

Meeting 1 : Set-up of the AIM Taskforce

Date	12 May 2015
Time	13.00
Venue	Water UK
Purpose of meeting	To develop an implementation plan for the Taskforce
Attendees	Lee Dance, Luke DeVial, Chris Lambert, Mike Pocock
Apologies	Richard Blackwell, Jon Ashley
Circulation	Steering Group members
Date of next meetings	9.30 am 26 June 2015, Water UK offices

Notes and actions

No.	Subject	Action owner	Due date
1	<p>The purpose of the meeting is to propose an action plan to implement a reputational AIM measure for all water companies.</p> <ol style="list-style-type: none"> 1. Agree proposals for an independent Chair of the Taskforce. 2. Set timetable 3. Share views on AIM proposals 		
2	<p>Discussion regarding characteristics of an AIM reputational measure for AMP6.</p> <ul style="list-style-type: none"> • Approach needs to be: <ul style="list-style-type: none"> – Fair, equitable, transparent – Optimal for environmental need – Able to drive the right response and solutions <ul style="list-style-type: none"> - be a factor for consideration in future optioneering decisions – Cost and benefits of AIM recorded for AMP6 as reputational only. Reward/penalty mechanism considered for AMP7 • Question mark whether it should drive future investment needs or not, to what extent • It should not affect deployable output, but increases cost of using existing deployable output provided company is currently operating at least cost 		

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	<ul style="list-style-type: none"> • Should take appropriate account of funding and cost to customer impacts • Is shelf life very short? Will abstraction reform replace AIM relatively quickly? • Sources where aim should be applied: <ul style="list-style-type: none"> – Environmental issues associated with source – Must have alternative source – Specific environmental trigger – or cumulative trigger like GW levels in catchment – SDB not relevant • Areas with surpluses and operational choice will have greatest opportunity to respond to AIM • Method needs to recognise different opportunities will exist company by company – how to normalise? • Chair – independent – non funded. A range of candidates was considered and discussed. <ul style="list-style-type: none"> – Oxford Uni Environmental Change Unit – Colin Fenn - preference – Others? • 3 months to complete AIM proposal – will provide manual / rules / principles for companies - proposal by October • Terms of reference required asap. Suggested adopt Ofwat draft • Concept to produce a ‘six page manual’ • Use / combine all our AIM submissions and evaluate method • Revisit UKWIR project on AIM? <ul style="list-style-type: none"> – Were appropriate sources and flow conditions used previously? • Method to categorise sources and by WRZ? • Now a group of at least 12 – limit / exclude new attendees – 8 companies • Starting list ‘the EA long list’ then how list has been constrained down e.g. x taken off due to RSA etc. This will help put some context round what AIM is looking to address – compare with total do or other metric too? • Identify long list of sources with issues – then how 		

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	<p>constrained down and arrived at list</p> <ul style="list-style-type: none"> • Are there any other flow / other criteria etc. Need to apply • Baseline setting for volume – defining the statistical time regime when the penalty comes into play • Information regarding cost for penalty and opportunity cost of avoiding • CBA – final price and volume needs to be reported. Differences in costs – MI/d unit rate? • Last 10 years for baseline? Assuming applies to individual sources as well as you can – relevant scaling to environmental improvement. There is a need to normalise a baseline assessments to take account of changes in operational configuration etc. • CCWater need to be kept informed – because of impacts on customers • Consider how AIM works in context of ODI. Cost to achieve will be higher, but then reward will be attained – net position is no additional cost, or better a reward, versus cost not to achieve = cheaper source utilised but penalty incurred – if set correctly will work. • WFD – no deterioration – consider in testing / setting AIM 		
3	<p>Initial Timetable</p> <p>Circulate notes of meeting to SG members</p> <p>Confirm appointment of Chair of TF with Jon Ashley</p> <p>Seek input and views on initial proposals from the inaugural TF meeting</p> <p>Convene next meeting of full steering group to review implementation proposals for AIM. WUK room booked for 9.30am 29th June.</p>	<p>15 May</p> <p>22 May</p> <p>22 May</p> <p>29 June</p> <p>June</p>	
4	<p>Actions</p> <ul style="list-style-type: none"> • Luke DeVial to circulate first draft of proposal for an AIM mechanism based on discussion • Chris to check with Jon who has been invited to sit on the Task Group and confirm role and seek 	<p>LdV</p> <p>CL</p>	<p>15 May</p> <p>15</p>

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	confirmation of unpaid Chair. <ul style="list-style-type: none"> • Lee to circulate notes of discussion • Mike to draft notes, issue to SG and invite the above Steering Group members to share their submissions to Ofwat on AIM for the BP and seek views on the initial draft proposals for AIM 	LD MP	May 15 May 15 May
5	Next Meeting 26 June 2015, Water UK, 9.30 am		