

The case for Rolling Price Reviews

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Fixed period price reviews - shortcomings

- Distorts the drive to improve efficiency
- “One shot” mindset raises the stakes plus lack of confidence in arrangements to accommodate change
- Increasing detail and complexity
- Variable uncertainty horizon
- Perception of political interference - increasing risk
- Big peaks in activity



Rolling price review

- Year 6 determined as part of “enhanced” June Return
- Takes account of sector performance in previous year and updated requirements of quality regulators for Year 6
- More orderly, ongoing planning possible
- Year 6 “safety valve” - no need for interim determinations
- Key requirement is that determination for Years 2-5 is not “re-opened” as part of determination for Year 6
- Ofwat consultation - include option of rolling review?