

## Bioresources and water resources market information consultation (Ofwat)

### Response from ESA

The Environmental Services Association (ESA) is the trade association which represents the UK's waste management and secondary resources industry. ESA's members provide a wide range of essential resource management services to the public and private sectors.

The UK's waste and secondary resource industry is leading the transformation of how the UK's waste is managed. An industry with an annual turnover of £11billion,<sup>1</sup> our Members have helped England's recycling rate quintuple in the last decade and provide 12% of the UK's renewable electricity.<sup>2</sup>

The ESA welcomes the opportunity to provide feedback to Ofwat's Bioresources and water resources market information consultation.

#### 6.2 Consultation questions

Q1. Do you consider that the information we propose requiring companies to publish is helpful and will provide sufficient transparency in the (i) bioresources market and (ii) water resources, demand management and leakage services market to support their operation and development? If not, please give reasons.

As the consultation document explains, the proposed information requirements follow from the M1 condition and the May decision document, "Our regulatory approach for water and wastewater services in England and Wales", as well as discussions with the concerned water companies. It therefore seems appropriate to introduce these measures, not least to increase competition among the water companies to treat bioresources.

However, having discussed the measures with our members we are not convinced that the additional information will directly benefit the waste & resource management industry. This is partly due to the nature of the sewage sludge market which is high volume and low value, with water companies receiving a steady income from water bills and being historically well located to treat sludge. Our assumption is that water companies would be reluctant to pay a gate fee for sludge to be treated at our members' AD facilities. Sludge treatment by water companies is also a relatively de-regulated activity with low costs due to regulation. In combination these issues makes it difficult for the waste and resource management industry to compete for sludge

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<sup>1</sup> ESA estimate based on ONS data

<sup>2</sup> DECC (2016), [Digest of UK Energy Statistics Chapter 6 Renewable Sources of Energy](#) p.192

treatment. The other concern regards the end market for the sludge and the regulatory framework for spreading it. The regulatory requirements for food waste and sludge differs, which makes co-treatment of food waste and sludge complicated and with uncertain end markets.

While these concerns mean that the benefits for our members to collect and treat sludge for the moment appear limited, there is a greater risk of water companies treating food waste. If that was to happen, we strongly stress the need for the water companies to be subject to waste regulations to reduce any unfair advantage.

Q2. Is there any additional information which it would be helpful if companies published for (i) bioresources and (ii) water resources (within the remit of Condition M1)? Please explain why.

It would certainly be helpful to have more information about the spreading of the bioresources (where and what quantities) in order to get a better picture of the availability of the land bank, in particular in extreme weather conditions.

Q3. Do you agree with the proposed scope of the information on market activity to be provided to us for monitoring the development of the bioresources market? If not, please give reasons.

No comments

Q4. Do you consider that the publication of any of the information that we propose water companies publish would (i) be contrary to the interests of national security or (ii) seriously and prejudicially affect the interests of any person? If so, please identify the information concerned and give reasons.

No comments

Q5. Do you have any comments on the proposed timing of the publication and the frequency that the information should be updated for both the bioresources market and water resources market?

No comments

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