



Waterwise  
344-354 Gray's Inn Road  
London  
WC1X 8BP  
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[PR19@ofwat.gov.uk](mailto:PR19@ofwat.gov.uk)

Dear Ofwat

### **Ofwat PR19 Draft Determinations - Waterwise Response**

Many thanks for your invitation to comment on the draft determinations for PR19.

Waterwise was founded in 2005 and is the leading authority on water efficiency in the UK. We are an independent, not for profit organisation, receiving funding from Supporters and Affiliates across and beyond the water sector. We want to see water used wisely, every day, everywhere and believe that greater water efficiency is fundamental to:

- **Securing future water supplies** in the face of population growth and climate change. As clearly set out in the [NIC 2018 report](#) and in Sir James Bevan's [recent speech](#) greater water efficiency has a crucial role in increasing resilience.
- **Reducing our energy use and carbon footprint.** Nearly 6% of our greenhouse gas emissions come from water company operations (1%) and from how we use water in the home (4-5%) [CIWEM \(2013\)](#)
- **Leaving more water in the environment.** For example, the water saved by reducing consumption to 100 lppd is equivalent to the combined summer flow in a third of UK rivers, including our iconic [chalk streams](#)
- **Freeing up water to allow future business growth.** In many catchments, particularly in south-east England there is no water left for business to abstract.
- **Reducing costs for the water sector and its customers.** Deferring the need for some large scale infrastructure schemes
- **Reducing bills for metered water customers,** including vulnerable customers.

The water sector, working with government, regulators and other parties has a crucial role to play in realising these benefits and we have three overarching points to make in response to the draft determinations as set out below.

1. **Ofwat’s challenge in the draft determinations to eight companies to go further on reducing PCC would realise around a 6% reduction across the sector in AMP7, compared to forecast PCC levels in 2019-20. Waterwise would very much like to see such a reduction in the next five years, but recognises that in some cases achieving it could also rely on factors outside the water companies’ control, such as government action on mandatory water labelling and minimum standards for water fittings in new and existing homes (see point 3).**

It is important that there is confidence within Ofwat and the water companies that any performance targets for AMP7 are stretching but achievable and that the delivery programmes to realise them are adequately funded.

**Table 1 Summary of Ofwat DD Challenge**

Company	Draft Determination (Litres per head per day (l/h/d), three year average)				April Submission		Sept Submission		Overall scale of change	
	2017-18 (actual)	2019-20 (forecast)	2024-25 (Post DD intervention)	% AMP7 reduction post DD intervention	2024-25 (April Submission)	% AMP7 reduction in April submission	2024-25 (Sept Submission)	% AMP7 reduction in Sept submission	Size of change in target from Sept to DD (pd)	% change in target from Sept to DD
AFW		151.6	132.6	12.5%	132.6	12.5%	133.0	12.3%	0.4	2.1%
ANH	136.7	136.2	128.6	5.6%	130.7	4.0%	130.7	4.0%	2.1	27.6%
BRL	146.3	142.0	133.1	6.3%	135.0	4.9%	136.4	3.9%	3.3	37.1%
NES		143.6	136.0	5.3%	136.0	5.3%	136.0	5.3%	0.0	0.0%
PRT	145.0	142.0	133.1	6.3%	135.0	4.9%	135.7	4.4%	2.6	29.4%
SES		143.9	136.2	5.3%	134.3	6.7%	136.2	5.3%	0.0	0.0%
SEW	154.0	149.7	137.7	8.0%	140.3	6.3%	140.3	6.3%	2.6	21.7%
SRN		130.4	121.0	7.2%	121.0	7.2%	121.0	7.2%	0.0	0.0%
SSC (South)	128.9	129.6	128.3	1.0%	128.3	1.0%	128.3	1.0%	0.0	0.0%
SSC (Camb)	139.1	143.7	134.6	6.3%	137.7	4.1%	137.7	4.1%	3.1	34.7%
SVE	134.6	133.3	128.6	3.5%	128.6	3.5%	128.6	3.5%	0.0	0.0%
SWB	135.2	137.2	128.7	6.2%	128.7	6.2%	128.7	6.2%	0.0	0.0%
TMS	146.0	142.0	133.1	6.3%	136.0	4.2%	136.0	4.2%	2.9	32.6%
UUW	141.3	141.3	133.9	5.2%	136.2	3.6%	137.1	3.0%	3.2	43.2%
WSH	144.0	145.0	135.9	6.3%	138.0	4.8%	139.0	4.1%	3.1	34.1%
WSX	129.2	129.0	127.9	0.9%	127.9	0.9%	127.9	0.9%	0.0	0.0%
YKY	133.0	137.1	120.2	12.3%	120.2	12.3%	120.2	12.3%	0.0	0.0%

The Environment Agency is currently developing its National Framework for Water Resources which will set out future national and regional expectations, including on demand management. In addition, Defra is currently consulting on a potential long term PCC target (see point 3) - calling for evidence on how it might be achieved, how quickly and on the policy measures that might need to support it building on the UK Water Efficiency Strategy. Both the above are due to report in late 2019, around the time of final determinations.

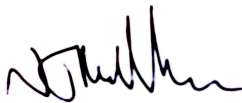
2. **We are concerned that cost efficiency challenges faced by some companies, combined with related management decisions, could result in scaling back of water efficiency programmes.** In particular there is a risk of reductions in levels of planned engagement with customers on personal water consumption and, related to this, in the roll-out of smart meters. Whilst we accept that the use of a PCC common outcome measure with rewards and penalties does negate this to some extent, we urge Ofwat to pay particular attention to any changes to these important public-facing programmes. Management decisions within companies will be crucial to the delivery of stretch PCC targets set by Ofwat, in the face of these efficiency challenges. For example, in some companies it may require a doubling in size of water efficiency and metering programmes.

3. **We urge Ofwat to respond to the current Defra personal use consultation.**

Delivering ambition on water efficiency and reducing personal use is not fully in the gift of the water companies, as highlighted in point 1 above. It relies on supportive policies from government on issues such as water labelling, water-efficient fittings, building regulations and smart metering. The evidence for this is clear and set out in the 'Pathways to long-term PCC reduction' project for Water UK. We therefore strongly urge Ofwat to respond to Defra's current consultation on these matters.

If you have any queries on our response please do get in touch.

Regards



Dr Nathan Richardson  
Policy and Projects Manager  
[nathan.richardson@waterwise.org.uk](mailto:nathan.richardson@waterwise.org.uk)