



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

10 September 2013

Dear Secretary of State

Sembcorp Bournemouth Water – draft Water Resources Management Plan

Sembcorp Bournemouth Water published its draft Water Resources Management Plan (dWRMP) on 17 May 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 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, Sembcorp Bournemouth Water needs to consider further the following areas in finalising its dWRMP:

- setting out its levels of service clearly and explaining in more detail how it has consulted its customers on these;
- completing its survey of customers' preferences on services as well as its online survey and incorporating the results into its final plan; and
- providing evidence on customers' willingness to pay for the proposed enhanced optional metering programme.

1. Incorporation of customers' views

Sembcorp Bournemouth Water defines its levels of service in terms of restrictions on water use. We cannot find details in the draft plan on other aspects of levels of service, such as the frequency of drought orders. The company's dWRMP does not provide much detail on how it has consulted its customers in relation to its level of service and it is not clear whether the company has carried out any new research in this area, which we would expect. The company should address these issues in its final plan.

The company should also complete its survey of customers' preferences on services and costs and its online survey, and set out the results explaining how they have been taken into account in the final plan.

2. Baseline supply-demand balance

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

3. Options appraisal

We welcome that Sembcorp Bournemouth Water contacted its neighbouring companies to alert them about its surplus and proposed a potential bulk supply export option.

In its dWRMP, the company states that, subject to customers' views, it will implement a programme of enhanced optional metering as part of its preferred solution in its final plan. It is not clear how and when Sembcorp Bournemouth Water will be consulting its customers on their willingness to pay for this option. It should provide this evidence in its final plan if it proposes enhanced optional metering.

4. Final planning solution and scenario testing

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

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Yours sincerely

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