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23 May 2023

Response to consultation on updating the storm overflows performance commitment definition for the 2024 price review (PR24)

Dear Ofwat,

We welcome the opportunity to respond to Ofwat's consultation on proposals regarding the Storm Overflow common Performance Commitment (PC) for PR24/AMP8.

We have set out below our main points for consideration and have provided detailed responses to the discussion paper questions in the attached Appendix 1.

Proposals to set a performance commitment based on average spills

We are committed to reducing spills from overflows and improving the health of Yorkshire's watercourses and seas. Therefore, we are broadly supportive of the proposals for this PC.

However, we have some questions around the setting of the targets. How will company specific factors be taken into account, including: historic and current performance; historic funding; the existing inherited asset base including number of overflows, geographic locations of these overflows in relation to rainfall, combined sewers draining to each overflow etc.

We note that performance against this PC is likely to fluctuate widely year to year due to weather variations and propose a possible normalisation mechanism to resolve this.

Proposed approach to unmonitored storm overflows

We agree that an approach is needed to manage unmonitored overflows and that this needs be set at a level which incentivises companies to install monitors, maintain them and ensure data is available and accurate.

With the practical difficulties maintaining availability it is unreasonable to expect 100% monitoring availability and accuracy from individual monitors. Previous funding for EDM monitoring was assessed to be efficient by using existing monitors or new monitors with only an aspiration of 90% availability.

We have addressed some similar queries in our response to Defra in the consultation on Continuous Water Quality Monitoring and Event Duration Monitoring. We have attached the relevant excerpts from this consultation at the end of this letter in Appendix 2.

Proposed approach to mid-period changes

We agree with the proposed approach subject to clarification on the definition of overflows.

Proposed approach to emergency overflows

We agree in principle that emergency overflows should remain separate from storm overflows.

Further comments on this performance commitment

We would like some further clarity on the PC definition as there seems to be an inconsistency between OFWAT and the Environment Agency (EA); namely the Ofwat definition being related to overflow structures, whereas the EDM installed as a permit requirement relates to discharges to the Environment (e.g. multiple overflows into a tank and then discharge from the tank to the environment).

We welcome Ofwat's ongoing engagement with the industry and stakeholders on the approach to storm overflow reporting in PR24.

Should you have any queries regarding any elements of our response, please come back to me.

Yours faithfully,

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Head of Regulation
Yorkshire Water

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Appendix 1. Detailed response to the core 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?

Yes, we agree in principle that this drives the right behaviours for companies. However, we believe that targets need to be company specific to reflect the current performance position, geographical factors, and other individual water company challenges.

Weather varies by region and so will have different impacts on each company. We note that the southern based companies, which have high populated areas on the coast, have previously had large bathing water investment. In the proposed methodology this situation is treated in the same way as a company with a large inland population, who have overflows to watercourses that previous environmental studies didn't classify as causing "harm" to the environment and therefore have not benefited from historic funding which has facilitated the 10 spills target (or three spills per bathing season in the case of bathing waters).

Other water company challenges (external factors outside our control) include: length of combined network as a factor - the greater the length of combined network, the greater impact rain has on performance (greater number of spills & longer durations); greater rainfall in areas with higher proportion of combined sewers etc.

This is an "each year" measure, – we need to understand the regulator and customer considerations for fluctuations due to weather such as excessively dry years or excessively wet years. Consideration should be given to how to normalise by an "average year" (e.g. catchment rainfall analysis for each overflow and then benchmark against this) or another possible mechanism to reduce volatility may be a 3-year rolling average, like the current leakage PC. In the absence of normalisation, the penalties and rewards should be symmetrical, so that as water companies are penalised for wet years, they will also have the benefit of dry years, both of which are outside of the company's control.

Overall, we agree with this method of reporting as we recognise that the proposed measure uses widely available information, which will give confidence in how it is reported. We do wonder if it would be possible to link this to a potentially better

measure which would include “no harm”, although we are aware that the data and processes are not yet available to make this work.

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

We agree with the principle of having an approach to manage unmonitored overflows; companies should be driven through this to make sure monitors are installed and providing accurate data. The adjustment needs to be set at a level which incentivises companies to install monitors and make data available.

We have considered the proposed unmonitored storm overflows adjustment calculation. We believe that the calculation will only work if the ‘Number of storm overflows’ in the initial calculation is the same as ‘C’ in the unmonitored adjustment calculation. In the adjustment calculation ‘C’ appears both in the denominator and the numerator which will give a value of 1 to multiply the unmonitored overflows by. This will give greater weight to monitors that have had any unmonitored periods than those with 100% availability.

$$USOA = \frac{(1 - A) * B * C}{C}$$

We are proposing a simplified adjustment:

Average % availability for overflows included in ‘Number of storm overflows’ *
Adjustment Factor

e.g. 20000/1000 + 0.1*50 = 10 + 5 = 25

Spill Count for year = 20000

Number of overflows = 1000

Availability = 90%

In this example 90% availability gives a 25% increase in spills.

With this approach there is a standard relationship between average availability and the penalty as shown in the table below.

% Availability	Penalty
80	10.0
90	5.0
95	2.5
98	1.0

There is an additional confusion, in the formula 'A' means two different things.

For MCERT equipment the standard for data availability is 90% of the year with no more than 14 consecutive days unavailable. A decision was made nationally not to install EDM to MCERTs standard on the basis that the additional cost to customers could not be justified. This meant that existing equipment was redesignated as EDM, and new equipment was not installed. As equipment reaches the end of its asset life, replacements will be more accurate and more reliable, but this replacement program will take several years.

The wide geographical distribution of monitors makes immediate response to individual failed monitors inefficient with maintenance personnel spending most of their time travelling rather than repairing equipment. It will be more efficient to fix monitors in a similar geographical area at the same time, but this does not necessarily lead to monitors being left inoperable for a period of time. Access is also an issue, monitors may be in roads where traffic management is needed, there may be health and safety risks, that require multiple person work teams.

We have a number of locations where it's not technically feasible to install monitors, we agree with the proposal to remove these from the measure.

For the reasons given above it is unrealistic to expect 100% availability and there needs to be an acceptable level of availability without penalty.

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

We agree in principle with the proposed approach, subject to clarification on the definition of overflows.

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

We agree in principle that discharge of sewage in an emergency should remain separate from discharges of storm sewage.

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

Definition of storm overflow – There appears to be an inconsistency between OFWAT and the Environment Agency (EA), with the OFWAT definition being related to

overflow structures whereas the EDM installed as a permit requirement relates to discharges to the Environment. Please can you clarify this.

The Environment Agency issue permits that allow the 'Discharge of storm sewage', the permits may contain requirements for storage and minimum flows passed forward and in some more complicated cases there may be a number of overflows that pass into common storm storage before a discharge can occur, but the permit is always for the discharge to the environment. The EDM monitoring requirement is for the discharges and not any related overflows. For annual APR reporting YW report in line with the EA definition.

The EA don't currently expect a storm permit if the overflow is not expected to spill in a 30-year design rainfall event, these overflows are not typically monitored. If these were included, then the unmonitored penalty would apply.

We propose the number of overflows should align with the annual EDM return water companies provide to the Environment Agency and publish on their websites.

Appendix 2. Excerpt of the response to Defra's Consultation on Continuous Water Quality Monitoring and Event Duration Monitoring

This consultation is being returned to Defra on the 23rd of May 2023 but contains two questions which may be relevant to this response, which we have attached for your information (section in italics below).

3. Part 1 – Event Duration Monitoring

3.1. Equipment Failure

Q.1. Are you content to allow for equipment failure, so long as sewerage undertakers are required to take all reasonable steps to address any failures as soon as possible?

Event Duration Monitors are often sited in exposed locations and operating within at times harsh environments. It would be unreasonable to expect such equipment to not suffer failures from time to time. We agree sewerage undertakers should take all reasonable steps to identify and address EDM equipment failures as soon as practicably possible, where safe to do so.

We believe it would be challenging and impractical to develop and set a sector-wide standardised resolution timeframe to remedy suspected equipment failures when a monitor ceases to report. Depending on the reasons for, and extent of, the failure multiple visits to an affected site may be required; for example where significant damage may have occurred due to vandalism or accidental damage, or the site is subject to flooding or other temporary access and work restrictions.

Undertakers must have processes and resources in place to take all reasonable steps to evaluate and address all equipment failures envisaged in a timely manner. Companies should also be expected to operate effective routine asset maintenance as relevant for the monitor type and installation arrangement. The level of adherence to a planned maintenance regime may be a consideration when assessing the level of EDM failure events across a company's portfolio.

3.2. Technical infeasibility

Q.2. Are you content near-real-time event duration monitor reporting will apply everywhere it is technically feasible?

Yes. There are however a relatively small number of locations where the monitors cannot be physically fitted or maintained with the appropriate telemetry to report within one hour.

Currently Yorkshire Water has identified a handful of target sites where it is not technically feasible to install EDM's, and these are due to there being no safe access to the location or that the design of the overflow is unusual and does not allow an EDM to be suitably installed and operate as required. We will continue to look for workable future solutions for this small number of sites.

We can provide Defra with more details of the specific barriers to EDM installation and operation at the relevant overflow locations in our region, if this helps it collate a set of exception characteristics for the sector.