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Mumin Islam  
Affinity Water

**Date:** 10 October 2019

By email only: [Mumin.Islam@affinitywater.co.uk](mailto:Mumin.Islam@affinitywater.co.uk)

Dear Mumin,

**Affinity Water draft WRMP19: further information in support of your statement of response**

Thank you for submitting the statement of response (SoR) to Affinity Water's consultation on its water resources management plan. We have been reviewing the revised draft plan, SoR and advice from the Environment Agency prior to submitting the documents to the Secretary of State for a decision on next steps. However, before we can refer your plan to the Secretary of State for a decision we would like you to provide some further information in support of your plan. The information requested is enclosed.

The additional information should be sent to: [water.resources@defra.gov.uk](mailto:water.resources@defra.gov.uk); [water-company-plan@environment-agency.gov.uk](mailto:water-company-plan@environment-agency.gov.uk); [wrm@ofwat.gsi.gov.uk](mailto:wrm@ofwat.gsi.gov.uk)

Any further information will form part of your statement of response prepared under Regulation 4 of the Water Resources Management Plan Regulations 2007 and as such it should be published on the water company's website and a copy sent to those that made representations on the draft Plan. This is to enable stakeholders to understand, fully, the company's proposals and to ensure that all information informing the Secretary of State's decisions is in the public domain.

I would be grateful if you could let me have this further information as quickly as possible, but in any case no later than 6 December 2019.

I am copying this letter to Pauline Walsh, Paul Hickey at the Environment Agency and Colin Green at Ofwat.

Yours sincerely

**Sophie Broadfield**  
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## **Annex A – further information required from Affinity Water to support a decision on the Water Resources Management Plan**

### **Ensure the plan clearly sets out how the decision on strategic options will be made in time for 2022/2023 and your next WRMP can withstand scrutiny, such as through a public inquiry**

We support the adaptive plan approach and decision point, as uncertainty remains around your preferred strategic options.

You have committed to making the decision on your preferred strategic water resources option or options in 2022. It is essential that this decision is open for public scrutiny and consultation. This should be through your next WRMP which is planned for September 2022, or if the decision point needs to be earlier, you should consider this to be a material change to your WRMP19, which would trigger a new WRMP.

The Secretary of State may decide that your next plan should be subject to a public hearing or inquiry depending on the decisions made. If this is the case, you may not be directed to publish your final plan until 2023 or 2024, which may delay your strategic schemes. This may have implications for your security of supply and that of neighbouring companies. Your plan should set out the implications of a public hearing or inquiry on the implementation of your preferred plan and strategic options, and how you will mitigate them.

There is a considerable amount of work to be done by you and with other companies before this decision can be taken by 2022. This work should be completed as soon as possible to allow the decision to be made in time to maintain security of supply. The Environment Agency has expressed concerns about some of your technical methods, such as those used for demand forecasts, and the impacts of planned development on the options to be considered in the plan. Methods, assumptions and outputs should be able to withstand the high level of scrutiny experienced in a hearing or inquiry.

You and neighbouring companies must develop a clear and transparent process for the assessment and selection of strategic options to inform the decision point. This includes consistent and comparable forecasts with neighbouring companies for supply and demand, climate change, environmental impacts, option costs, and costs and benefits to customers and other users of water.

You should set out a timetable for this work to allow interested parties to know when the outputs of these projects will be available. The scopes should be shared with the regulators prior to commencement to allow them to comment.

Given the workload, uncertainty, potential for delay, and the associated risks, you should provide a published formal update to government and regulators every six months on the progress of your work. This is to ensure that the work is on track and that government, regulators and stakeholders are informed.

You should:

- commit to a formal series of updates (every 6 months) to government and regulators to ensure that you remain on track to make a decision in 2022/23 or as required;
- set out how a public hearing or inquiry would affect your timetable and delivery of strategic options and how you would manage this;

- set out a timetable for this work to allow interested parties to know when the outputs of these projects will be available. This should be aligned with work being undertaken by Thames Water and neighbouring companies; and
- revise the technical methods, particularly related to demand forecasts in time for the decision point in 2022/23.

### **Ensure that the plan shows how Affinity Water will lead the way in protecting the environment particularly relating to chalk streams**

The Environment Agency has asked you to be more ambitious with protection of the environment by proactively reducing abstraction to enhance local chalk streams. There is considerable public interest and pressure to resolve the damage to chalk streams caused by abstraction. We expect you to rise to this challenge and show that you can make the improvements required. We expect you to show ambition and leadership and not wait to be told which abstraction should be reduced by the Environment Agency.

In your revised plan you have tested the impact of an additional 40 MI/d of sustainability reductions on your supply-demand balance as a scenario. The sustainability reductions requirement could be much greater, but this is not considered in your plan. There is also no testing of the implications of higher growth for greater London and additional sustainability reductions in combination.

Under the current scenarios, your plans shows you will continue to rely on drought permits from groundwater sources to maintain resilience to a 1:200 year drought until 2024. After this date, the planned increase in transfers from Grafham Water can be used instead. If growth and/or sustainability reductions are greater than planned, you will have to rely on drought permits until 2032, even if the Grand Union Canal transfer scheme is accelerated.

There is a significant risk to the environment if sources previously subject to closure or reduction to protect the environment are re-used, or abstraction is increased. It is important that your plan clearly sets out how you will stop abstracting from sources that could damage the environment as soon as possible. We expect you to use available methods to reduce demand, such as temporary use bans, reducing leakage and minimising outage before you apply for drought permits. We also expect you to progress your planned supply schemes as quickly as possible, including the increases to the Grafham transfer and to report on progress in updates every 6 months.

The Environment Agency raised concerns over the additional demand for water from the High Speed 2 (HS2) rail project in its representation. You have stated that the demand is temporary and is dealt with outside of the WRMP and funded by HS2. The current estimate of demand is up to 4.9 MI/d. There is also a risk that up to a further 10 MI/d of supply is at risk at your Misbourne and Blackford sources as a result of the scheme. This could mean a combined impact of about 15 MI/d on your supply-demand balance. You should include a scenario in your final plan to test the implication of this additional demand, and set out how you will maintain security of supply and ensure that the environment is not placed at additional risk.

Ofwat has reduced your leakage target for 2024/25 by 3% in its draft determination. You report that this means that your leakage would be just over 135 MI/d rather than the 132.2 MI/d for 2024/25. You also report that you would use drought permits and orders to make up the difference until the Grafham Water transfer is available in 2024/25. We expect you to strive to meet the more challenging target in your plan and be rewarded by Ofwat, and to limit your use of environmentally damaging chalk groundwater abstractions.

You should:

- show leadership and commit to ambitious voluntary changes to your licences to improve the environment as soon as possible and develop a plan to stop or reduce abstractions which impact chalk streams and other sensitive sites;
- continue to work with the Environment Agency to improve the environmental assessment for sites subject to sustainability reductions and use this information to inform your voluntary reductions to abstraction;
- show how you will maintain security of supply and protect the environment under higher growth scenarios for greater London in combination, with the additional sustainability change requirements;
- include a scenario to show how you will meet the demand for HS2 and ensure that this does not place additional pressure on the environment;
- confirm your ambition for leakage reduction and show how you will limit the use of abstraction from damaging groundwater sources; and
- for the decision point in 2022/23, test a range of additional sustainability reductions to ensure that the demand management and strategic resource development options can remove or limit the reliance on environmentally damaging abstractions.

**Ensure the plan fully aligns with those of other companies involved with the strategic options and will contain the information to support the decision in 2022/2023**

You have improved the alignment between your plan and Thames Water's plan but we have noted some inconsistencies. It is imperative that your plans are aligned.

Thames Water's plan shows a transfer to you of 100 MI/d as soon as the reservoir comes on-line in 2037, whereas your plan shows you will need 50 MI/d in 2038, then a further 50 MI/d in 2054, under the 'challenging future' scenario. This would be followed by an additional requirement from a strategic option in 2066. The differences in quantities required could affect the choice of preferred options. The differences may be caused by the times that the plans were written but your plans must be completely aligned.

There are also inconsistencies with how you have presented the costs of the South East Strategic Resource Option compared to Thames Water's plan. You should work with Thames Water and neighbouring companies to clarify the share of the contribution to any jointly developed schemes, including the investment needs. A joint, aligned programme should be presented in your final plans.

Thames Water has included a scenario test for the Oxford-Cambridge Arc development as part of its Statement of Response. You should consider the impacts of the development on your plan, particularly in relation to the need for further reliance on drought permits.

Thames Water's PCC is forecast to fall and remain flat after 2045, but you expect it to rise. The need for a strategic option is sensitive to this assumption.

You should ensure your programme is fully aligned with neighbouring companies, and the proposals set out by the regional planning groups to allow the optimum solution to be developed. The programme should include if and how shared consultation and environmental assessment would work. You should be fully involved in the strategic options that are led by other companies.

You should:

- align your plan with Thames Water and other companies that are planning to develop shared water resources. You should set out how you will work with other companies in Water Resources in the South East and Water Resources East groups to inform the optimum strategic options;
- ensure planned transfers including volume and timing from the South East Strategic Reservoir are fully aligned in both companies' final plans and demonstrate how this affects the preferred options;
- commit to increase its involvement in schemes that are led by other companies such as the Severn Thames transfer and the South Lincolnshire Reservoir in its final plan; and
- work with neighbouring companies to develop a consistent and comparable understanding of demand to inform the decision on strategic options in time for the decision in 2022/23.