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Welsh Government Water Resources Management Plan Consultation
Water, Waste Resource Efficiency and Flood Division
Water Policy Branch
Cathays Park
Cardiff
CF10 3NQ

31 May 2018

Dear Sir or Madam,

Albion Eco – draft water resources management plan 2019

Albion Eco published its draft water resources management plan 2019 in March 2018 for consultation. This letter provides a summary of our assessment of the draft plan and is our statutory consultation response, produced in accordance with our statutory duties and the Government's strategic policies and objectives for Ofwat. In this assessment we have considered how adequately the plan follows the requirements of the Water resources planning guideline and the Welsh Government's guiding principles for water resources planning.

Albion Eco is a NAV (new appointment and variation). The NAV framework allows new entrants to become the supplier of water and wastewater services for new developments, instead of the local incumbent water company. The entrants typically not only build the necessary infrastructure for the developments but also provide on-going retail services. NAVs have an important role in the water sector and have potential to provide wider benefits.

Albion Eco serve a single water resource zone in Deeside. It provides potable and non-potable water for use at two non-household properties on an industrial site (Shotton Paper). The zone is supplied through a bulk supply of water from the local incumbent water company (Dŵr Cymru).

The company is forecast to maintain a supply surplus throughout the planning period. This means there would be sufficient water to maintain supply to customers during planned-for severe drought conditions.

In summary, Albion Eco has presented a draft plan broadly responsive to the scale and complexity of its area and demonstrated a clear assurance process. One area

for improvement is that the draft plan does not provide sufficient evidence that the primary customer, Shotton Paper, has participated fully in the development of the plan. This should be addressed for the final plan.

Further details on these points are outlined in the annex to this letter alongside more detailed comments on different areas of the draft plan.

I look forward to seeing these points addressed in Albion Eco's statement of response and final plan.

Yours sincerely

A handwritten signature in black ink that reads "Colin Green". The signature is written in a cursive style with a large initial 'C' and 'G'.

Colin Green

Delivery Director, PR19

Annex

In this annex we outline further details on the points raised in our main letter alongside more detailed comments on different areas of the draft plan. Our points reflect our assessment approach and cover:

- 1. Plan building blocks:** The overall approach to the development of the plan in line with the technical guidance and broader resilience issues.
- 2. Customer participation:** The type and quality of interaction with customers and the impact this has had on the plan formulation and proposals.
- 3. Demand forecast:** How the company has considered the impacts of population growth, leakage and water efficiency in its demand forecast.
- 4. Supply forecast:** How the company has considered climate change, abstraction licences changes and transfers in its supply forecast.
- 5. Forecast uncertainty:** The robustness of the plan in accommodating uncertainties in the demand and supply forecasts.
- 6. Supply-demand balance:** The robustness of the overall need for water, if any, and the scenario testing applied to this assessment.
- 7. Options:** The approach taken to identifying and screening options for both supply and demand, including identification of trades and third party options.
- 8. Decision making:** The decision making tools, preferred programme development process and accompanying assurance processes.

1. Plan building blocks

Albion Eco has followed a satisfactory approach to its plan, consistent with the identified problem scale and complexity. However, in order to add clarity and rigour to the plan:

- There needs to be clearer reference made to the guidance and supporting documentation used in developing the plan.
- The levels of service in its bulk supplier's (Dŵr Cymru) draft water resources management plan need to be reviewed. The impact of the chosen levels should be discussed and the outcomes of this exercise clearly explained in its final plan.

2. Customer participation

The draft plan does not provide sufficient evidence that the primary customer, Shotton Paper, has participated fully in the development of the plan. In the final plan

Albion Eco should show how it has engaged, and intends to engage going forward, with Shotton Paper.

3. Demand forecast

At a high level, the approach Albion Eco has adopted in forecasting demand appears to be appropriate. However, as noted in section 2, greater clarity on the engagement with its key customer needs to be provided in the final plan, to enhance and validate this forecast.

4. Supply forecast

We have identified no concerns regarding Albion Eco's bulk supply arrangements, though as noted above in section 1 the levels of service for each zone need to be confirmed from its existing bulk supplier.

5. Forecast uncertainty

The draft plan suggests that Albion Eco has adopted a satisfactory approach to forecast uncertainty and we have no concerns with the approach taken.

6. Supply-demand balance

The supply-demand balance profile, subject to the comments above, does not raise any concerns and seems reasonable.

7. Options

Reflecting the large forecast surplus no options were presented and this is reasonable given the scale of the zone and the forecast trends.

8. Decision making

We welcome the fact Albion Eco has described its assurance process in the draft plan and the role of the company Board in the decision making process.