that are of need to the business and sufficiently unique in their circumstances.

Your sincerely,

A handwritten signature in black ink, appearing to read 'Andrea Cook', with a stylized flourish at the end.

Andrea Cook OBE
Chair, Yorkshire Forum for Water Customers

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