



Water Resources Stakeholder Forum, 18 April 2016

Note of meeting

1. Welcome and Introductions

Richard Aylard welcomed everyone to the meeting. Richard emphasised the importance of the Forum for Thames Water (TW) to share the work underway to develop its long term water resources plan and to hear the views and comments from stakeholders. Richard highlighted some of the key developments since the Forum held in January, these included:

- technical stakeholder meetings held on the water quality and ecology assessment for the Severn Thames Transfer (24 February 2016) and decision making process to determine our preferred programme (22 March 2016) – minutes and papers are available on TW’s website www.thameswater.co.uk/wrmp;
- update on the studies to consider resilience in the water sector including the recently published paper by Defra “Enabling resilience in the water sector”.

Richard also sought feedback from attendees on the topics that they would like covered at future meetings and also comments on how we can improve our engagement approaches.

2. Transfers of water from the River Severn

The morning session focused on the work to examine the opportunities to transfer raw water from the River Severn to the River Thames.

Pat Spain from Severn Trent Water (STW) presented STW’s commercial options to provide water to TW. Key points were as follows:

- There are several potential options, or a combination of options, which could provide resource to TW 1) use of treated effluent from Minworth STW via River Avon 2) increase in Draycote reservoir 3) utilise spare licences on the River Severn. STW’s view is that the Lower Severn options would be most favourable.
- STW has significant environmental pressures and needs to ensure resilience for its own customers and as such it plans to reconsider the commercial options in the context of its own strategy. STW will provide a binding commercial offer to TW in March 2017.

GARD questioned the duration of the commercial offer. **STW** explained that most current contracts are open ended but the application of time limits on licences by the EA may affect resources sharing and trades. STW considered 25 years to be the minimum time period.

Richard Blackwell from United Utilities (UU) then presented UU’s commercial option to provide resource to TW. This involves release of water from Lake Vyrnwy to increase flows in the River Severn (via River Vyrnwy) allowing Thames Water to abstract water at Deerhurst. UU would utilise existing resource surplus and new water resources, together with network enhancements, to offset exports to TW. TW would then transfer water from Deerhurst to the River Thames via pipeline or restored Cotswold canals. UU is in discussion with TW regarding the utilisation of the scheme and commercial arrangements.

GARD asked UU what they needed to do to replace the transferred resource and who will pay for that? **UU** explained that it would need to develop new sources and make changes to infrastructure connectivity which would be funded via Thames Water.

CPRE questioned what the new sources would be. **UU** explained that there is a range of potential options including groundwater and surface resources, raising of reservoirs and transfers from Northumbrian Water which could provide additional supply, and leakage reduction.

TRT asked if the releases could affect salmon fisheries. **UU** stated that the proposed releases were of comparable magnitude to existing releases but this would need to be assessed.

Hydro-logic asked who would have priority call on the resources. **UU** stated that the drought provision would be included in contract yet to be drawn up, and priority in a drought would be determined according to whatever was specified in the contract.

TW asked if there were any compliance concerns with respect to the Water Framework Directive and specifically the no deterioration principle. **UU** explained that the vast majority of sources are impounded reservoirs and therefore it was likely that the yield would not be impacted.

Kieran Conlan from Cascade Consulting then presented the main findings from the studies undertaken to assess water quality and ecological implications of the transfers. The main issues that have been identified in these studies are:

- Potential changes to the natural low flow regime in the transfer variants to Cricklade (100-600 Ml/d)
- Intermittent transfers to locations around Oxford may pose problems for the management of river levels
- Transfers could compromise the River Thames from reaching Good Status for phosphorus. Also there are risks around suspended solids, copper and zinc.
- Risk to lamprey and eel migration at Upper Lode Weir.
- Risk to the movement of non-native invasive species.

The EA and Natural England (NE) have both raised concerns around the impact of increased suspended solids and the movement of non-native species which would be accentuated by the canal conveyance.

Cascade will undertake further work to address these points and wider comments raised by stakeholders at the February technical meeting, and to finalise assessments using the updated Severn flow record.

CCT asked if measures applied in the Thames to mitigate phosphorous could also be applied in the Severn. **Cascade** highlighted that the Severn catchment is a large catchment and it would be hard to achieve this standard in the Lower Severn.

CCT asked whether the concern is during a drought year or a normal year because in a normal year there would be close to average flows and so there should be less of a problem. **Cascade** agreed that the volume of water and seasonality are key factors and that they would be addressing these issues for the final report.

TRT supported the significance of the potential impact on the eel population, with numbers of eel rapidly declining.

TW (Richard Aylard) stated that in view of the risks highlighted, what work has been done to explore mitigation. **Cascade** confirmed that mitigation measures were under exploration and would be included in the scheme design and costing.

CRT raised a concern that mitigation need not be expensive, the right design can alleviate risks and further focus was required on simple mitigation solutions.

TRT stated that transferring water from the bottom of the River Severn to the Upper Thames is going to introduce problems, as evidenced by the study.

CRT commented on concerns raised by the EA on sedimentation and stated that a number of canals are currently operated without causing a problem for sedimentation.

Bristol Water raised points around spikes in nitrate concentration in the canals, the invasive species should not be limited to the zebra mussel and any changes to the flow rate in the canal will be a concern for Bristol Water. **TW agreed to consider these points.**

DWI raised a concern that the focus was on water from an environmental dimension, and whether the implications had been assessed for drinking water. **TW agreed to consider this point.**

RWE questioned whether there would be implications for the industrial processes which use water – this is a dimension which requires additional study. **TW agreed to consider this point.**

CCG asked whether the metaldehyde risk had been considered. **Cascade** confirmed that this has been considered and STW has a programme in place to address metaldehyde in the catchment. **STW** confirmed that it is paying farmers not to use metaldehyde and promoting alternative products instead.

Swindon BC asked that in the absence of ecological constraints what approach does TW consider to be the best option. **TW (CL)** responded that this would still require further work on costs but the water quality investigations to date indicated that the pipeline conveyance option was preferred and it was also lower cost. If the scheme was viable it would also be able to provide a potential benefit for SWOX WRZ.

Chris Lambert then presented an update on the work to develop a consolidated flow record for the River Severn and a new hydrological model to include the Avon and Lower Severn to Deerhurst. TW appointed HRW to undertake this work and to consult with the EA and STW as part of the project. This work will help TW to understand if there are sufficient resources available from the Severn and if the resources are available at the right time of year. TW will now use this model to progress the assessment of the transfers.

Chris also highlighted the legal and regulatory issues that need to be addressed if transfers are to be taken forwards. These included competition law, commercial arrangements and regulation of the River Severn.

TRT asked if there are plans to increase the height of Craig Goch. **TW** consider this to be unlikely but is in discussion with Natural Resources Wales (NRW). NRW has concerns in terms of bird habitat of the merlin and red kite.

GARD questioned whether the resource would be used continuously or intermittently. **TW** explained that it would be a scheme to meet resource shortfall during drought and so would be intermittent and we have provided UU with information on the utilisation requirement.

TRT questioned why the length of contract, and Ofwat concerns around locked-in contracts, is different to a strategic resource. TW agreed that contract duration is a concern for all major schemes and certainty is required for all long term investment and so it is important to complete the work required to show that the long term investment is in our customer's best interests.

ICE questioned if there were concurrent droughts in the Thames and the Severn would TW be confident that resource would be available. **TW** agreed that this is a significant risk and gave a view that an unsupported STT may not have sufficient resources during a drought year.

TRT asked that following the flooding in the Severn catchment would increase regulation of the river aid flooding. **STW** responded that Longdon Marsh could aid in terms of storing excess water but this would be at the expense of storage for use in drought.

CPRE stated that it was not getting a sense of implications of a national drought. **TW** explained that the water sector, in consultation with other organisations, was undertaking a long term planning study to address issues such as this.

The afternoon session focused on the Abstraction Incentive Mechanism (AIM) followed by a round up of other studies.

3. Abstraction Incentive Mechanism (AIM)

A paper was circulated ahead of the meeting providing an introduction to AIM. Colin Fenn from Hydro-logic, and an associate with WWF, gave his perspective on AIM, its purpose, development and application. Chris Lambert then presented how TW is intending to apply AIM in its supply area. Key points were as follows:

- The purpose of AIM is to encourage water companies to reduce the environmental impact of abstracting water during periods of low flows at sites which are perceived to be environmentally sensitive.
- Ofwat has introduced AIM as a reputational incentive measure from 1 April 2016.
- Water companies have been asked to:
 - Identify the abstraction sites where abstraction has an impact on a surface water body.
 - Define the conditions under which AIM applies. These are likely to be hydrological triggers based on environmental assessments, and/or the views of local stakeholders.
 - Establish a baseline using historic abstraction data.
 - Capture abstraction data at each AIM site.
 - Report the data through the annual performance report.
- TW has proposed 5 sites: Pangbourne, Axford, Pann Mill, North Orpington, and New Gauge
- TW is currently consulting with the EA on the baseline and trigger points. Following this TW will publish the final list of AIM sites and reasons for rejection/selection of sites. TW will report on performance in the Annual Review (June 2017).

CRT stated that they had not been consulted on the AIM sites and asked for clarity on how they had been selected and who was consulted. **TW** (ST) explained that the starting point to identify AIM sites was a reference list from the EA. There were no sources identified in the Upper Cotswolds where there was scope to introduce AIM. TW is happy to discuss further with CRT.

CCG asked if TW will publish the sites that were considered and rejected as well as the sites taken forward for AIM. **TW** confirmed that it will and expects to publish this information in May 2016

TRT asked if the company incurs costs where are these funded and do any of the schemes require capital investment. **TW** explained that the scheme is not intended to require capital investment. If there are costs these will be funded by the companies but it would only be the marginal operating cost of the switch to the alternative source.

Hydro-logic explained that a concern with the scheme was that companies would potentially be charged twice and as such this scheme has been introduced gradually as a test.

TRT asked how Ofwat takes account of reputational enhancements. **Hydro-logic** stated that it will do so in assessing company's performance.

RWE asked how confident were the parties that the changes would result in real benefits and how it aligns with the River Basin Management Plans and requirement to determine actions based on cost/benefit assessment. **TW** responded that the selected sites are where an issue is perceived to be important. TW will monitor costs as part of the programme.

4. Round-up of other developments

Resilience

Simon Hughes provided an update on work underway across the sector to examine the concept of "resilience".

- In March Defra published a paper titled “Enabling resilience”, following advice from the EA which set out the case for enhanced levels of water supply resilience both for public water supply and other major sectors.
- The Defra paper set out a road map of actions that Defra want to progress to address this issue and how these actions fit together.
- One of the actions is a study led by WaterUK to develop a national water resources long term planning framework. This will report in summer 2016.

DWI raised that recovery was an important element that needed to be considered in resilience.

TRT asked at what point will Ofwat change the levels of service. **TW** explained that the current levels of service are not set by Ofwat but are set in response to customers’ preferences. Defra is considering the use of its powers to set minimum levels of service.

Hydro-logic observed that the timeline for Defra to set levels of service, if it decides to do so, is late in the WR planning cycle.

CCG (HH) raised concerns about how an intervention by Defra will marry with customers’ expectations and priorities. **TW** stated that in their view this will add to the process and not supplant the views of customers which need to be core to the plan.

ICE asked for an update on resilience and levels of service at a future meeting. **TW** agreed.

Programme Appraisal

Chris Lambert then presented the work underway to develop the programme appraisal process, which is the decision making process to derive the preferred plan. A stakeholder technical meeting was held on this topic in March. Chris ran through the step-wise process, the use of metrics to aid the development of a best value plan and the engagement of the Expert Panel in shortlisting programmes.

TRT stated that past forecasts of demand have always been wrong and in extending the planning horizon, this is likely to increase the inaccuracies. **TRT** requested information showing comparison of the historic forecasts with actual positions. **TW** agreed that there are inaccuracies in forecasts and that it is working with GLA, and other authorities, on future forecasts in order to obtain as accurate a picture as possible. **TW** agreed to provide information of forecasts versus actual population forecasts. **ACTION TW.**

TW was asked to what extent it will be asked to provide resource to other companies in the south east. **TW** confirmed that consideration of planning from a regional perspective is the purpose of WRSE and dialogue is underway on the options.

5. Dates of forthcoming meetings:

6 May 2016: Technical Stakeholder Meeting on demand management options and resource options. The meeting will be held in Reading. If you would like to attend this meeting please contact Lesley.tait@thameswater.co.uk

5 July 2016: Water Resources Forum: The forum will be held at the Penta Hotel, Reading. Invites will be sent for this meeting at the end of May.

6 October 2016: Technical Stakeholder Meeting on programme appraisal and specifically refined metrics and scenario definition

27 October 2016: Water Resources Forum (London) – Details to be confirmed

Attendees:

Name	Organisation
Andrea Farcomeni	Affinity Water
Anthony Whitaker	Swindon Borough Council
Caroline Knight	DWI
Colin Fenn	Hydro-logic
Dave Wardle	ICE
Dianne James	Westminster City Council
Harry Hodgson	CCG
Helen Charlton	CCG
Ian Pemberton	Ofwat
Karen Gibbs	CCWater
Kay Lacey	Pang Valley Flood Forum
Ken Burgin	Cotswold Canal Trust
Kieran Conlan	Cascade
Neil Edwards	RWE Generation UK
Nick Thompson	GARD
Pat Spain	Severn Trent Water
Patric Bulmer	Bristol Water
Peter Spillett	Thames Rivers Trust
Richard Blackwell	United Utilities
Richard Harding	CPRE Oxfordshire
Richard Wyatt	Oxford City Council
Sarah Wardell	Environment Agency
Trevor Cramphorn	Cotswold Rivers Trust

Thames Water

Brad Howe	Thames Water
Steve Tuck	Thames Water
Simon Hughes	Thames Water
Richard Aylard	Thames Water
Lesley Tait	Thames Water
Luke Matcham	Thames Water
James Cox	Thames Water
Chris Lambert	Thames Water
Chris Shipway	Thames Water