

## EFRA Committee Inquiry: Draft National Policy Statement for Water Resource Infrastructure

### Written evidence submission by Water Resources South East (WRSE)

Water Resources South East (WRSE) is an alliance of the six water companies operating in the south east of England. The water companies involved include Affinity Water, Portsmouth Water, South East Water, SES Water, Southern Water and Thames Water. Together they serve 19 million customers and provide 6 billion litres of water per day. It also involves a number of stakeholders including Defra, the Environment Agency, Ofwat and CCWater.

WRSE was originally formed in 1996 following a recommendation from the Monopolies and Mergers Commission which suggested there should be better regional co-operation when it came to sharing water. Since then it has developed a series of regional strategies which have informed the individual companies' water resource management plans and identified how water could be shared and moved around. More information on WRSE can be found at [www.wrse.org.uk](http://www.wrse.org.uk)

#### 1. Will the draft NPS encourage the sustainable, resilient and safe infrastructure projects required to meet future challenges?

- 1.1 Water is critical for all areas of life. From public water supplies; to farming and food production; to creating power and products; to supporting a healthy environment that enables wildlife to thrive and for citizens to enjoy – clean and plentiful water is essential for a prosperous economy and society.
- 1.2 The draft NPS is an important step in enabling the delivery of the nationally significant water resource infrastructure needed to provide water supplies for future generations and ensure the ongoing protection of the natural environment, while enabling us to adapt to the impact of climate change and changing customer expectations.
- 1.3 To ensure we are making the best decisions today we need to look ahead to the future, which is why WRSE and many of the water companies now plan for a time horizon of over 50 years. The further ahead we look the greater the uncertainty about future needs, which can make identifying the optimum “no regrets” schemes needed for the future challenging. This is why taking a regional perspective and planning beyond individual company boundaries is such an important part of the process as it can reveal options and identify greater value from them, beyond what can be achieved through individual company Water Resources Management Plans (WRMP). This was highlighted in our April 2010 plan which showed how a regional approach could identify more cost-effective solutions.
- 1.4 WRSE's strategy published in spring 2018 (From Source to Tap: The south east strategy for water [http://www.wrse.org.uk/wp-content/uploads/2019/01/From\\_Source\\_To\\_Tap.pdf](http://www.wrse.org.uk/wp-content/uploads/2019/01/From_Source_To_Tap.pdf)) looked across a range of future scenarios, considering different population growth forecasts, climate change impacts, customer demand patterns, drought severity and levels of environmental protection.
- 1.5 It identified that the south east region alone is facing a potential public water supply deficit of between 1,000 million and 2,600 million litres of water per day by 2080. This broadly aligns with the National Infrastructure Commission's (NIC) National Infrastructure Assessment, which recommended that 4,000 million per day of water needs to be made available across England by 2050 to provide resilience against severe drought – with the south east and east regions needing the greatest amount of additional capacity under all scenarios.

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- 1.6 As identified by the NIC report and the long-term planning framework published by Water UK, a twin track approach of cutting leakage, reducing demand (Per Capita Consumption - PCC) and building new supply side options such as new reservoirs, desalination plants, reuse schemes and transfers is needed to deliver greater resilience ahead of time and avoid the significant impact of severe drought on customers, the economy and the environment.
- 1.7 WRSE agree with this approach, with the six water companies involved all working towards ambitious leakage and PCC reduction targets. There is, however, a difference between supply and demand-side schemes and this is in relation to confidence levels for outcome delivery. It is recognised that measures such as PCC and leakage reduction have a degree of uncertainty as they tend to be influenced by external factors such as customer behaviour, weather conditions, advancements in technology and as yet unproven innovations. Supply-side schemes generally offer greater certainty and tried and tested methods of delivery –delivering greater levels of resilience in comparison. It is, however, important to recognise that different supply side schemes also have varying resilience and vulnerabilities which need to be considered within the wider assessment process. Different types of schemes also vary in their ability to mitigate risk/resilience as well as consideration of sustainability and best value for customers.
- 1.8 Given the size of the potential deficit in water we are facing; the impact a severe drought could have; and the increased resilience that supply-side options provide, we welcome the Government's draft National Policy Statement for major water supply infrastructure projects.
- 1.9 It is important that the relationship between the NPS and the water resource planning process is clear and understood. The draft NPS helpfully establishes the role of Water Resource Management Plans (WRMPs) in identifying the need for nationally significant water infrastructure projects (NSIPs). WRMPs are statutory plans, developed by individual water companies and if a NSIP is included in a published final WRMP, the need for that scheme will have been identified in line with Government Policy.
- 1.10 The draft NPS highlights the importance of collaboration through regional groups to help identify strategic water resources and transfers that will provide benefit to the region – which should then appear in the WRMPs of the companies that benefit from them. The role of regional groups in the development of company WRMPs should greatly strengthen the process and provide supporting evidence for best value options.
- 1.11 The Government's expectation in relation to the role of regional groups has increased markedly over recent months and, in its consultation, – Improving our management of water in the environment – measures are proposed to facilitate collaborative regional planning and the consideration of all sectors of water users. The industry recognises the importance of taking a regional perspective. WRSE, which has been established for more than 20 years has been joined by four other regional groups that together include all the regional water companies operating in England.
- 1.12 Work is currently underway, being led by the Environment Agency, to develop a National Framework for water resources which will provide clarity and guidance for regional groups as they progress work to develop regional plans. It will therefore be important that the role of regional groups, the plans they produce, and the influence regional plans have on individual WRMPs is clearly articulated and understood by water undertakers, the Examining Authorities, the Secretary of State and wider stakeholders.

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- 1.13 Furthermore, the National Framework is considering the water needs of a range of water users, not just public water supplies provided by the regional water companies. If future regional plans address these wider needs, the schemes identified, and the options put forward in WRMPs may be different in terms of type and scale. Planning for the needs of different sectors is not a statutory part of the current WRMP process, therefore the role of the WRMP, what it is planning for, how it will be delivered and paid for if there are multiple beneficiaries of the water produced must be clarified.
- 1.14 The current WRMP process does not assess and factor in the water needed to support future economic growth or requirements for water beyond its own company boundaries. This is another area that the regional plan is looking to address through collaboration with Local Economic Partnerships and business groups. As this area of work develops and begins to influence water resource options, it will be important that this need is reflected in WRMP methodology.
- 1.15 The draft NPS sets a threshold of 80 Ml/day for schemes classified as NSIPs. The need for infrastructure of this scale is more likely to be identified through a regional plan, to provide benefits to multiple companies and sectors, therefore the number of schemes that reach the NSIP threshold is likely to be more than if derived solely by a single company.
- 1.16 In the published WRSE strategy, four potential schemes were identified as preferred options above this threshold. However, there are a number of potential options that exceed this threshold and may emerge as preferred options in the future.
- 1.17 It is also important to recognise that a new water resource or transfer that does not individually produce 80Ml/day, may be part of a bigger collective of schemes that together reach the threshold. In cases where the schemes are dependent on one another to provide the maximum water resources available, we believe they should be classified as NSIPs and progressed together under the NPS.
- 1.18 The draft NPS identifies reservoirs, water transfers and desalination as the main water infrastructure options to be progressed under the NPS. It is important these schemes are viewed objectively with limitations and benefits of each clearly articulated so there is no bias towards one option over another.
- 1.19 Further to this, WRSE believe that reuse and effluent reuse schemes should also be identified explicitly, not under the “other infrastructure” banner. The potential of large-scale reuse as a water resource option and the associated transfers may not be fully understood at present and barriers currently exist to its implementation. However, we believe it is an option that will feature more prominently in the future and bring with it significant resilience and environmental benefits.
- 1.20 In summary, the draft NPS is an important step in the delivery of sustainable, resilient and safe water resource infrastructure needed to meet future challenges. However, it alone will not achieve this and must be supported by planning process that joins up national, regional and company-level needs to enable the identification of the most appropriate and best value set of water resource schemes for the future.

## **2. Are the assessment criteria that must be considered in development consent applications adequately set out?**

- 2.1 WRSE agrees that the assessment criteria identified are appropriate but there are some additional areas highlighted below that should be considered.
- 2.2 As detailed in the response above there is an expectation from Government that regional plans will be developed to identify the need for strategic water resource options that will benefit multiple companies and potentially other water users. It is therefore important that the criteria used includes an assessment of whether the option has been identified as a result of a regional plan. In addition, the assessment should consider whether the options have been developed in-line with the National Framework.
- 2.3 Furthermore, assessing whether an option will deliver benefits to other abstractors/sectors, therefore supporting wider resilience and economic growth is also an important criterion to be included.
- 2.4 One of the fundamental objectives of a regional plan is to identify options that reduce the environmental impact of supplying water, for example by reducing abstraction levels from sensitive chalk streams. The regional plan will consider and identify the least environmentally damaging options, which could be in a different company supply area. Therefore, assessing the environmental impact of schemes in isolation can be misleading. If the assessment included consideration of the environmental impacts of a range of options – enabling the relative impact of different options to be considered - it may better support the decision-making process.
- 2.5 For example, one of the options identified in the WRSE strategy is water re-use at Mogden, a transfer to Teddington and a new abstraction at Teddington Weir. This option has been discounted due to the environmental impact of the scheme – specifically the difference in temperature of the water transferred to the receiving water course. However, when considered alongside alternative water resource options, the environmental impact may be less. This highlights the question that given the challenges we are facing to secure sustainable supplies for the future, should the relative environmental impact of different schemes be considered, and certain trade-offs made?
- 2.6 The role of the regional plan in the assessment of alternatives is important because the regional plan takes away individual company boundaries so it may identify options that a WRMP done in isolation wouldn't. Therefore, it is essential that the regional picture is part of the assessment of alternatives.
- 2.7 We welcome the inclusion of environmental net-gain into the assessment criteria and share the aspirations of Government to leave the environment in a measurably better state than beforehand. Environmental net-gain is an area we intend to include as part of the decision-making framework for the regional plan so will be assessed through the process.
- 2.8 Likewise, we are committed to supporting the Government in its commitment to increase natural and social capital. We recognise that the methodology for deriving natural and social capital valuations is still being developed but WRSE is committed to including it as part of the options appraisal process of the regional plan. Therefore, including within the criteria an assessment of the natural capital created by an option using a robust technique would be welcomed.
- 2.9 The development of a consistent assessment method with regard to invasive species across the UK is also required to help us better understand which strategic transfers are viable and which must be discounted for this reason.

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### **3. What are the implications of streamlining the planning process, whereby a NSIP already included in a Water Resource Management Plan (WRMP) does not need to be revisited as part of a development consent?**

3.1 WRSE is in full support of streamlining the planning process, whereby an NSIP already included in a WRMP does not need to be revisited as part of a development consent. As set out earlier, if a NSIP is included in a published, final WRMP, the need for that project has been demonstrated in line with Government Policy. Therefore, the need for the project should not be subject to review during the examination of a DCO application. If the need for the project is tested again at this stage, there is potential for objectors to delay the process by seeking a review of the approved WRMP to challenge the need for the project and site selection. This would run counter to the position set out in para 3.1.6 of the draft NPS. Only in very exceptional circumstances should there be a need for the WRMP to be revised before applying for development consent.

3.2 By adopting this approach, it should avoid unnecessary duplication and reduce the risk of significant delays and excessive costs in delivering critical national water infrastructure.

### **4. How effectively has DEFRA consulted with relevant stakeholders, such as industry and other parts of Government, in the development of the draft NPS?**

4.1 No evidence

### **5. Are there any other issues that the Committee should consider when scrutinising the draft NPS?**

5.1 In making a DCO application companies are required to provide assurance that funding for the NSIP is secure. For projects with a duration of five years or less that fit within the water industry's five-yearly AMP cycles, the company's Business Plan Final Determination is sufficient. However, for projects that run over five years and/or across multiple AMP cycles, assurance that the project will continue to be funded through subsequent Business Plans will need to be provided by the regulators. Planning lawyers do not consider the price review process, as it currently exists, provides enough assurance for multiple AMP schemes.

5.2 In its recently published consultation – Improving our management of water in the environment - Defra is proposing to introduce a statutory obligation on water companies to execute as well as prepare WRMPs. Therefore, to achieve this, better preparation of supporting documentation that aligns and is appropriate for both the WRMP and the DCO application as set out in the Planning Act will be needed.