

PR24 outcomes working group
**Storm overflows performance commitment
definition at PR24**

4 April 2023



Outline for today

1. Context
2. Unmonitored storm overflows
3. Emergency overflows
4. Timeline



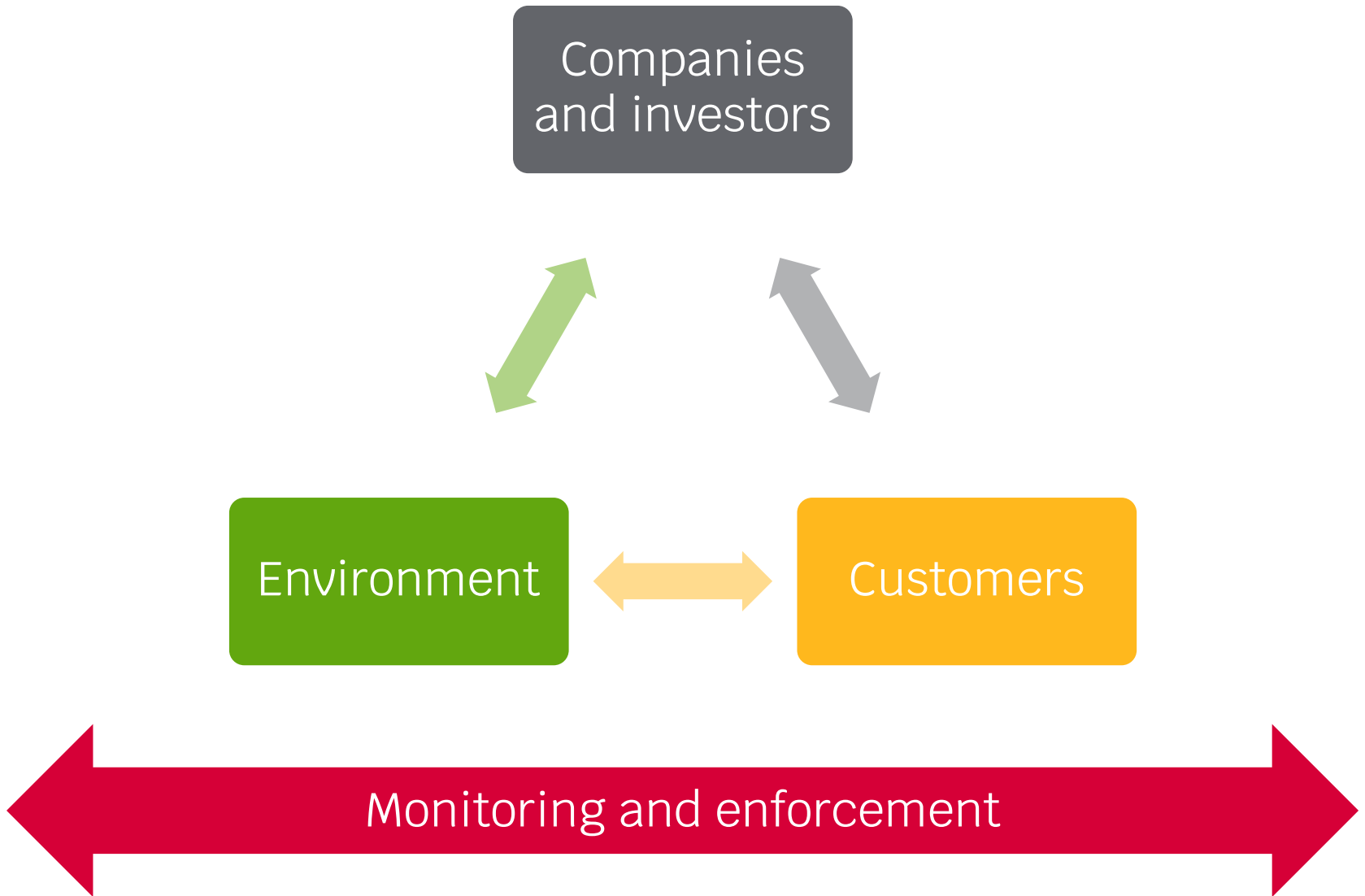
1. Context

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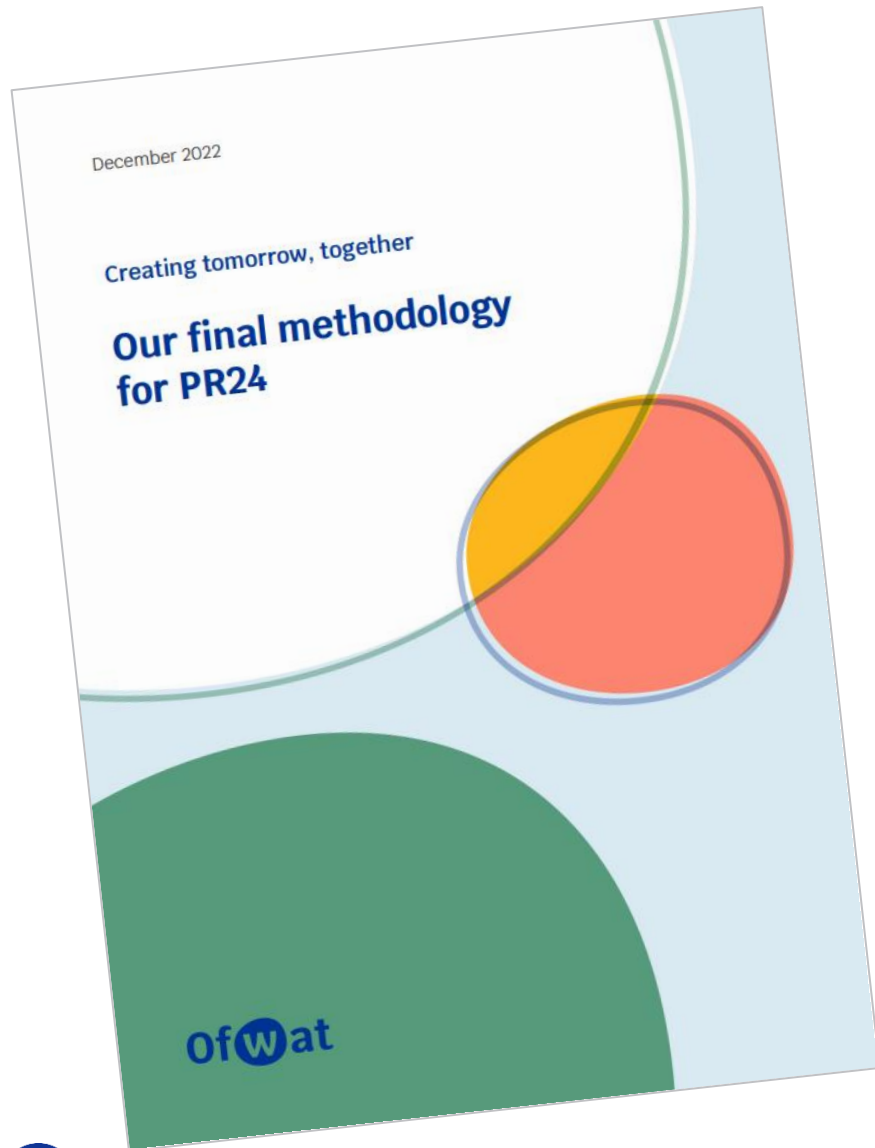
Customers expect better environmental outcomes



Using our framework to align interests and improve outcomes



2024 price review (PR24)



New and standardised environmental performance commitments relating to river health, such as:

- Serious pollution incidents
- Total pollution incidents
- Bathing water quality
- River water quality (phosphorus)
- Storm overflows
- Discharge permit compliance

With **stretching but achievable targets** and **strong incentives** to deliver.



2. Unmonitored storm overflows

Our proposed definition for PR24

In December 2022, we **proposed to define** the storm overflows performance commitment as:

$$\frac{\textit{Number of spills}}{\textit{Number of storm overflows}}$$

But because **not all companies have installed ‘event duration monitors’** on every storm overflow (we expect full coverage by December 2023) or **monitors may break**, we included the following clause:

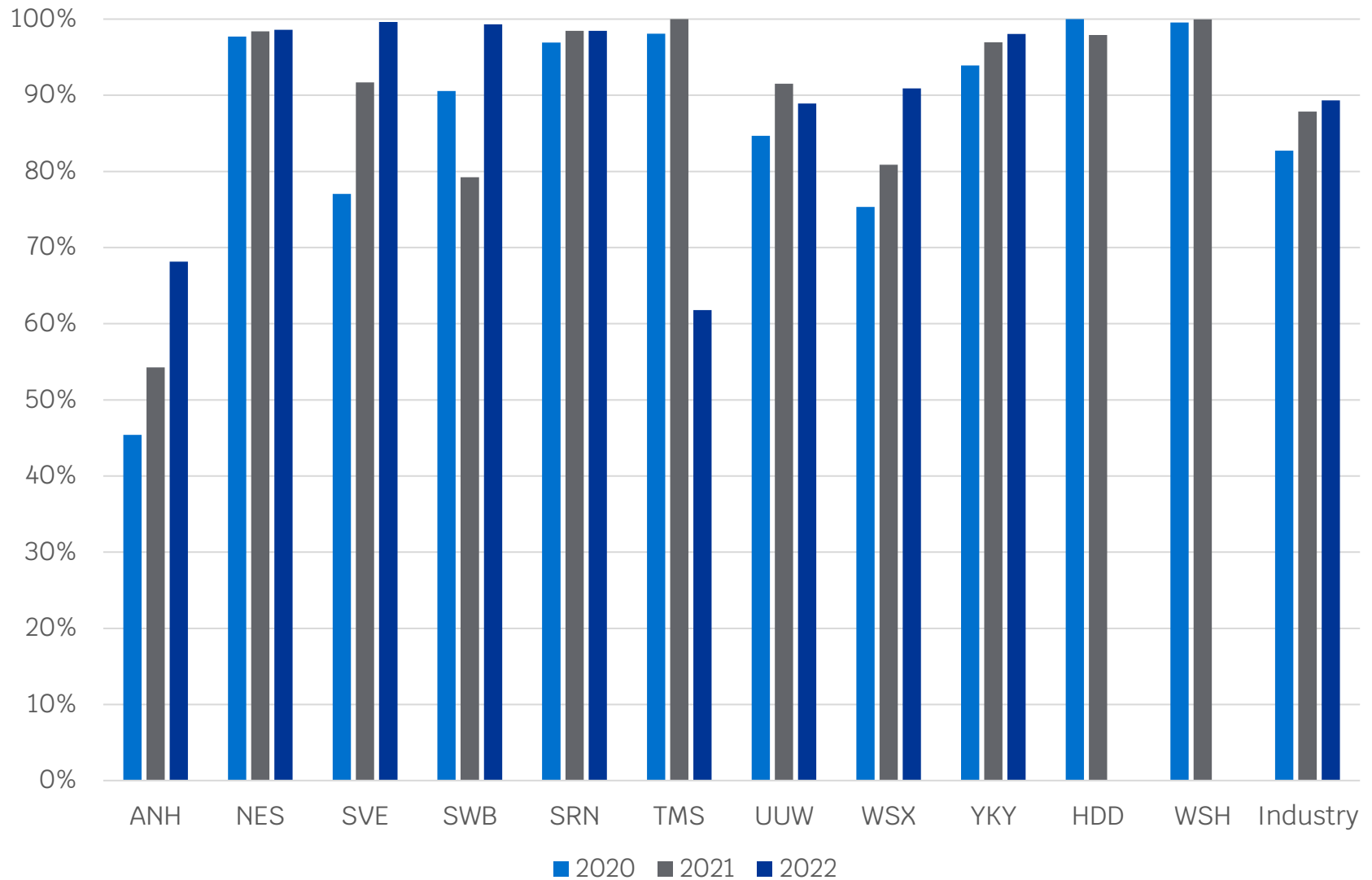
“The company shall not benefit either because it has not installed event duration monitors (EDM) or because monitors are not working.”

See: <https://www.ofwat.gov.uk/publication/storm-overflows-pc-definition/>

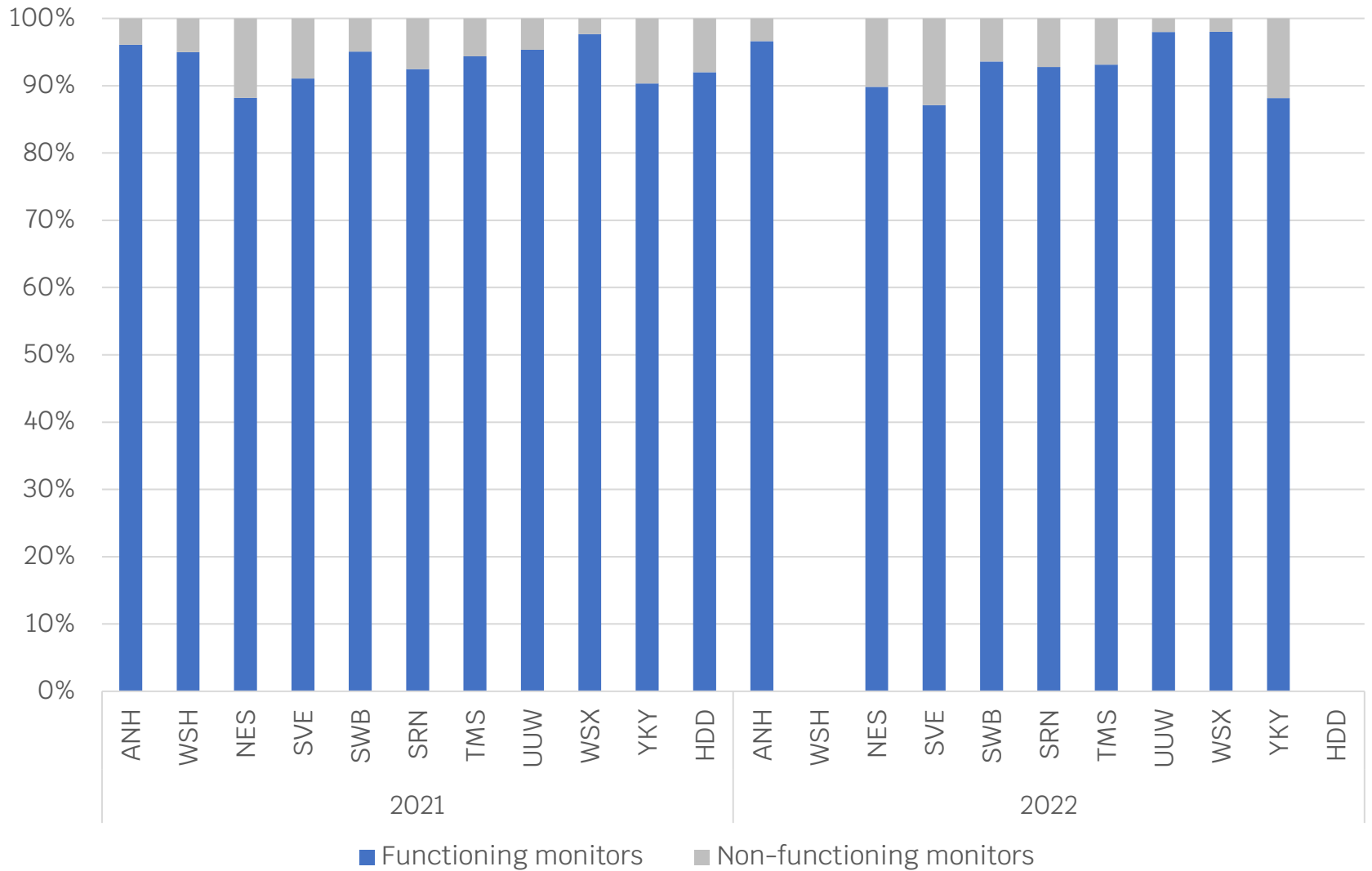
In response to our consultation, one stakeholder requested greater clarity on how this would operate. **We consider there is merit in providing that clarity within the performance commitment definition.**



We see that not all companies have installed monitors...



... and they only worked around 92% of the time in 2022



Options we are considering – what do you think?

1. No change – assume monitors will be installed on every overflow and they will work all of the time. If not, rely on tools outside of the price review.

2. 'Back fill' unmonitored storm overflows with an assumed level of spills (including for partial year data), such as:

- a. average spills of a company's monitored overflows
- b. a fixed amount (eg 50 or 100 spills)
- c. dynamic number of spills (eg the number of spills for a company's worst spilling overflow)

3. Fixed payments for each unmonitored overflow, which could be through:

- a. a separate performance commitment; or
- b. an end of period adjustment.

Do you have any views on which option we should take? And what impact is this likely to have on:

- **incentives on companies to install and maintain their monitors;**
- **reported and forecast performance levels; and**
- **customer and stakeholders' expectations?**

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3. Emergency overflows

Background to emergency overflows

There are currently over **15,000 storm overflows** in England and Wales.

In addition, companies reported **4,000+ 'emergency' overflows** in their 2021-22 annual performance reports.

Compared to storm overflows, limited data suggests substantially lower average spills from these emergency overflows. But they have very low monitoring and are not expected to be fully monitored until 2030.

Like storm overflows, there may be risks to the environment.



Options for PR24

1. Include emergency overflows within the storm overflows performance commitment at PR24.

This may reduce the reported average, and may overlap with the pollution incidents performance commitment.

2. Exclude emergency overflows from the storm overflows performance commitment (unless they are reclassified as storm overflows).

We would rely on the pollution incidents performance commitment to capture high-impact spills and we could also introduce new reporting of spills from emergency overflows into the annual performance reports.

Do you have any views on our approach to emergency overflows at PR24?

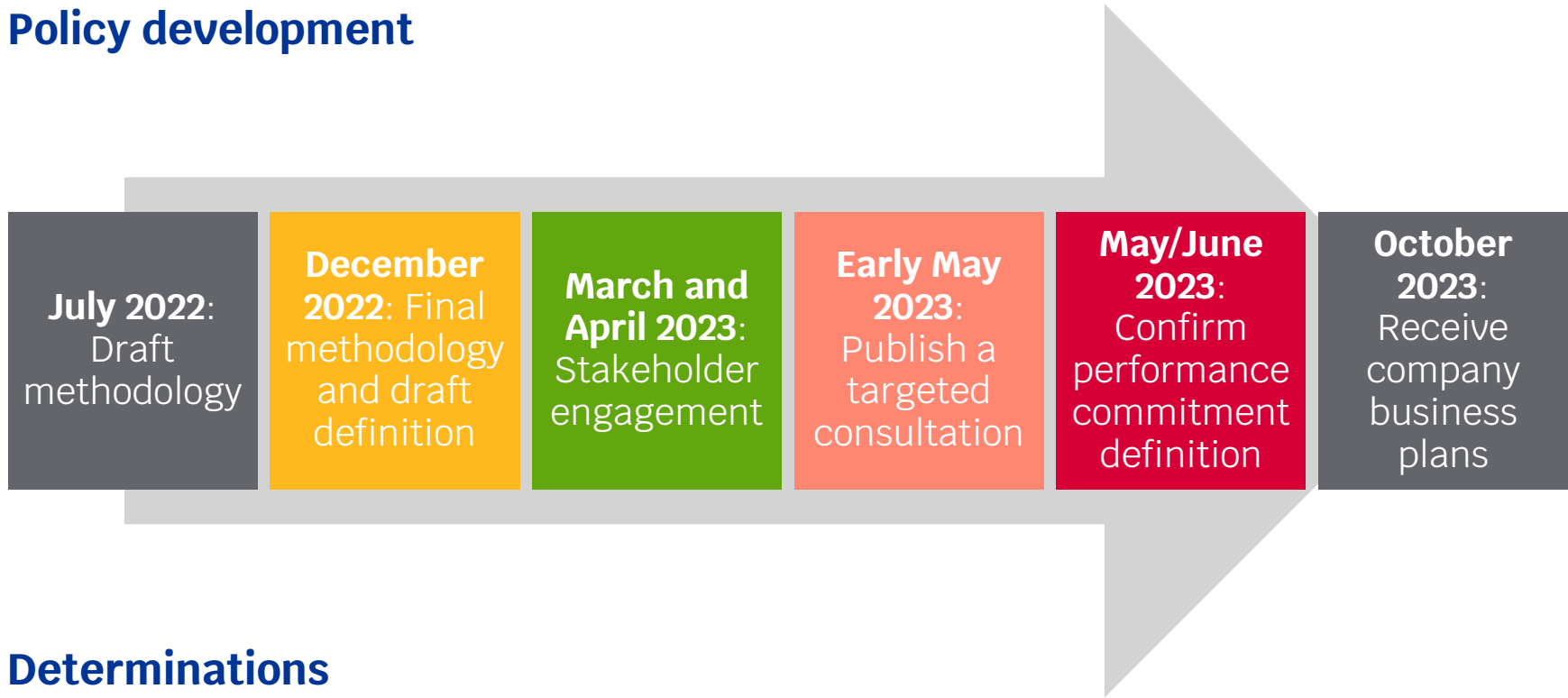


4. Timeline

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Timeline

Policy development



Determinations

