

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

13 August 2013

Dear Secretary of State

Essex and Suffolk Water – Draft Water Resources Management Plan

Essex and Suffolk Water published its draft Water Resources Management Plan (dWRMP) on 13 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, Essex and Suffolk Water needs to consider further the following areas in finalising its dWRMP:

- providing further detail of how the customer research on level of service has been carried out;
- providing more information on how customers and stakeholders were consulted and what the results of these consultations; and
- providing an economic justification for choosing between the 'do the right thing' options it considers.

1. Incorporation of customers' views

The planned levels of service for Essex and Suffolk Water's customers remain the same as at the 2009 Price Review. The company refers to very high support from its customers for the current level of service. It would be helpful if the final plan provided some details of how the customer research was carried out.

.../...

We cannot find evidence of much customer involvement (including through the Customer Challenge Group) in the development of the draft plan. Neither can we find much information on how the company intends to engage with customers during the consultation period.

2. Baseline supply-demand balance

We cannot find evidence in the draft plan that the company has consulted local authorities on its population forecasts. Further, we cannot find evidence in the draft plan that the company has included demand side enhancements funded through PR09 in its demand forecast.

3. Options appraisal

We are glad to see that the company Water has considered new bulk supplies and water transfers in its draft plan.

Essex and Suffolk Water's options appraisal considers metering, leakage reduction and water efficiency options and proposes taking forward compulsory household metering. The plan should present an economic appraisal for choosing between these options.

We recognise that the company is currently carrying out customer consultation on its proposed option of compulsory household metering. This should be taken into account in the option proposed in the final plan. It would be useful for the company to consult customers on all the 'do the right thing' options it has considered.

4. Final planning solution and scenario testing

We have not identified any particular concerns with this section of the draft plan.

Yours sincerely

Andrew Walker
Director – Wholesale Price Control Review