

# Updating the storm overflows performance commitment definition for PR24

Severn Trent Water response

23 May 2023

WONDERFUL ON TAP



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23 May 2023

Dear ██████████,

**Updating the storm overflows performance commitment definition for PR24**

I welcome the opportunity to respond to Ofwat's consultation on updating the storm overflows performance commitment (PC) definition for PR24.

Here are Severn Trent's answers to your consultation questions:

**Q1: Do you agree with our proposals to set a performance commitment based on average spills, with financial consequences for companies that do not meet their targets?**

We support Ofwat's focus on reducing storm overflow activations, which are an issue of major concern to our stakeholders. In March 2022 we launched our sector-leading Get River Positive Plan, with Anglian Water, underpinned by five pledges to transform river water quality across our regions. Our first pledge is to ensure storm overflows and sewage treatment works do not harm rivers by: (1) ensuring our operations will not be the reason for unhealthy rivers by 2030 based on Environment Agency measures<sup>1</sup>; and (2) reducing the use of storm overflows to an average of 20 activations per year by 2025. Our pledge on storm overflows was welcomed by government and our regulators with Ofwat subsequently adopting 20 activations as its expectation for performance in 2025.

We support Ofwat measuring the storm overflows PC by the average number of activations per storm overflow each year. This is an easy-to-understand metric for stakeholders, that allows for comparisons between companies and it aligns with the metric Defra uses in its Environmental Improvement Plan<sup>2</sup>. We also support that the storm overflows PC includes all activations and uses the Environment Agency's "12/24" method<sup>3</sup> for counting activations to create consistency between the metrics we report to different regulators.

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<sup>1</sup> In particular, the EA's RNAGS (Reasons for Not Achieving Good Status).

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/113396/7/environmental-improvement-plan-2023.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/113396/7/environmental-improvement-plan-2023.pdf)

<sup>3</sup> <https://www.gov.uk/government/publications/water-companies-environmental-permits-for-storm-overflows-and-emergency-overflows/water-companies-environmental-permits-for-storm-overflows-and-emergency-overflows#counting-spills>

**Q2: Do you agree with our proposed approach to unmonitored storm overflows?**

We welcome the unmonitored storm overflows adjustment of assuming 50 activations per year as a pragmatic solution to encourage more Event Duration Monitors (EDMs) to be installed.

For EDMs that operate less than 100% of the time, we suggest a modification to your approach to align with the Environment Agency's target on operability for EDMs, which is 90%. We propose that Ofwat uses a pro-rated assumption of 50 activations per year only for operability levels below 90% i.e. if a storm overflow EDM is operable for 80% of the time, the additional number of activations would be  $(90\% - 80\%) \times 50 = 5$  additional activations. We consider our suggestion provides greater consistency between economic and environmental regulation and improves clarity for stakeholders by aligning the unmonitored storm overflows adjustment with the EA's operability targets.

We also suggest that Ofwat allows companies to use data from connected monitoring systems in the storm overflows PC, for example, cameras and connected site telemetry data, which currently provide robust evidence to verify EDM data, design storm overflow improvements and share data with stakeholders. This will provide a more accurate and comprehensive view of the operation of storm overflows for stakeholders and customers. Allowing this data to be used in the PC will also give companies an incentive to have appropriate back-up monitors on storm overflows to capture data when an EDM is not operable so that the sector builds a more complete picture of storm overflow asset performance.

We agree that for transparency Ofwat should disaggregate reporting of actual data and adjustments made to the data.

**Q3: Do you agree with our proposed approach to mid-period changes?**

We welcome that Ofwat will allow storm overflows closed in 2025-30 to remain in the denominator to avoid creating a disincentive for companies to close storm overflows.

We support Ofwat's statement that "all storm overflows and associated spills are to be included". Companies are continuing to identify storm overflows that are not currently in their reported figures. Where an unreported storm overflow has more activations per year than the company average a company has a disincentive to report and monitor the storm overflow. Therefore, because this a new PC, we think Ofwat has role in monitoring how companies identify storm overflows for inclusion in it.

**Q4: Do you agree with our proposed approach to emergency overflows?**

We support excluding emergency overflows from the storm overflows PC because, as Ofwat says, they activate very infrequently and those few activations should be covered by the pollution incidents PC.

**Q5: Do you have any further comments on this performance commitment?**

We suggest Ofwat does not apply an outperformance payment cap to the storm overflows ODI at PR24. In the final PR24 methodology<sup>4</sup> Ofwat proposes to apply caps and collars to ten ODIs in 2025-30, including storm overflows. Given the strong stakeholder support for reducing the number of storm overflows activations, we suggest removing the cap on the storm overflows ODI to encourage as much reduction as possible in the use of storm overflows in AMP8.

Yours sincerely,



Shane Anderson  
**Director of Strategy and Regulation**  
**Severn Trent Water**

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<sup>4</sup> Pages 62-63 of [https://www.ofwat.gov.uk/wp-content/uploads/2022/12/PR24\\_final\\_methodology\\_Appendix\\_8\\_Outcome\\_delivery\\_incentives.pdf](https://www.ofwat.gov.uk/wp-content/uploads/2022/12/PR24_final_methodology_Appendix_8_Outcome_delivery_incentives.pdf)