

Do you agree with, or have any comments regarding, Jacobs' bioresources market review report

As a tier 2 supplier of sludge thickening and dewatering technology we are directly interested in the constraint M – Water content, quality and transportability of sludge.

In this respect we agree that 'Improve understanding of end to end treatment costs and internal gate fees' is of benefit. In simple terms transporting water is a waste of time, effort, carbon and money.

We disagree with R19 – specifically – if positive net present value takes several AMPs to achieve – why keep the possibilities under periodic review? With a 5 year time horizon this restricts the WCs thought and evaluation process. We know that we have lowest WLC equipment that takes years for the efficiency to play out – we have an example where our dewatering equipment saved £100k's per year in operating costs – and a significantly lower NPV over 20 years. And yet we were also told that unless it had the lowest capital cost it would not receive the go ahead. In this case there were a set of circumstances that ensured that we were cheaper from a capital cost perspective – and the scheme went ahead – but we have not sold any more.

At a wider level the periodic 5 year spend cycle does a lot of damage at a structural level in the industry with companies like ourselves. Review driven volatility in turnover leads to inefficiencies and skills retention problems. (These were highlighted in the Grey Report on Ofwat and the HM Treasury paper – Smoothing Cycles in the Water Sector some years ago). I was actively involved with British Water in demonstrating the cost and damage the regulatory cycle had on the industry at that time - and during that process I came to understand the Water Company procurement habits and behaviours are directly linked to how they are regulated. Frustrating but true.

We believe that 5 year periodic reviews are the wrong way to run the capital supply element of water, wastewater and sludge assets. We know from other initiatives that span AMPs that it causes blockage to innovation and can prohibit the uptake of new ideas.

We also note that Jacobs considered whether a change in boundaries between the Bioresources/Network+ interface should be considered. From a supplier perspective in preparing our offer we need to be sure where our target is. Clarity of the interface is necessary to ensure the supply chain can focus effort in the right direction and engage with the right team. It is a big area with cost and carbon implications and clarity would be useful.

Do you agree with, or have any comments regarding, the proposals and views we set out in this document?

Yes – we agree that sludge should be regarded as a resource and focussing on it will reduce carbon and cost to the WC and consumer.

As a tier 2 providing a technical solution to a problem, a lot of the content is focussed at water companies and their regulation. We try to understand enough to see what is likely to affect us and set ourselves up to respond. There is a lot of data, for us to provide value we will need interpretation and strategy explanations to frame our offer to deliver value.