

CMA Consultation Response

Yorkshire Water
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By email: waterrulesandguide2024@cma.gov.uk)

12 September 2024

To whom it may concern,

RE: Consultation response on draft new Rules and Guide for water redetermination references

We welcome the opportunity to provide feedback on the changes in rules and guidance proposed by the CMA in relation to Water Determination references. The process may have to date, only been used rarely by the water industry but given the significance of any redetermination sought, it is important that all parties are clear on the framework within which such decisions will be made.

1. *Do you agree with the CMA's proposal of adopting new rules and guidance for water determination references? Please provide reasons for your answer.*

We are in favour of having specific rules and guidance for water industry redetermination references. We see this a step forward from the current regime where one set of rules covers various special reference groups. Merger references, market references and special reference groups have different requirements, so providing rules and guidance exclusively to be used in water redetermination references allows the CMA to ensure the process is fit for this very specific purpose.

The new structure will be beneficial for the water industry on implementation and will make it easier for the CMA to make future changes. This allows a bespoke process to continue to develop that reflects the unique challenges of a water redetermination reference and can adapt to changing circumstances in our industry. The new process is the first step in ensuring the CMA reference process remains fit for purpose.

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

Yes. There is an inevitable tension between providing clarity (sufficient detail so that the process can be understood and anticipated in advance) and flexibility (allowing the CMA and other stakeholders to adapt to the specific water redetermination in any given reference). The new rules and guidance seek to balance these two conflicting aims very well.

The section in the Guidance which sets out the likely stages from Pre-Reference through to Final Report is very helpful for water and sewerage companies. It sets out the end-to-end reference process structure while reserving a broad discretion for the CMA to determine its own procedure in conducting a redetermination reference (Rule 8), subject to the provisions of the Water Industry Act 1991.

3. *What aspects of the Rules and Guide, if any, do you consider need further clarification or explanation? In responding, please specify which Rule and/or part of the Guide each of your comments relates to.*

There are no specific sections that need further clarification.

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

There is nothing else that needs to be included in the Rules or Guide.

Yours faithfully,

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Richard Hepburn

Head of Regulation, Yorkshire Water