

Welsh Government
Water Resources Management Plans Consultation
Water Policy Branch
3rd Floor
Cathays Park
Cardiff
CF10 3NQ

11 September 2013

Dear Sir / Madam

Dee Valley Water – Draft Water Resources Management Plan

Dee Valley Water published its draft Water Resources Management Plan (dWRMP) in June 2013 and this letter summarises our views of that 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 also without prejudice to any subsequent decisions that we may make in connection with the price control review process for Dee Valley Water.

In summary, Dee Valley Water needs to consider further presenting evidence of how it has consulted its customers, particularly in relation to its level of service and any discretionary investment, in finalising its WRMP.

1. Incorporation of customers' views

We can find no evidence of Dee Valley Water consulting its customers on any aspect of its dWRMP. In particular, we would expect the company to justify the levels of service that underpin its dWRMP based on its customers' preferences. In addition, the company should reflect its customers' willingness to pay (WTP) for any discretionary investment, for example in reducing leakage, in its proposals. We note the company states that "customers show support for lower levels of leakage", but the draft plan does not present any evidence to support this statement.

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The company should present evidence of how it has consulted customers in its final plan, particularly in relation to its levels of service, and of customers' WTP for discretionary investment such as leakage reduction.

2. Baseline supply-demand balance

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

3. Options appraisal, final planning solutions and scenario testing

The company has not identified a supply demand deficit and so has not appraised options for dealing with these matters or final planning solutions. On this basis we have no concerns in relation to these aspects of the dWRMP.

Yours faithfully

Andrew Walker
Director – Wholesale Price Control Review