Chapter 43
PPP Reporting

Covering:
Operational costs of
PPP assets to inform
relative efficiency assessment

Chapter 43
PPP Reporting

This table consists of 15 lines within five main headings. The information is used for assessment of both NI Water and PPP relative efficiency. The data are requested in order to gauge the actual costs of operating these facilities to enable proper comparison of relative performance. The Regulator recognises that it is not appropriate to use the total unitary charge or even the opex element of this for comparative purposes, as these figures include capital and financing/interest costs which other companies would not incur.

To allow for this, the Regulator has requested that NI Water report the concessionaire payment to the operating company by site. This will be used to inform benchmarking exercises as the payment should be a reasonable representation of the operating costs of the facility plus the operator profits. Any element of the payment attributable to capital maintenance should be stripped out. The company should comment on any assumption it may have to make in this regard.

The five sections of the table include:

- **A Project description**

  Three lines which set out the service area and name of works. This information has already been completed by NIAUR.

- **B PPP information**

  This section reports the overall unitary charge and the payment made by the concessionaire to the operators to run the facilities. The company should exclude any capital maintenance from line 5 in order to allow for a reasonable comparison of costs. For consistency purposes, the total concessionaire payment to contractors for water and sewerage services (columns 19 & 20) should equal line 22a column 3 and line 21a column 4 in tables 21 and 22 respectively.

- **C Direct costs (For NI Water)**

  These are costs that are directly attributable to each site and service activity which are incurred by NI Water. The company should report the actual expenditure it must incur as a result of operating the PPP facilities. This includes power, general and support and any other direct costs. To ensure consistency, the information for columns 20 and 21 (water and sewerage service totals) should be the same as that reported for the PPP only sections of tables 21 and 22.

- **D Operating expenditure (For NI Water)**

  This section includes costs of subjective elements (i.e. rates, scientific services) which NI Water incurs in relation to the PPP elements of the business. The totals should be reported consistently with the data provided in the PPP only section of tables 21 and 22. Provision is also made for the estimated terminal pumping and sludge costs for PPP facilities. These lines have been asked for as terminal pumping costs should be included within the sewerage network expenditure model rather than sewage treatment. Similarly, if sludge treatment has taken place at a particular site, this cost should be incorporated into the sludge treatment and disposal expenditure model rather than sewage treatment.

- **E Total PPP operating expenditure**

  This line calculates the total operating expenditure associated with these facilities. This includes the concessionaire payment to the operator and any other costs which are borne by NI Water in the operation of the facility.

Company commentary

Within the commentary NI Water should provide further information on various areas of the table where necessary. This should include:

- Any adjustments which have been made to account for capital maintenance;
- What other direct costs the company might incur as a result of PPP;
- How the company has apportioned general and support costs by site;
- How scientific services have been costed for PPP schemes and allocated by site;
- The proportion of power costs at Kinnegar as the contractor is responsible for this item;
- Methodology used to estimate terminal pumping and sludge treatment costs; and
- If any lines cannot be completed, why this is the case.

Guidance to Reporter

The Reporter should consider the reasonableness of any assumptions made by NI Water. The Reporter should also ensure that the data provided is consistent where necessary with that provided in tables 21 and 22.

Column Process Definitions

Column 17: **Alpha total**: This column is a calculated cell. This total is determined as the sum of costs at the alpha water treatment works and associated link mains. The figure is calculated by summing columns 1, 2, 3, 4, 5, 6 and 7.

Column 18: **Kinnegar total**: This column is a copied cell as the Kinnegar total will equal the figures given in column 8.

Column 19: **Omega total**: This column is a calculated cell. The total is determined as the sum of costs at the omega wastewater treatment works, sludge lagoons and incinerator facilities. The figure is calculated by summing columns 9, 10, 11, 12, 13, 14, 15 and 16.

Column 20: **Water service total**: This column is a calculated cell. This total is determined as the sum of costs at the alpha water treatment works. The figure is calculated by summing columns 1, 2, 3, 4, 5, 6 and 7. The figure given should be consistent with column 17.

Column 21: **Sewerage service total**: This column is a calculated cell. The total is determined as the sum of costs at the omega wastewater treatment works and incinerator facilities as well as the cost of Kinnegar. The figure is calculated by summing columns 18 and 19.

Table 43 line definitions

A PROJECT DESCRIPTION

1	PPP Concession		
Definition	Description of what sites belong to which PPP contract.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Already completed		
Responsibility	Comparative Efficiency and Performance Team		

2	Service Area		
Definition	Categorisation of PPP sites according to their service area i.e. water treatment, wastewater treatment etc.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Already completed		
Responsibility	Comparative Efficiency and Performance Team		

3	Name of works		
Definition	Name of works.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Already completed		
Responsibility	Comparative Efficiency and Performance Team		

B PPP INFORMATION

4	Payment to concessionaire	£m	3dp
Definition	This represents the total unitary charge (both opex and capex) paid by NI Water.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Copied: The total unitary charge per site is copied from table 42 line 12.		
Responsibility	Comparative Efficiency and Performance Team		

5	Payment by concessionaire to operating company	£m	3dp
Definition	This figure is collected for the purposes of use in relative efficiency assessments. Reporting of this line should reflect the payment by concessionaire to the operating company per site i.e. operating costs and profit. Capital maintenance or any other capital/financial charges should be stripped out of the cost if this forms part of the payment. Totals in column 20 and 21 should be consistent with the totals reported in lines 22a and 21a of tables 21 and 22 respectively.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Input		
Responsibility	Comparative Efficiency and Performance Team		

C DIRECT COSTS – (NI Water only)

6	Power	£m	3dp
Definition	All energy costs associated with the provision of PPP facilities. This line may not be required to be completed for Kinnegar as NI Water should not incur any direct power costs at this site. Totals for columns 20 and 21 should be consistent with line 2 data totals in the PPP only section of table 21 and 22.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Input		
Responsibility	Comparative Efficiency and Performance Team		

7	Other direct costs	£m	3dp
Definition	Any other operational costs incurred by NI Water for the provision of PPP facilities. This might include any materials, service charges, fines, penalty costs or any other direct costs which NI Water have to bear in relation to PPP operations.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Input		
Responsibility	Comparative Efficiency and Performance Team		

8	Total direct costs	£m	3dp
Definition	The total direct costs attributable to NI Water for individually identified PPP sites. Total for column 20 should be consistent with line 10 column 3 of the PPP only section of table 21. Total for column 21 should be consistent with line 9 column 4 of the PPP only section of table 22		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Calculated: sum of lines 6 and 7		
Responsibility	Comparative Efficiency and Performance Team		

9	General and support expenditure	£m	3dp
Definition	General and support activities include all centrally provided services, except for any items specifically covered under the individually identified activities. The following services should be included: • administrative; • personnel; • financial; • legal and property management; • research and development; • policy determination, implementation and monitoring; • audit; • public and employee relations; • data processing; • planning liaison; • vehicles and plant (including hired vehicles and plant, and leased company cars); • electrical and mechanical maintenance; • land and property maintenance; • materials storage; • operational and technical support; and • general and support buildings. This line should detail the general and support costs allocated to the operation of the PPP sites. (In addition, NI Water to refer to supplementary guidance chapter entitled “Chapter 21 and Chapter 22 General and Support cost guidance.”)		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Input		
Responsibility	Comparative Efficiency and Performance Team		

10	Total functional expenditure	£m	3dp
Definition	The direct costs incurred in the provision of each of the PPP sites plus in each case an allocation of costs incurred in the provision of general and support activities. Total for columns 20 and 21 should be consistent with data provided in the PPP only section of tables 21 and 22.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Calculated: the sum of lines 8 and 9		
Responsibility	Comparative Efficiency and Performance Team		

D OPERATING EXPENDITURE (NI Water only)

11	Scientific Services	£m	3dp
Definition	Total costs directly associated with scientific services for PPP sites except for current cost depreciation. Include the costs of scientific and laboratory services, and of the monitoring of quality. The cost of such services purchased should be included but the costs of services provided for third parties excluded. See RAG 4.03 for further definitions. Total for columns 20 and 21 should be consistent with data provided in the PPP only section of tables 21 and 22.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Input		
Responsibility	Comparative Efficiency and Performance Team		

12	Rates	£m	3dp
Definition	The cost of all rates at PPP sites. Total for columns 20 and 21 should be consistent with data provided in the PPP only section of tables 21 and 22.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Input		
Responsibility	Comparative Efficiency and Performance Team		

13	Estimated terminal pumping costs	£m	3dp
Definition	The estimated direct cost of terminal pumping stations (as defined in RAG 4.03) pumping to the works in question, for which costs are included in line 15.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Input		
Responsibility	Comparative Efficiency and Performance Team		

14	Estimated sludge costs	£m	3dp
Definition	If the cost of sludge treatment is included in line 15, the company must enter an estimate of the costs involved (otherwise, zero). If sludge costs are included, NI Water must comment in their return on the basis of their estimate of the costs.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Input		
Responsibility	Comparative Efficiency and Performance Team		

E TOTAL PPP OPERATING EXPENDITURE

15	Total PPP operating expenditure	£m	3dp
Definition	Total operating expenditure associated with PPP assets. This includes the costs and profits of the operator (concessionaire payment) at each site and the costs incurred by NI Water.		
Primary Purpose	Informing relative performance and efficiency assessments.		
Processing rule	Calculated: sum of lines 5, 10, 11 and 12		
Responsibility	Comparative Efficiency and Performance Team		

CHANGE CONTROL SHEET
CHAPTER 43

2010/1.0	First issue of chapter for the SBP period
2011/1.0	First issue of chapter for the PC10 period. • Minor revisions to column guidance given extra scheme reported in the previous submission.