



The voice for water consumers
Y corff sy'n rhoi llais i ddefnyddwyr dŵr

**Water Redeterminations 2020:
CCW's response to the Competition &
Market Authority's working paper on
2019-20 cost models**

Date: 18 January 2021

CCW response to the Competition and Markets Authority (CMA) working paper on 2019-20 costs for base cost models.

1. CCW welcomes the CMA's working paper of 13 January 2021, which considers whether the CMA should include 2019-20 cost data in the base cost models it will use for setting the final redeterminations for Anglian Water, Bristol Water, Northumbrian Water and Yorkshire Water.
2. The setting of base costs is a significant 'building block' in a price control, driving the charges customers receive. As such, customers would expect such cost assumptions to reflect evidence of efficient costs.
3. The evidence from Ofwat, and companies, suggest 2019-20 was atypical as it included substantial investment brought forward from AMP7. Including an atypical year (compared to the preceding years) in the calculation of assumed base costs could increase the cost allowance for the four disputing companies at customers' expense.
4. We agree with the CMA's analysis and provisional conclusion to not include 2019-20 costs in its base cost assessment as it may introduce bias in the Authority's cost allowance.

Enquiries

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