

Energy UK Response to Environment Agency Consultation on Draft water resources planning guideline

13 April 2012

General Comments

Energy UK represents a wide spectrum of interests across the sector. This includes small, medium and large companies working in electricity generation, energy networks and gas and electricity supply, as well as a number of businesses that provide equipment and services to the industry.

Energy UK is engaged with DEFRA, the Environment Agency and Ofwat on the reform of the water abstraction regime, outlined in the Water White Paper.

Consultation Questions

- 1. We have improved the water resources planning guideline by including recommendations from a government review of the previous round of plans and from technical projects we conducted with Ofwat and the water industry.**

Is there anything further that needs to be included in the guideline to help you engage with the process? If yes, please explain why.

No

- 2. We have included a new section in the guideline called 'The guiding principles for developing a water resources management plan.' This section provides more information and advice from government on the legislation, regulations and Directions.**

Does this section help you better understand the legislative background and the expectations governments in England and Wales have for this process? If you answer no, please explain further.

We welcome recognition of the importance of a long-term perspective and the freedom to consider timeframes to 2050 and beyond if appropriate. This is particularly important for long-life water-dependent infrastructure assets which can make a contribution to sustainable development. Strict compression to a fixed and relatively short period may penalise some forms of activity, particularly those involving long-lead times, with high capital expenditure but low maintenance expense profile. Strategic storage and transfer schemes may fall into this category

within the water industry and some thermal power station sites may be in this category for the power sector.

3. The approach to options appraisal (section 6.8 of the water resources planning guideline) has changed.

Is the revised approach to options appraisal, based on asset utilisation, clear? If no, please explain why.

No comment

4. The approach to options appraisal (section 6.8 of the water resources technical guideline) has changed.

Are there any areas where further guidance is required? If yes, please tell us what further information is required.

No comment

5. We have included more information on the links between company business plans and water resources management plans in the water resources technical guideline.

Are the links between the water resources management plans and business plans clear? If no, please tell us how they can be improved.

No comment

6. We have included more information on the links between company business plans and water resources management plans in the water resources technical guideline.

The Water Resource Planning process is, for obvious reasons, focused on meeting the demands of the Water Industry customers. However, it may be an appropriate vehicle to explore the benefit that could be afforded to wider society through a wider perspective on the way that existing and potentially future water company storage, transfer and other supply-related assets are exploited by society. It may be possible for assets such as these and similar assets to contribute in ways other than to provide supply and security of supply to the mains water user. Multi-role assets could include:

- Enhancement of river flows for environmental reasons when such use would not compromise basic human need
- Enhancement of river flows for use by other abstractors when such use would not compromise basic human need.

Trading physical water might be a means to reward the owner of multi-role assets but mechanisms to encourage such asset development would be needed.

7. **Water trading and cross-boundary solutions - the water resources technical guideline now includes information that allows neighbouring water companies and third parties to bid for surplus water.**

Is there any other process or information which a water company or third party would need to bid effectively for a neighbouring water company's surplus water? If yes, please provide details.

No comment

8. **Sustainability reductions - we have changed the way we handle uncertainty in sustainability reductions in the water resources technical guideline.**

Do you support the approach to managing uncertainty around future sustainability reductions? If no, please tell us what you would recommend.

We support the Ministerial instruction to Environment Agency in guideline section 5.4 that sufficient notice should be given to Water Companies of intent to restrict licences in order that supply-demand balance can be maintained. We would welcome application of this principle analogously should such circumstances arise in the power sector.

9. **Sustainability reductions - we have changed the way we handle uncertainty in sustainability reductions in the water resources technical guideline.**

Do you agree that both confirmed and likely sustainability reductions should be included in the baseline supply-demand balance? If no, please tell us why and what alternative you would suggest.

No comment

10. **Demand-side options – the water resources technical guideline emphasises thorough investigation of demand-side options.**

Does the guideline provide enough information to ensure that water companies consider measures to reduce demand (such as metering and leakage reductions measures) thoroughly alongside other approaches to help them meet their supply-demand balance? If no, please tell us how we can improve this.

No comment

11. **With UK Water Industry Research, we have produced new methods to assess the impact of climate change on supply. These are included in the water resources technical guideline.**

Does the guideline provide enough information on the new methods for assessing the impact of climate change on supply? If no, please tell us how we can improve this.

The prediction of future effective rainfall and run-off characteristics in varying meteorological and climate conditions is clearly important in defining the future expected water resource

available to society and its variation. However, this is not the only factor influence water resource available to the water industry sector.

Energy UK would like assurances that the Water Resource Planning process should not lead to DEFRA & EA committing to policies regarding future water resource allocation in advance of, and outside their thorough exploration within the wider DEFRA abstraction licence reform process, which Energy UK is currently engaged on. The timing for development of the Water Resource Management Plan (WRMP - draft in spring 2013, final by spring 2014) is in parallel with the abstraction licence reform process for which there on no clear timescales. Whilst Energy UK appreciates the need for sufficient confidence in future access to water to be present to enable investment in long-life water-dependent infrastructure, the timing of the WRMP with the water industry investment cycle should not override the importance of the fundamental water resource allocation review within which DEFRA, Energy UK and other interested stakeholders including the water industry are engaged. The Water Industry should not be presented as a 'done deal' within the wider water resources reform process.

12. We have changed the presentation and data used in the water resources planning tables.

Please tell us if you have any feedback on the new format of the water resources planning tables.

No comment

13. Please tell us if you have any additional comments you wish to make which have not been covered by the questions above.

No comment

Notes

The views expressed in this consultation document may not always reflect all the members' of Energy UK, but will most likely be a consensus position.

Contact details

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