



The PR14 price review in more detail

Through the PR14 price review, Ofwat will determine the price limits and investment and service levels for the supply of water and sewerage services by water companies in England and Wales for 2015-20.

The review aims to drive clear and significant benefits to customers and the environment. Companies have to show that they have engaged effectively with and listened to their customers and other stakeholders before setting their intentions for service levels and prices.

Timeline and process for the review

By 2 December 2013 water companies submit to Ofwat their business plans for the services they intend to deliver and the prices they intend to charge their customers in 2015-2020.

A key part of Ofwat's review of the plans is the assessment of the amounts companies will need to spend to deliver their planned investments and services, and whether Ofwat considers the proposed outcomes could be delivered more efficiently.

In April 2014 Ofwat will tell companies whether it broadly supports their plans or if it wants them to reconsider some aspects. Companies that need to develop their business plans further will also need to re-consult and submit amended business plans by June 2014.

Ofwat intends to make its final determinations on 2015-2020 price limits and investment and service levels in December 2014.

Differences in PR14 compared to previous price reviews

A key difference in PR14 is the greater freedom and flexibility given to companies by Ofwat to produce business plans that deliver what their customers want. Customer engagement through the business planning process, and greater ownership and accountability of companies' boards in delivering the plans, is at the heart of the process. To support this, Ofwat has removed some aspects of regulation that were too prescriptive, meaning less regulatory 'box-ticking'.

In addition, details of the way in which price limits will be reviewed have been reformed, to achieve more sustainable and more customer-focussed outcomes.

Through their engagement with customers, companies have been identifying the outcomes their customers and stakeholders want them to focus on, and under the reformed methodology they have more flexibility to develop the best, most sustainable approach to delivering these outcomes.

In addition, for the first time, there will be separate price controls for ‘retail’ services – customer-facing services such as customer contact, billing and debt management – which will provide extra focus on ensuring that customers receive the level of service they expect.

More details of the changes to the price review methodology can be found on the [Ofwat website](#).

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