



Water today, water tomorrow

Secretary of State for Environment, Food & Rural Affairs
Water Resources Management Plan Consultation
3rd Floor Nobel House
17 Smith Square
London
SW1P 3JR

30 August 2013

Dear Secretary of State

Cambridge Water – Draft Water Resources Management Plan

Cambridge Water published its draft Water Resources Management Plan (dWRMP) on 29 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.

Overall we have only identified a few relatively minor concerns which we detail below.

1. Incorporation of customers' views

We have not identified any major concerns in relation to how Cambridge Water has engaged with customers in the production of its dWRMP. However, the dWRMP refers to a contact and communications plan presented in appendix A1. As a single page, this appendix appears to be missing several pages and the company should correct this in its final plan.

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Andrew Walker, Director – Wholesale Price Control Review
Direct line: 0121 644 7541 Fax: 0121 644 7746
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: andrew.walker@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

2. Baseline supply-demand balance

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

3. Options appraisal

Cambridge Water has a supply-demand surplus. Given this, we are satisfied that the company has explored options to export water to neighbouring water companies, and has agreed in principle to exporting surplus water to Anglian Water. However, this trade is not included in Cambridge Water's supply-demand forecast, but it is included in Anglian Water's. The company should try to ensure that its final plan and Anglian Water's final plan are aligned on this issue.

Cambridge Water considers 'do the right thing' options such as metering, water efficiency and leakage reduction. We note that the company is investigating customers' willingness to pay for these options. The company should provide robust evidence to demonstrate that the costs of carrying out such discretionary investment are less than the benefits that it will deliver in its final plan.

4. Final planning solution and scenario testing

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

Yours sincerely

Andrew Walker
Director – Wholesale Price Control Review