



Department for
**Regional
Development**

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cc: see below

Dear Elena

Response to consultation on the NIAUR Forward Work Programme 1 April 2012- 31 March 2013

Please see attached the Department's response to the draft Forward Work Programme.

Yours sincerely,

John Mills
Director, Water Policy Division

cc Jo Aston

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Introduction

This is the Department for Regional Development's comments on the consultation paper on the Utility Regulator's Forward Work Programme 2012-13 as they relate to water and sewerage services in Northern Ireland.

Forward Work Programme

- 2 This year's report is considerably less detailed than previous years with no table providing details of forthcoming projects. This makes it very difficult to assess.
- 3 The focus for water continues to be on administrating the price control processes (PC10, PC13 & PC15). We would welcome less of a regulatory burden on NIW and the other stakeholders for future price controls. At you're the recent PC13 Workshop on 13 January 2012, you provided stakeholders with proposals for rolling 6-yr price control periods from 2015 onwards. A rolling cycle will help facilitate a longer-term approach to investment planning whilst allowing for changes (funding, governance, EU priorities, etc). We would welcome this approach and the concept of having 'lighter' reviews every 3-years.
- 4 The Forward Work Programme should include some details on how NIAUR will fulfil all of its regulatory duties and how it will address poor performance in areas like pollution incidents and interruptions to water supply. This could be included as another bullet under *Outcome2: Promote enhanced levels of service* on page 8.
- 5 As you are aware, over the next 12-18 months the Department will be working with stakeholders to provide long-term policy direction to the water industry (through a strategy document) which will inform future NIW investment plans. We thought there was agreement that there would be no requirement for a company strategic direction statement. A more efficient and joined approach would be something like, *the Regulator will support DRD's development of a long term strategy for water* instead of *the Regulator would require NIW to develop and consult on a Strategic Direction*

Statement as part their submission for the PC15 price control. It is recommended that this requirement (last bullet on page 8) be removed.

- 6 We suggest there should be a reference to implementing the commitments given to the PAC in response to its recommendations in its report, *Measuring the Performance of NIW* (March 2011). There is some overlap with the long term freeze/thaw recommendations which are referenced. There is no reference to concluding/signing off the short to medium term measures. There is no reference to concluding the information undertakings (though this could be subsumed by the PAC recommendation on information).
6. The sum total the Water Directorate is claiming for the forthcoming financial year is £1, 016, 768 which is a welcome reduction of £145, 364 on last years' figure of £1,162,132.