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23rd May 2018

Secretary of State, Department for Environment, Food and Rural Affairs
South East Water Resources Management Plan Consultation
Water Resources
Department for Environment, Food and Rural Affairs
Area 3D, Nobel House
17 Smith Square
London SW1P 3JR

Dear Secretary of State

Re: Affinity Water consultation on draft Water Resources Management Plan 2019

Waterwise is pleased to respond to Affinity Water's consultation on its draft Water Resources Management Plan 2019.

Waterwise was founded in 2005 and is the leading authority on water efficiency in the UK and Europe. We are an independent, not-for-profit organisation, receiving funding from Supporters and Affiliates across and beyond the water sector and wider sponsorship and research projects. We like to be at the front, leading and supporting innovative efforts to realise our mission; that water will be used wisely, every day, everywhere. Although we are supported by water companies we know they value our independent challenge and that is why we are responding to this consultation.

Water efficiency is a key contributor to resilience, and water companies are currently carrying out large-scale retrofitting and customer engagement programmes. But water efficiency, scaled up even further, is also an invaluable tool in driving customer participation – as well as using water efficiency programmes to get customers to help deliver water savings, it can contribute to multi-layered relationships to help inform, track and improve customer service and outcomes across companies.

We know Ofwat is keen to see larger-scale water efficiency and we support Defra's expectation that Ofwat "promote ambitious action to reduce leakage and per capita consumption". This also links to the requirement to promote water efficiency in Ofwat's resilience duty and the ambition on water efficiency set out in the 25 Year Environment Plan.

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In June 2017 Waterwise launched our Water Efficiency Strategy for the UK. We produced this in partnership with the wider water sector and it is being delivered by a Water UK-supported Steering Group.

Waterwise has been highly supportive of Ofwat's work on customer engagement and participation, in particular the Tapped-In report. We have launched the 'Leadership Group on Water Efficiency and Customer Participation', which brings together Chief Customer Officers and equivalents of all the UK water companies in a more ambitious approach to wasting less water - using this to drive a more customer-led culture. We are also working with water retailers to drive water efficiency ambition and outcomes for non-household customers.

The key elements of our response include:

- Waterwise supports the leading work Affinity work has been undertaking on behaviour change and metering in PR14
- Affinity Water has a PCC of 160l/p/d, which is one of the highest in the sector. The draft plan suggests going down to 120l/p/d in the preferred plan. We suggest that the final plan should be at a lower level of 110 l/p/d
- We plan to work with Affinity Water through our Water Efficiency Strategy Steering Group to gain wider support for water efficiency from Government and other stakeholders
- We'd like to see more details of the innovative approaches proposed to reduce consumption and suggest that the level of risk associated with wider government and societal changes be revisited
- We'd like to see greater partnership working with retailers and will be working with Affinity Water and and retailers through a new Leadership Group on Retail Water Efficiency to help all companies progress in this area

Attached are our comments on a number of areas of your dWRMP. We look forward to working closely with Affinity Water to deliver water efficiency in PR19 and would welcome the chance to discuss our response with you in person.

Yours sincerely,

Aaron Burton MCIWEM C.WEM CEnv CSci
Director of Policy and Innovation

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Waterwise response to Affinity Water's draft Water Resources Management Plan 2019

Ambition on demand management

Affinity Water has been demonstrating increasing ambition on water efficiency in PR14, including:

- 29 Ml/d of savings through their Water Saving Programme
- 139,709 new AMR meters installed and 64,097 Home Water Efficiency Checks completed since the beginning of AMP6
- Water efficiency initiatives, e.g. #TapChat and Save Water South East

A comprehensive description is provided in the draft WRMP of the actions that Affinity Water has undertaken over the current price review period, relating to demand management. However, there is less clarity on the actions intended or planned to be taken during the following prive review period - from 2020 to 2025.

It is encouraging to see the company's ambition for improving the quality of information provided to customers, including the longer term plan, from 2025 - 2035 as existing meters reach the end of their asset life, to roll out the fixed network smart metering option with the aim to have installed smart meters at all properties where possible by the end of the programme and anticipated benefits to extend to 2050. Affinity Water has now a golden opportunity to prepare for this activity through careful and targeted customer engagement, ensuring that the smart metering programme delivers maximum benefits, and that tailored messaging and insights are delivered to customers encouraging the efficient use of water.

We note that engagement with non-households is largely contained only with the alternative plan, and would like to see more acknowledgement of the crucial role business plays in reducing water demand within the final plan. Whilst there is a level of complexity introduced by the separation of the retail market, this should not be insurmountable and could enable wider engagement on water efficiency.

We welcome the focus on leakage reduction included within the plan, as part of a comprehensive approach to demand management measures that includes leakage, water

efficiency and metering. The links between these options for highlighting and responding to customer side leakage could be more clearly outlined, as customer engagement will underpin the level of success seen from the implementation of all of these options.

Ambition on Per Capita Consumption (PCC)

We consider that Affinity Water should be setting an ambitious reduced trajectory for per capita consumption over the period of the draft Water Resource Management Plan. It is acknowledged within the draft plan that Affinity Water's current per capita consumption (PCC) is one of the highest in the sector - at around 160 litres per day.

The draft WRMP preferred plan sets out a projected decrease in per capita consumption over the period to 126 l/p/d by 2045. An alternative plan is included that sets a more ambitious reduction, but only to a level of 120l/p/d within a 25 year horizon. Reflecting an 'ambition' to achieve 110 l/p/d, Affinity Water comments that it will be exploring 'whether our key stakeholders and community partners are willing to commit to working in partnership with us to work towards ambitious targets for lower water consumption.' We consider that this approach should be more ambitious, identifying ways to work with key stakeholders and community partners to achieve lower water consumption.

Affinity Water states in its draft plan that moving to a more ambitious 110 l/p/d consumption level would enable the avoidance of significant operational and investment costs. We support that assertion. However, we do not agree that this option requires wider collective societal and regulatory action to enforce the use of high efficiency appliances and is therefore a higher risk strategy. The draft plan says that Affinity Water will only be able to move forward with this option if it obtains commitment from Government, regulators and community partners through joint action. We believe the company has a leading role to play in this space, and would like to see a commitment to 110 l/p/d in the plan, as well as a set of milestones and a roadmap to achieve it. Waterwise plans to work with Affinity Water through our Water Efficiency Strategy Steering GRoup and our Leadership Group on Water Efficiency and Customer Participation to help deliver this higher ambition on water efficiency.

Recent research published by Ofwat has suggested that tacking household leaks and using innovative technologies could help to decrease water use in England and Wales by two thirds over the next 50 years, despite significant population growth. The Government has

also made it clear in its 25 Year Environment Plan that it wants to work with the sector to develop an ambitious cross-England target in the near future.

The NIC report "Preparing for a drier future" sets out an aim for water efficiency to provide 34% of the recommended level of resilience we need through water efficiency. This includes reducing demand from 141 to 118 litres per person per day by 2050. Southern Water is setting a demand reduction target to reduce per capita consumption to 100 litres per person per day across its region by 2040. Target 100 is not just about reducing water consumption; it is about shifting society to value water.

We would like to see Affinity Water's final WRMP contain a per capita consumption target for 2045 of 110 or less, with five-year milestones including an ambitious target for the business plan. The common performance commitment on PCC which Ofwat is requiring from all companies in their PR19 submissions, to cover 12 years, should be the halfway point to the 2045 target.

This will reflect customer views (strongly supportive of water efficiency, as the draft WRMP states), good practice across the industry, and government and regulatory ambition.

Water efficiency options

We are pleased to see such a focus on continuing to develop the existing water efficiency programme - described as 'building upon the approach of leveraging community partnerships and exploring innovative solutions to help people save water.' Affinity's campaign with hubbub is industry-leading and we look forward to Affinity developing further innovative approaches to customer engagement for water efficiency. We would like to see details of the innovation solutions outlined within the final plan for transparency. We would expect that a combination of metering and tailored behavioural and technological interventions to homes should allow an ambitious pcc target to be achieved.

Affinity's comprehensive approach to engaging with customers and schools is welcome; we would like to see approaches extended to non-households including via retailers within the preferred plan for the final WRMP. We look forward to working with Affinity on this through our engagement with the water retail sector, driving ambition.

Metering

The move towards customer metering is useful for the wider demand management agenda and we believe that the inclusion of the water efficiency engagement alongside the metering rollout will be critical to maximising potential demand reductions.

We are interested to see the plans for providing greater customer insights from metering data in conjunction with live network hydraulic models, and would be keen to explore with Affinity Water how to maximise the value of these insights for customer engagement around water using behaviours.

Customer engagement

We are encouraged that Customer engagement and Water Efficiency are integrated throughout the plan. We welcome the commitment to use customer engagement to build the evidence base, educate and influence for long term behaviour change. The direct engagement with stakeholders as well as through the Hubbub programme provides valuable insights to support higher ambition on water efficiency in the final plan.

Non-household consumption

Empowering non-households to understand and control their water use through continued increases in non-household meter penetration is encouraging. We would welcome the inclusion of a stronger water efficiency support focus within the final WRMP reflecting the critical role that many businesses will have in helping to minimise water waste in the future. This will include liaison with retailers - a dialogue that waterwise is helping to facilitate and support through its work as an independent voice on water efficiency. We welcome discussion on how this can be achieved across the Affinity Water area.