Storm overflows consultation response- Dŵr Cymru (23/05/23)

As noted in previous consultation responses and discussions at the PR24 Forum, we do not believe that the proposed measure of average number of spills per CSO will achieve Ofwat's ambition of improving the sector's impact on rivers. Numbers and duration of spills are closely linked to weather conditions, which can vary widely across companies and from year to year. Further, the evidence that we have demonstrates that the number of spills is a very poor proxy for the impact of those spills. The current measure could therefore result in Ofwat rewarding companies when the weather is good, rather than for any genuine improvements in river water quality.

We consider there is a need to focus on the actual impact that CSOs are having on the environment, rather than simply the number of spills. We have therefore, with the backing of Welsh Government and Wales Better River Quality Taskforce, submitted a bespoke measure for improving CSOs based upon their ecological impact. This alternative measure may not be viable for all companies, but we consider that it is appropriate for Welsh Water as we are more advanced with the assessment of ecological harm connected to CSOs than other companies.

While we have set out our response to the proposed definition on a storm overflows performance commitment below, it remains our position that a measure focussed on harm provides the strongest incentives for companies to make environmentally efficient investment decisions.

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?

Without prejudice to our position on the measure itself, stated above, we note the proposed change to the spills 'count' to adjust for the duration of the spill. This is an improvement to the measure which helps to better reflect the realities of how they are operating. However, it should be recognised that a 48 hour spill may cause no more harm to the receiving water body than a 24 hour spill, if heavy rainfall is continuing over that period and the receiving water body is in spate. It would make no difference to the ecological impact of the spill for a company to reduce a 48-hour spill to a 24-hour spill in these circumstances. Again, this demonstrates that using a spill count measure may lead to environmentally inefficient investment decisions. Further, the change would be likely to amplify the variability in the measure due to variations in the weather from year to year, which makes it difficult to set appropriate targets and incentives for companies.

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

We agree that it is appropriate to make some assumption about unmonitored overflows so that they do not distort incentives for companies. The proposed assumption over 50 spills on an annual basis seems reasonable. We would just note that, in our case,

overflows are sometimes "unmonitored" for short periods in that they can temporarily lose their data connections, but the reporting of spills is "caught up" when the spill data is uploaded when the connection is re-established. The definition should be set up in such a way as to allow for this possibility, so that it only applies to periods where spill data is not captured.

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

We agree with the proposals to allow for the possibility that new CSOs may be identified, and that CSOs may be decommissioned, so as to not distort incentives for companies.

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

We agree that it is appropriate to report on emergency overflows separately from CSOs. We would note, however, that the classifications EOs and CSOs are not perfect, with some historic EOs now operating as CSOs due to environmental changes. If the classifications are based on permits, this may not perfectly capture the realities of how overflows are operating in all cases. A pragmatic approach is needed to handle the borderline cases.

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

None