



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
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13 August 2013

Dear Secretary of State

Northumbrian Water – Draft Water Resources Management Plan 2014

Northumbrian 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, Northumbrian Water needs to consider further the following areas in finalising its dWRMP:

- providing details on its customer research and confirming how it has determined its levels of service;
- confirming the sustainability reductions in the Berwick and Fowberry water resource zone (WRZ) following discussions with the Environment Agency;
- providing further information on the demand savings it is forecasting as a result of its metering programme; and
- exploring any additional demand management options as discretionary investment, beyond its baseline activities, to meet customers' preferences.

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1. Incorporation of stakeholders' views

Northumbrian Water's dWRMP refers to the companies' policies, including levels of service, and mentions qualitative research and willingness to pay surveys which are being completed as part of the 2014 business planning process. We cannot find details in the draft plan of the content of this customer research and the issues being tested. The company should provide details on this research in its final plan and confirm how it has determined its levels of service.

2. Baseline Supply Demand Balance

We note that in the Berwick and Fowberry water resource zone (WRZ) a 'likely' sustainability reduction will significantly reduce deployable output from 2020/21 and erode most of the surplus in the zone. We understand that Northumbrian Water is discussing the sustainability reduction assumption with Environment Agency. The company should reflect the outcome of these discussions in its final plan.

The final plan should include further information on the demand savings it is forecasting as a result of its metering programme.

3. Options appraisal

The company does not appear to have considered any additional demand management options as discretionary investment, beyond its baseline activities, to meet customers' preferences. The company should explore such options in its final plan even though it has a forecast water surplus.

4. Final planning solution and scenario testing

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

Yours sincerely

Andrew Walker
Director – Wholesale Price Control Review