



Perfect timing? Defra's 2010 review of Ofwat

CIWEM – Regulation for a sustainable industry - seizing the opportunity for effective reform

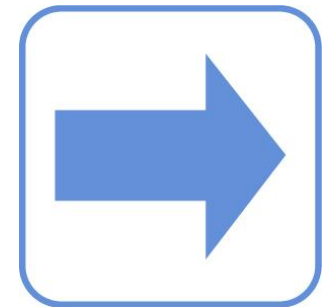
Mark Hann, Associate Director
9 December 2010

The need for change

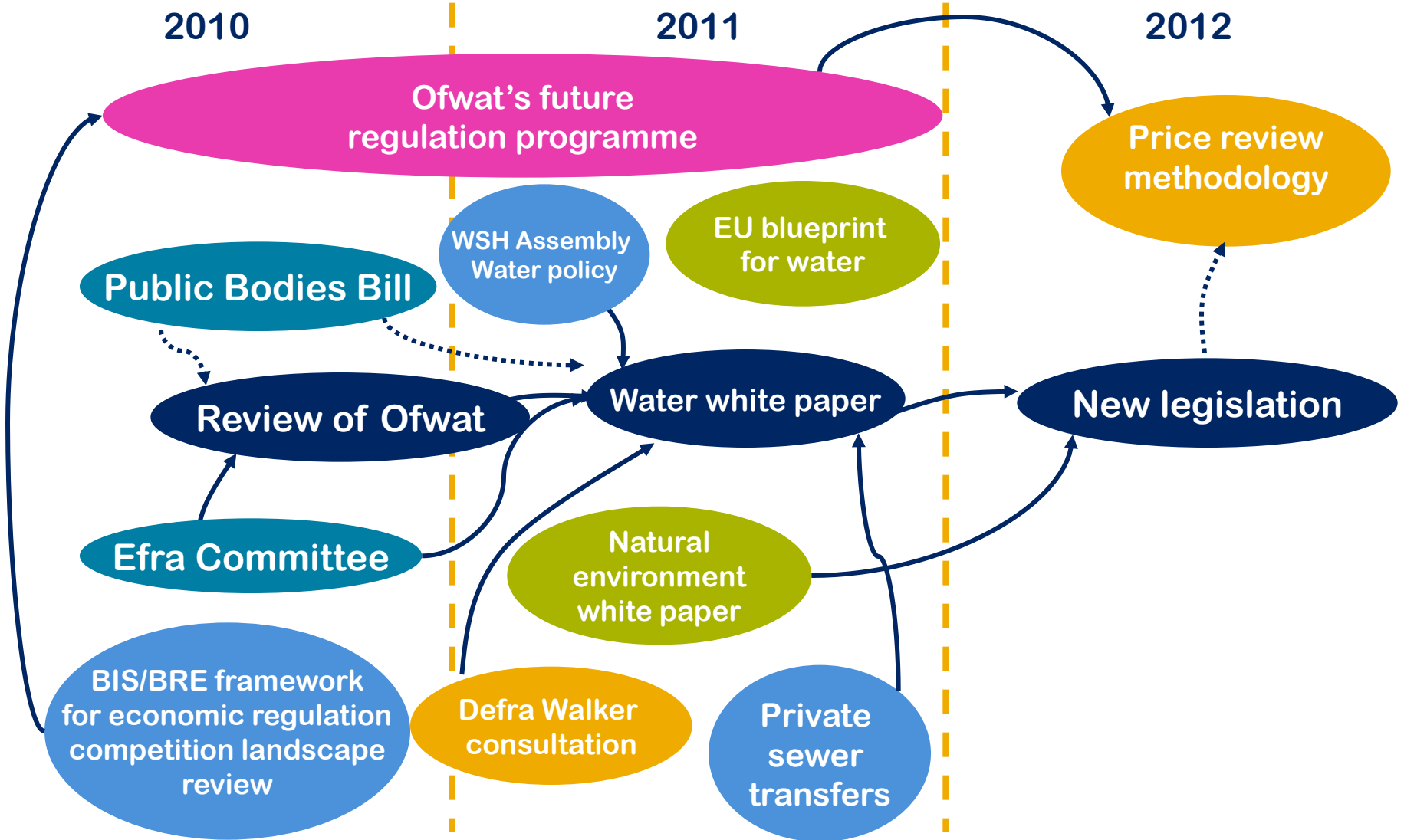


There are new challenges (and opportunities), including climate change and population growth, that are different in nature, scale and complexity from those of the past

Regulation was prioritised to meet the challenges of privatisation – water and environmental quality and customer service



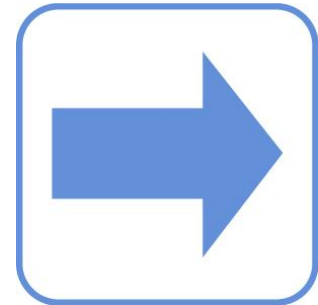
Timeline





Our statutory duties are pragmatic, appropriate and provide a sensible and regulatory structure – attractive to investors

Our approach to regulation, with its combination of incentives and tough targets, has moved the companies a very long way over the past 21 years





We want to continue our move to a risk-based approach to regulating

We have a vision for a much more targeted and proportional regulatory approach, supporting deregulation where possible

The licences that support legislation need modernising to facilitate this

Delivering social sustainability

Deliver choice for non-household customers –
implement the Cave review recommendations

Provide customers with an opportunity to play a
part in the regulation of monopoly elements of
businesses



**Water consumers still need a
strong voice, and someone must
deal with consumer complaints
and someone must be able to take
enforcement action**

More clarity on social policy objectives

Social, environmental and amenity value of water



Abstraction trading licences would reveal the relative value of water

Polluter still has to pay



Water customers should only pay their fair share of costs to deliver environmental improvements

The industry will need to invest – but it becomes increasingly difficult for companies to raise new finance



The stability and transparency of the independent regulatory framework has attracted significant investment

More innovative financing arrangements, such as those we have supported through the Thames Tideway project