

Kathy Graham
Consumer Council
Elizabeth House
116 Holywood Road
Belfast
BT4 1NY

Your Ref:

Our Ref: W/035/JA/681

Date: 25th July 2011

Dear Kathy,

Re: Response to Consultation on Modifications to NI Water's Instrument of Appointment

Thank you for your response to the recent consultation on modifications to Conditions B and F of NI Water's Instrument of Appointment.

Your sought clarification on a number points in your response:-

- 1. Clarification on the level and method of consultation to be employed by the Regulator as required by paragraphs 5A.1; 1.4A.1; 10.1 (i) and (ii); 14A.2; and how decisions of appropriateness will be made.***

The level of consultation will naturally depend on the facts and circumstances at any given time, but the UR will have regard to best practice, including considering the reasons for and likely impact of any changes. We also note that there are further specific consultation processes set out within the MoU, which we intend to follow.

- 2. Clarification on how disputes in the application of Condition B, Part IV when determining Interim Determinations and other reviews will be resolved.***

During the PE Budget and Regulatory Price Control period, the MoU and Consequent Written Agreement will apply. This process recognises the treatment of NI Water as a NDPB for accounting purposes and the conditions which apply during a period when the company is dependent on PE funding. The process sets out criteria for assessing any submission from the company, it also acknowledges the primary role of the DRD and UR indicating in Section 4.1.2 of the MoU that:-

'Alterations to public expenditure will be subject to final Ministerial or Executive Decision, while alterations to customer charges will be subject to Regulator approval.'

In the interests of transparency and in accordance with standard Utility Regulator practice for consultations, we propose to publish all consultation responses and therefore request permission to publish your consultation response. It would be helpful if you confirmed you consent to this by the 28th July.

If you have any further queries please do not hesitate to contact myself or Alan Craig.

Yours sincerely,



Jo Aston
Director of Water Regulation

Cc: Graham Smith
Alan Craig (UR)
Deirdre Trainor (UR)