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Your ref Anglian Water WRMP Annual Review 2024

By email only to: water.resources@defra.gov.uk
29th November 2024

Dear Richard, Paul and Martin,

Thank you for your letter dated 11th October 2023. I appreciate your recognition of the success of our metering programme, which has helped us achieve our lowest ever Per Capita Consumption. However, I note the concerns you express about our supply demand balance, leakage and supply-side option delivery; I expand on these below.

Supply Demand Balance

You highlight concern about the Supply Demand Balance (SDB) in seven of Anglian Water's water resources zones (WRZs). These reported deficits were calculated using outturn data; this uses the actual volume transferred between WRZs to meet the demand in the receiving zone. However, the outturn calculation requires the demand figure to be uplifted to reflect a dry year, creating the deficits mentioned above.

This outturn scenario is not an accurate reflection of a water supply risk to our customers, as we would proactively increase the volume of water transferred between our WRZs if demand increased. Therefore, a more accurate representation of our supply demand balance is the dry year adjusted SDB (provided in the WRMP Annual Review tables), which reports the maximum water transfers between WRZs. In this scenario, only Ruthamford South WRZ is in deficit.

Ruthamford South WRZ exports water to Affinity Water. In the SDB calculation, the full 'contractual' volume is assigned to Affinity Water, even though they do not take and were not able to take their full allocation in the reporting year. Had the year been a drought year, we would have used the water that Affinity Water was unable to take to ensure our customer supplies were resilient.

Supply Demand Balance actions

We have reviewed the current SDB guidance and have issued a technical report to the Environment Agency which outlines how we will ensure alignment between our WRMP Annual Review, Annual Performance Review and SDBI submission, each of which has different

reporting requirements. For AMP8 our SBD reporting will use aligned targets for leakage, per capital consumption and non-household demand. We will also include the revised timescales for our strategic pipeline and abstraction reduction obligations.

In future we will report on the basis of system outage so that we avoid over estimating impacts of individual outages, as well as using the SDBI adjustment template to adjust target headroom and to reflect the real-life operation of our bulk supplies. The implementation of these actions will give a better indicator of risk associated with our plan and supply to customers.

It should be noted that distribution input is below that forecast in our now approved 2024 WRMP.

We will continue to deliver the action plan submitted with our Annual Review and report on its progress at our regular liaison meetings with the Environment Agency.

Leakage

You expressed concern that our leakage position is higher than forecasted and are concerned that we will not meet our WRMP24 starting position. In 2023-24, we achieved the lowest leakage in-year in the industry, continued to lower our distribution input, and outperformed our Per Capita Consumption target. This has been reflected in the reprofiled WRMP24 starting position. The volume of leakage reduction in AMP8 remains the same.

As detailed in our Service Commitment Plan, we are using satellite technology to proactively survey our mains for leakage; in 2023/24, this helped us save over 320,000 litres of water, enough to supply 1,000 homes a day. We also continue to use leverage the benefits of pressure monitors installed in our network; these give us greater visibility of the condition and performance of our network, enabling us to proactively identify and address issues that may cause pipe failure.

Smart metering has proved invaluable to us, with almost 50% of our customers now served through this technology. This significant rollout, which recently reached one million properties, helped us, in 2023/24, identify 136,000 continuous flows at domestic and non-domestic properties. Through working with these customers, remedial action has resulted in an average saving of 14 litres per day per property (approximately 60% leakage and 40% plumbing loss), exceeding the predicted savings of 10 litres per day.

Leakage action

We will provide regular updates on our recently updated Service Commitment Plan at liaison meetings with the Environment Agency and in the next annual reviews. We remain hopeful that Ofwat allows funding for the climate change vulnerable main replacement scheme we have promoted as part of our latest Business Plan. This will see us proactively target mains more vulnerable to leakage due to changing ground conditions.

Supply-side scheme delivery

We have re-programmed the delivery of our strategic pipeline, with the final date for completion being April 2028. Planning has been a major factor in this delay, as the strategic pipeline did not qualify for a Development Consent Order, resulting in us liaising with fourteen separate local authorities. This extensive engagement has resulted in planning delays, with responses from authorities significantly exceeding the statutory return period; in one instance, it took 20 months rather than the statutory 12 weeks. Land access has also proven to be an issue, with our project team liaising with over 2,400 landowners, some of whom refused us access and raised a judicial review.

One in a lifetime global events such as Covid, Brexit and the War in Ukraine have delayed the scheme. We had to find alternative suppliers of iron ore, a raw material for our steel pipes, as the war in the Ukraine disrupted our supply chain – as did Brexit. Additionally, the COVID-19 pandemic impacted the start-up of the scheme, delaying key early design and, consequently, the construction phases. Recently, extreme weather conditions have posed significant challenges. We have experienced the wettest 18-month period on record, leading to record high water tables and flooding along the pipeline routes, causing pipe laying to be suspended for extended periods.

We have worked through these issues and rescheduled delivery: we will complete the southern section by November 2027 and the full pipeline by April 2028. We have worked closely with the Environment Agency to reprofile our abstraction licence reductions accordingly and reflected these changes in our WRMP24 tables and our representation on Ofwat's review of our draft Business Plan.

Your letter also references our interconnector from Norwich and the Broads WRZ to Happisburgh WRZ. We are currently receiving a 2.4 Ml/d benefit from this transfer; this will increase to 5 Ml/d when the associated pumping infrastructure is delivered.

We will continue to work closely with Ofwat and the Environment Agency on the AMP8 delivery of major infrastructure.

Supply-side scheme delivery actions

We have provided our regulators with a revised delivery programme for the strategic pipeline. This programme focuses on the delivery of the southern section of the pipeline, enabling water transfer to Downham Market in Norfolk, and subsequently to Ipswich and Colchester. This aims to ensure the timely delivery of critical environmental obligations, particularly for the River Nar, the River Lark, the River Brett, and the Bumpstead Brook.

We have engaged with numerous stakeholders to develop mitigation measures for the aforementioned waterbodies, aiming to build on mature catchment plans and ongoing work to maximise benefit. These mitigations include river restoration and wider catchment improvements.

In addition, we are implementing an enhanced package of demand management measures including compulsory metering, leakage reduction and an extension to our summer tariff trial.

Summary

To conclude, the actions requested of us in your letter are either fulfilled or in progress. I look forward to discussing progress at our next meeting.

Yours sincerely

Dr Geoff Darch
Head of Strategic Asset Planning

cc

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