



Water today, water tomorrow

Secretary of State for Environment, Food & Rural Affairs
Water Resources Management Plan Consultation
3rd Floor Nobel House
17 Smith Square
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28 August 2013

Dear Secretary of State

Affinity Water – Draft Water Resources Management Plan

Affinity Water published its draft Water Resources Management Plan (dWRMP) on 17 May 2013 and this letter summarises our views of the draft plan. These views are based on a high-level review of the processes described in the plan against the requirements of the Water Resources Planning Guideline. They are without prejudice to any subsequent decisions that we may make in connection with the business plan that the company is scheduled to provide to us later this year as part of the price control review process.

In summary, Affinity Water needs to consider further the following areas in finalising its dWRMP:

- completing its customer preference surveys and reflecting the results in its final plan;
- clarifying the levels of service the company is committing to in its final plan;
- describing how it has developed a weighted annual average demand forecast and providing more detail on the basis of the company's dry year demand forecast;
- ensuring in its final plan that its water transfer schemes are consistent with those in the associated companies' final plans; and
- explaining how it has used 'utilisation' to appraise options and determine the company's preferred plan.

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1. Incorporation of customers' views

The company should complete its surveys of customer preferences, including in relation to levels of service and leakage reduction, and take them into account in its final plan.

The draft plan does not appear to consider any options involving a reduction in levels of service. The company should explain why it has not done so or rectify this in its final plan.

There are inconsistencies in the levels of service quoted in the dWRMP documents.

	Main report, section 3.2	Technical report 1.1
Drought permits for additional abstraction and Drought Orders to reduce essential use	1 in 20 years	1 in 40 years
Emergency Drought Order to deploy standpipes	1 in 50 years	Unacceptable

The company should clarify the levels of service it is committing to in its final plan.

2. Baseline Supply Demand Balance

The concept of weighted annual average demand is important for determining the most likely level of demand that the company will face over the planning horizon. However, we can find no reference in the draft plan as to how the company has calculated weighted annual average demand. Similarly, there is very little information on how the company has derived its dry year forecast. The company should explain these matters in its final plan.

Affinity Water states that it has allowed for the impact of climate change in its demand forecast in line with the 'Climate Change and the Demand for Water report 2003'. But there is no detail of how this methodology has been applied in its Technical Report 2.1 (micro-component analysis). The company should provide this explanation in its final plan.

3. Options appraisal

We welcome that Affinity Water has considered bulk supply imports and exports in its draft plan based on the Water Resources in the South East model. The company needs to ensure its final plan is consistent with the associated companies' final plans in relation to these matters.

It is not clear how Affinity Water has used the concept of 'utilisation' in the appraisal of options. The company should clarify how this has been taken into account in its final plan.

We could not find the Habitats Regulation Assessment (HRA) summary which the draft plan says is included in the Strategic Environmental Assessment (SEA) Report. The company should include this in its final plan.

4. Final planning solution and scenario testing

We have not identified any particular concerns in relation to this section of Affinity Water's draft plan.

Yours sincerely

Andrew Walker
Director – Wholesale Price Control Review