



The voice for water consumers
Llais defnyddwyr dŵr

CCW response to CMA consultation on draft new rules and guide for water redetermination references

September 2024

CCW response to CMA consultation on draft water redetermination rules

1. Introduction

CCW (the Consumer Council for Water) is the independent voice for household and business water consumers in England and Wales. We welcome the opportunity to submit our views on the CMA's consultation on its draft rules and guides for water redeterminations.

2. Executive Summary

CCW is fully supportive of the decision to create distinct rules and guidance for water redeterminations. The draft documents are comprehensive, explaining clearly what each party is expected to do in the event of a redetermination.

- We'd like to see a firmer commitment to publicise redeterminations to help generate representations from a wider set of third parties.
- We want to see the CMA commit to producing a customer summary of its final report to help customers understand the implications for their bills and services.

3. Response to Questions

1. Do you agree with the CMA's proposal of adopting new rules and guidance for water redetermination references?

Yes, we are supportive of this change. The CMA has been involved in redetermination at each of the last three price reviews in the water sector, with four companies seeking a redetermination at PR19. Since this pattern indicates a high likelihood of further appeals, either at PR24 or at future price reviews, we agree that creating specific rules and guidance for water redetermination is necessary.

2. Overall, are the Rules and Guide sufficiently clear and helpful?

Yes, the rules and in particular the accompanying reference guide, are clear and comprehensive. The documents are well structured and allow a full understanding of how the redetermination process will run and the input expected from all parties.

CCW is a third party organisation in the context of a redetermination and we will want to contribute to any future CMA appeal to ensure that the views of consumers are represented in the special reference group (Group)'s decision. We are pleased that the proposed new rules and guide make specific reference to the involvement of third parties, since this is not specified in the Current Rules.

The rules and guide are clear about how and when any contribution from CCW would be expected. It is also clear that, while the panel will have identified its own areas of interest, it will seek the views of third parties on whether there are any additional issues that should be considered (Rule 10.2 (d)¹). We welcome this clarification that there will be an opportunity for third parties to raise for

¹ [CMA: Draft water redetermination reference rules](#)

consideration aspects of the determination that we consider to be important to the CMAs decision making.

3. What aspects of the Rules and Guide, if any, do you consider need further clarification or explanation?

The reference guide mentions that once the administrative timetable has been finalised it “*will communicate it to the main parties and the public as it considers appropriate (3.23²)*” and refers to Rule 7. However, the draft rules do not explicitly mention communicating to the public, referring only to the main parties and that the timetable may be published on the CMA website. There should be a clear commitment to widely publicising the redetermination process so that any interest parties are made aware of it.

CCW will be aware of any redeterminations through our role as the independent voice for consumers and our relationship with Ofwat and the water companies. However, given the heightened public interest in water issues in recent years it is possible that a number of third parties may wish to be considered when the Group invites submissions of evidence.

Currently only water companies are able to ask for a redetermination reference if they are unhappy with Ofwat’s decision, consumers and their representatives do not have this option. We think CCW, as the consumer body that serves as the advocate for the interests of water consumers, should be allowed to raise appeals. This would ensure that consumer perspectives are considered in the regulatory and competition enforcement processes.

Permitting consumer bodies to appeal certain decisions to the competition authority would add an additional layer of accountability to regulatory decisions. It allows for independent review and ensures that decisions are consistent with the broader public interest.

Another way of helping to redress this potential imbalance is to ensure that evidence is heard from a number of third parties so that the Group can consider different perspectives than those of Ofwat and the companies when making its decision.

4. Is there anything else which you consider should be included in the Rules and/or Guide?

We note that the expectation is that the Final Report will be directed at the main parties and make use of technical language which expects the reader to have a general knowledge of the industry and regulatory context. (4.18)³. Since a redetermination will involve a lot of complex information this is understandable. However, we believe that the Final Report should be accompanied by a more accessible summary document which outlines the impact of the decisions for the customers of the companies involved. The CMA decision will affect the bills and services that these customers receive so it is important that the impact of the redetermination decision is clearly communicated.

² [CMA: Draft water redetermination reference guide](#)

³ [CMA: Draft water redetermination reference guide](#)

Enquiries

Enquiries about this consultation should be addressed to:

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