

# OFWAT Consultation on environmental incentives to support sustainable new homes

Response submitted by email 1 August 2023 to: [charging@ofwat.gov.uk](mailto:charging@ofwat.gov.uk).

Consultation link: - <https://www.ofwat.gov.uk/consultation/consultation-on-environmental-incentives-to-support-sustainable-new-homes/>

## Consultation questions

### 1. Introduction

No comment

### 2. Motivation and background

Q1 Do you agree with our proposed aim for environmental incentives?

Water Regs UK supports water companies who are the enforcers of the Water Supply (Water Fittings) Regulations and Byelaws in Scotland (hereafter the water fittings regulations). Water Regs UK is a subscription company working closely with 26 water companies (subscribers) across the UK. Our work supports water company targets to safeguard drinking water quality, reduce leakage, encourage water efficiency, support compliance including developers making new connections and deliver excellent customer service. Our comments are based on supporting water companies in this specific field of work. We therefore support incentives which can be shown to promote efficient use of water whilst complying with the water fittings regulations.

Q2 Do you have any comments on the characteristics of good environmental incentives?

We would urge caution to any approach that causes unintended consequences of cutting across other policy objectives such as carbon reduction and Net Zero Carbon. Rainwater harvesting can increase a developments overall carbon footprint when embedded carbon is factored in.

Your proposed characteristic for 'Trust and Confidence' should also acknowledge that new homes should be safe e.g. water efficient measures do not pose a public health risk.

Environmental incentives should only be provided where installations are lawful.

- The fittings being selected must have passed the appropriate conformity tests and suitable for the circumstances used.
- There is a significant regulatory barrier to water re-use for flushing toilets as local authorities using risk assessment could be inconsistent. Unfortunately there is insufficient evidence to set a regulatory standard.

Building regulations permit water greywater and rainwater use, but appropriate treatment is not defined. *'Greywater is domestic wastewater excluding faecal matter and urine. When appropriately treated this may replace the use of wholesome water in WCs, urinals, irrigation or washing machines.'* ...*'Harvested rainwater means rainwater harvested from roofs or other suitable surfaces and collected and stored. When*

*appropriately treated, this may replace the use of wholesome water in WCs, urinals, irrigation or washing machines.'*

Although the Water Industry Act does not appear to explicitly require private water supplies to be wholesome (unlike public supplies), local authorities must enforce where supplies are a potential (or actual) danger to human health. The risk from toilet flushing is from aerosol transfer of faecal material. Where a supply is unwholesome, but not a danger to human health the local authority has discretionary powers to enforce and require appropriate risk mitigation on a case-by-case basis.

The DWI recognise that the standard of treatment for water flushing may not need to be of the same quality as that for other domestic purposes, provided it is used solely for toilet flushing. However, there is insufficient evidence to establish an appropriate regulatory standard. A 2016 DWI research project concluded '*there was no consensus on either a definition of wholesomeness or appropriate guidelines or standards for water sourced naturally and used solely for toilet flushing with further preparation or treatment. There is also a lack of basic research on the risks to human health associated with the use of non-drinking water for toilet flushing.*' Consequently local authorities can complete a site-specific risk assessment for toilet flushing and make judgements. However, local authorities do not complete risk assessments for all premises. Untenanted single supply dwellings are only risk assessed upon an owner's request. Whilst other premises should be risk assessed the DWI's Drinking Water 2022 – Private water supplies report for England highlighted that 28.8% have not been risk assessed and a further 32.8% of premises had exceeded the requirement for a five yearly assessment.

A further complication is that public water supplies and water supplied by water undertakers must be wholesome. Water companies have a duty under section 68 of the Water Industry Act to supply wholesome water for domestic or food production purposes and this includes sanitation and therefore toilet flushing in the definition in section 218. Water companies do not appear to have the right to provide unwholesome water that is not a potential danger to health for the purposes of toilet flushing. This may have implications for water companies who may be willing to own and operate community water re-use systems. We note the DWI has recommended a review of the Water Supply (Water Quality) Regulations 2016. This review has our full support.

Environmental incentives should not be in conflict with relevant existing regulatory requirements.

Environmental incentives should deliver measurable reductions in water use. There should be checks that incentives are delivering to prevent payments for solutions that do not deliver and allow lessons learned to be incorporated into future incentives.

- Developers can install different fixtures and fittings to those claimed or these can be changes by owners later. There should be checks on what has been installed.
- There have been examples of rainwater harvesting systems that were built but never commissioned or used as they were rejected by new owners.
- Ofwat consultation includes evidence that the water calculator has not delivered the expected reductions in per capital consumption.

Environmental incentives must include safeguards to prevent contamination of drinking water supplies. For example appropriate safeguards may include:

- Require schematics and maintenance plans to be provided to the person accountable for the water system in a premises.

- Require installation and maintenance by competent person.
- Installers and maintainers should be suitably qualified and registered.
- Identify the person/role accountable for the water system in a premises.
- Require operational and maintenance plans to be handed over when premises changes ownership.

Q3 Do you have any comments on the extent to which any environmental incentives could or should be adapted for implementation in Wales?

No comment

### 3. Progress on household water efficiency and industry intelligence

Q4 Do you have any comments on the case studies outlined?

No comment

### 4. Common framework for environmental incentives

Q5 Do you have any comments on our proposed standardised incentive tiers?

In the proposed tiers,

We only support a tiered approach if it will permit water neutrality incentives when water re-use solutions are unsuitable. There are lower public health risks with water neutrality and a water fittings approach.

**Water Fittings Approach:** We support this approach as it is about the physical fittings that are installed rather than predicting specific outcomes that are reliant on human behaviour which cannot be influenced by installers or home builders. The fittings being selected must have passed the appropriate conformity tests and suitable for the circumstances used.

We think the water fittings approach should incorporate the benefits of delayed action fill valves or the WC conformity tests should be amended to require these.

We agree that water fittings installed should meet consumer expectations on performance so that they will not be replaced.

**Sustainable Drainage Systems (SUDS):** No proposed comment

**Rainwater and Greywater systems:** We have some reservation in wide scale promotion of this approach as there are greater public health risks. This reservation is based on 2 factors, 1) The fluids in these systems should they get back into the drinking water system have the potential to cause serious health implications if they were to be consumed. 2) evidence from water companies show that the lack of knowledge about appropriate maintenance and compliance is a serious concern. The attached case study is provided to support our reservation. It shows that despite compliance with the water fittings regulations before they are connected to the network, within five years 70% of existing rainwater harvesting systems inspected, failed to comply with the water fittings regulations. A third of these failures were due to cross connections, often put in to deal with faulty pumps or blocked filters, changes made post installation.

We don't think water reuse is suitable in all circumstances and developers should not be encouraged to introduce them where there are not sufficient safeguards to protect public health. For example rainwater re-use in homes can be problematic. One water company found 70% of rainwater systems were non-compliant within 5 years of connection. These systems were all compliant at the time of connection.

Where water re-use solutions are used there must be safeguards to protect public health and evidence of safeguards provided by developers to access the incentive (see Q2).

It is recognised that water re-use systems pose greater public health risks due to the potential for cross contamination and other contraventions. Therefore, a greater level of enforcement will be required to monitor and inspect water re-use systems. This will place additional burdens on enforcement resources for water companies and local authorities. How will this additional work be appropriately funded to safeguard consumers from an increased public health risk?

**Water Neutrality:** We support this approach given the caveats given above.

**Bespoke incentive:** We support this approach given the caveats given above.

Q6 Do you have any comments on our proposal for a common methodology / technical standards to assess water efficiency?

We support the use of efficiency bands or grades, which are not linked to specific PCC/litres per person per day assumptions, for the reasons detailed in question 5; and these should be linked to the mandatory water efficiency labelling scheme, once it is available.

All fittings being selected for use must have passed the appropriate conformity tests and suitable for the circumstances being used.

Q7 Do you have any comments on the details of our proposal for companies to offer bespoke incentives?

No comment

Q8 Do you have any comments on the potential for reputational incentives?

No comment

Q9 We seek views on how the process for agreeing and paying environmental incentives might best be organised in practice, and whether this is consistent with existing developer services processes.

No comment

Q10 Do you have any comments on how high levels of compliance with the incentive technical standards might best be achieved?

Incentives should not drive behaviours that have a detrimental effect on the original aim.

## 5. Incentives and our regulatory framework

Q11 Do you have views on whether environmental incentives are best funded as an environmental component of the infrastructure charge or as a separate charge?

No comment

Q12 Do you have any comments on our proposal for guidance issued under the charging rules and how they are developed and maintained?

No comment

Q13 Do you have any comments on our approach for managing interactions with the regulatory framework?

No comment