



A Welsh Perspective on Water Resources

Presentation to RAPID working group 2:
Pricing and Incentives Working Group



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WELSH WATER EXPORTS – A SENSITIVE ISSUE

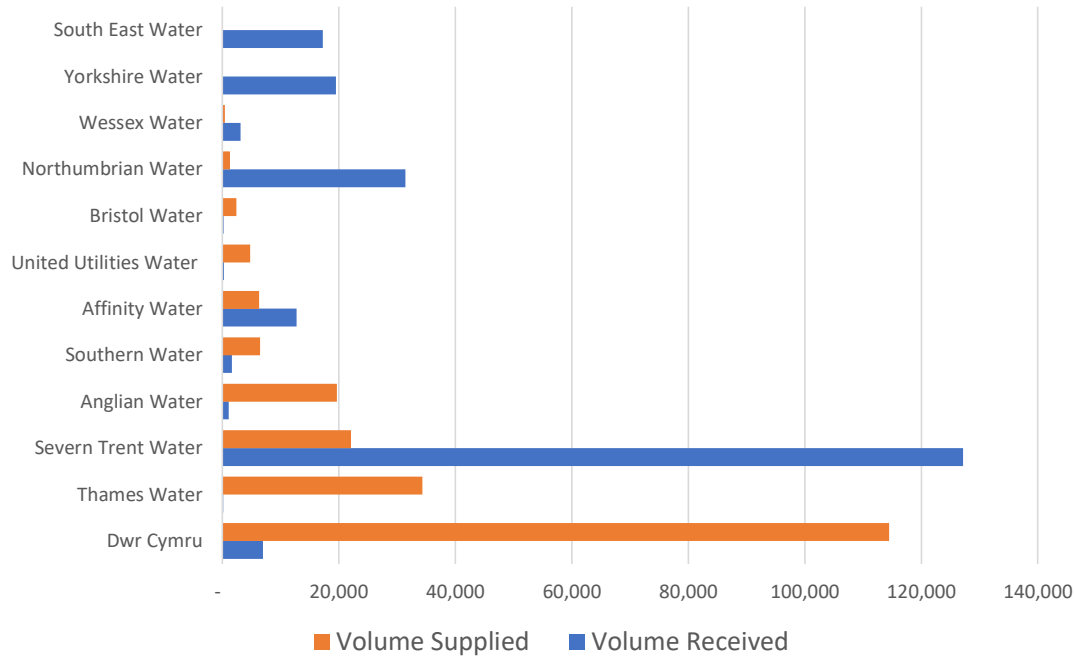


- 1967 the Snowdonia village of Capel Celyn was flooded by the new Tryweryn reservoir, to supply water to Liverpool
- 'Cofiwch Dryweryn' (Remember Tryweryn) became a rallying cry for Welsh nationalists
- Not just a historical issue, there has been a recent increase in Cofiwch Dryweryn signs around Wales
- Significant media attention
- Welsh independence movement – significant growth in support
- Water exports at the right price seen as generating vital revenues for Wales



DŴR CYMRU - CONTEXT

Water exports, England and Wales, 2018-19



Dŵr Cymru is the largest exporter of water in the UK by some margin, these trades are dominated by the export from Elan Valley to Severn Trent at a price significantly less than the price paid by Welsh Water customers.

Dŵr Cymru Bulk Supply Exports 2019/20

	m3 pa	£/m3	£m
Severn Trent - Elan Valley	104,677,000	0.07	7.380
2 nd largest trade	4,650,720	0.25	1.174
Other	82,306	1.06	0.086





WELSH GOVERNMENT POSITION

Wales Water Strategy: recognises that Welsh water resources may be required to support future needs in England but is otherwise silent on the matter.

In its response to Ofwat's Water 2020 Consultation (2016) Welsh Government said:

“Water companies in Wales should only agree to water trading supplies where they can demonstrate that it would not be detrimental to their customers or to the ecosystem of the catchment area from where it is taken.”

and

“Where a water company's preferred solution to meet demand includes an option to transfer water from a water resource zone of a water company which is wholly or mainly in Wales, it should provide opportunity for Welsh Ministers to give representations on its water resources management plan.”



GLAS BOARD POSITION

“Dŵr Cymru recognises the serious water resource challenges faced by many regions of the UK from climate change and population growth, and will explore ways in which it could contribute to possible solutions, provided that:

- *there is no compromise to the security of water supply to its customers both today and in the future;*
- *there are no adverse impacts on the environment and communities in our area;*
- *any water provided by Dŵr Cymru generates appropriate economic value for our customers and for Wales; and*
- *the reopening of the Elan Valley agreement is a pre-requisite to any new trades.”*

Pricing is a key issue and should reflect the market value of water



WATER RESOURCE POSITION – NOT JUST A TRADING ISSUE

Implications of WRMP24

- Improve water resource resilience to severe drought using revised statistical data
- Plan for at least a resilience of 1 in 500 droughts for WRZs affected by ‘new’ potential water trading to England (and met by time scheme is implemented).
- Use of updated ‘high’ scenario climate change impact evidence
- Reduce our impact on the environment
- ‘Best value’ to take into account asset resilience, water quality challenges, environmental impact, natural capitals

These factors are likely to put 3-4 additional zones into water resource deficit in the medium term (AMP8-10) dependent upon policy decisions.





RESILIENCE BENEFITS FROM TRANSFER OPTIONS SEWCUS (SOUTH EAST WALES CONJUNCTIVE USE SYSTEM)

