

ESP Water – Statement of response to the draft WRMP24

We sought the views of our customers and stakeholders on our draft Water Resources Management Plan (dWRMP) between December 2022 and February 2023. This included Ofwat, Environment Agency, Defra, Consumer Council for Water (CCW), Natural England, the Incumbent’s that we take a supply from and our consumers via our website, which is still available. In this Statement of Response, we explain how we have revised our WRMP in response to stakeholder views, including feedback on the technical analysis from the Environment Agency, Ofwat and CCW.

We received responses from:

- Consumer Council for Water (CCW)
- Environment Agency (EA)
- Ofwat
- Natural England

This document should be read in conjunction with our updated dWRMP, which is available on our website www.espwater.co.uk

Ref No.	Respondent	Respondent Comment	ESP Water Response / Action	For more detail
1	Ofwat	ESP Water has not provided a summary of its problem characterisation.	This is now included in our dWRMP and assesses the size and complexity of the problem within each WRZ (Water Resource Zone) based on the UKWIR methodology.	Section 2.6
2	Ofwat	We expect to see further evidence on how ESP Water will effectively engage with incumbent water companies.	We have regular meetings with each incumbent. Also, engagement with Water Resource Regional Groups is taking place through the INA.	Section 2.8

3	Ofwat	Not all properties will be constructed to achieve 110 l/h/d. This is disappointing. We consider NAVs should aim to drive per capita consumption (PCC) down to lower levels, where appropriate.	ESP is committed to achieving the water industry target of 110l/h/d by 2050, however this does depend on whether Building Regulations will reduce the standard from 125 l/h/d to 110 l/h/d. Following conversations with Ofwat on this feedback they have written to the INA to say that they do not intend to issue a different target for NAVs only that they believe we are in a unique position to achieve lower than 110l/h/d. Our ambition is to reduce water use as low as possible.	Supply and Demand Planning - section 3.1. Also, section 1.5.
4	Ofwat	Where possible, ESP Water should include in its final WRMP new sites that have been or will be granted between draft and final WRMPs.	22 sites are included in the updated draft plan, which relate to all the sites appointed by 01 May 2023. Our final plan will include further sites if they are appointed in time for them to be reasonably added.	Throughout document.
5	Environment Agency	<p>Recommendation 1: Demonstrate the company has enough access to a secure supply of water to cope with changes in demand. We expect the company to demonstrate this through testing the sensitivity of per capita consumption and target headroom assumptions. If this work indicates a deficit, the company should renegotiate the relevant agreements.</p> <p>Issue 1 – Sensitivity Testing The company should demonstrate how the plan is sensitivity tested to ensure there is sufficient water in contractual volumes to cover demand. The company should include forecasting for the case that consumption</p>	<p>Issue 1 The plan now includes a demand forecast based on the projection of ESP sites, which is tested under several scenarios. This includes hot summers and impact of water efficiency measuring on our demand. However, these scenarios are very dependent on our assumptions, like occupancy rates, and we currently do not have any data to validate our forecasts.</p> <p>By undertaking these forecasts, we have determined that we have sufficient headroom if we continue to use our methodology when requesting bulk supply agreements. We have included a table explaining how we will re-negotiate our bulk supply agreements should</p>	Supply and Demand Planning - section 3.1

		<p>might be higher considering the higher incumbent PCC averages.</p> <p>The company must also sensitivity test the headroom for extreme events. To do this, the company can use real examples, such as the prolonged dry weather in the summer of 2022, or create example scenarios, to demonstrate that the current headroom and bulk supply volumes are enough to cover revised forecasting.</p> <p>If there is not enough headroom at sites to cover demand the company should seek to renegotiate its bulk supply agreements. Ensure the assumptions of the type of drought represented by an incumbents' 1 in 500-year resilience is assessed i.e., ensure the company demonstrates it has considered how such an event might impact demand.</p> <p>Issue 2 – Basis of Planning The company could update its text to include information on the basis of water resources planning.</p> <p>The company should add in a brief sentence to explain whether the plan is based on DYAA.</p>	<p>there be a deficit however for the sites that do currently show a deficit we propose to wait until we have some data on occupancy rates to decide whether they do need to be re-negotiated.</p> <p>Issue 2 We have now included a statement around using DYAA as our baseline however, we do not have any data currently to verify this.</p>	
6	Environment Agency	<p>Recommendation 2: Ensure the plan is legally compliant by adhering to the WRMP Directions</p> <p>Issue 3 - Levels of Resilience</p>	<p>Issue 3 For the 7 Incumbent regions that we have sites in, we have reassessed the levels of service and included them in our updated draft plan. We understand that we will need</p>	Levels of Service Section 2.7

		<p>The company should contact the incumbent companies to discuss changes to Levels of Service.</p> <p>If the Levels of Service have changed, in the final plan the company will need to align with each incumbent and set out the annual risk as a percentage and state whether this will change across the 25-year period.</p> <p>Issue 4 – Greenhouse Gas Emissions The company must include information on its emissions. The company could include incumbent CO2 emissions per ML/d and derive an estimate based on the distribution input assumed.</p> <p>The company could also include the emissions from its other activities, such as leakage detection teams etc. or set out why these are not part of its greenhouse gas emissions (e.g., where contractors might account for this).</p> <p>The company must cover each section of Directions and include information on net zero or why this might not apply to it.</p> <p>Issue 5 – Forecasting climate change The company must address this Direction or justify why it might not be relevant.</p> <p>The company could explain its assumptions behind why climate change has not been</p>	<p>to regularly review these over the 25-year period.</p> <p>Issue 4 We have now included an estimate of our greenhouse gas emissions by using an average CO2 emission calculation per ML/d and multiplying this by our total supply from each WRZ. Our ambitions to achieve net zero are also detailed.</p> <p>Issue 5 Our forecast scenarios now include an assumption around hot summers, and we have included some information about our understanding of how incumbents should</p>	<p>Greenhouse Gas Emissions Section 2.10</p> <p>Climate Change Section 2.11</p>
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	<p>factored into the target headroom or the future forecast in demand. Or the company could consider including this in its forecast calculation.</p> <p>The company could demonstrate how the plan is sensitivity tested to ensure there is enough headroom in the current bulk supply agreements to cover any changes due to climate change and uncertainty in demand forecasts.</p> <p>Issue 6 – Metering programme The company must address each Section within each Direction. If parts of Directions do not apply the company must state why not.</p> <p>The company must be clear on its intended smart metering programme. If the company is intending to turn on its smart ready meters it should include details of this in Table 2c in the planning tables.</p> <p>If meters are not smart the company must detail if it will be upgrading to smart meters, giving information on the plans to introduce smart metering and should include timescales for this.</p> <p>If the company is not going to be implementing smart meters it must address why.</p>	<p>decide on measures that consider climate adaptation.</p> <p>Issue 6 and 7 More detail is provided on our plans to move to an AMI smart meter network by the end of this 25-year cycle and initially do some trials. Costs and timescales are also included.</p>	<p>Metering Section 3.2.4</p>
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7	Environment Agency	<p>Improvement 1: Demonstrate how the company is planning to achieve government's per capita consumption target of 110 l/h/d by 2050 by presenting a strategy with clear tactical actions and that is coherent with incumbent water companies</p> <p>Issue 9 – Consumption Strategy The company should be working towards the government expectations. While the</p>	<p>Issue 9, 10 & 11 We have included the target of 110l/h/d PCC by 2050 into our updated draft plan and included more detail on how we intend to achieve this. The calculations vary largely due to our assumptions, particularly our estimates of occupancy rates and with more data we can make our forecasts of consumption more accurate. We intend to do more intense campaigns in conjunction with the Incumbents in water stressed areas.</p>	<p>Consumption Strategy Section 2.4</p>

		<p>reduction in PCC supports the objective, the company should give sufficient explanation as to why it is not planning to achieve 110l/h/d or below.</p> <p>The company should include detail on how it will work to reduce the consumption of customers to this level.</p> <p>The company should keep enough headroom in bulk supply volumes to cover extreme events and in case of higher demand.</p> <p>Issue 10 – Consumption Strategy The company should ensure good communication with incumbents and could consider working together on targets. This good communication will also benefit in the situations of incidents.</p> <p>The company could consider working with or supporting incumbent water company strategies to ensure that customers receive the same messaging.</p> <p>Issue 11 – Consumption Strategy The company should include detail on how it will increase targeted demand management work within water stressed areas.</p>		
8	Environment Agency	Improvement 2: Provide detail around renegotiating bulk supply contracts	Issue 12	Bulk Supply Agreements Section 1.4

		<p>Issue 12 – Reviewing/negotiating bulk supplies The company should be clear on the process and frequency by which it reviews current bulk supply contracts at sites to ensure there are no deficits.</p> <p>Once reviewed, the company should show a tactical step-by-step plan on how this is approached. Initially will this be through increased demand management? At what point would there be the trigger to increase bulk supply volumes? The company should then describe how renegotiation works and possible timeframes.</p>	We have included in our draft a section on how we set and review our Bulk Supply Agreements	
9	Environment Agency	<p>Improvement 3: Provide target headroom assumptions and breakdown so that it is clear how the company is managing its risks.</p> <p>Issue 13 – Target Headroom Assumptions The company should provide a breakdown of the components making up the target headroom figure. Explaining the assumptions, data and methods behind this.</p>	<p>Issue 13 We have included more detail on our target headroom assumption.</p>	Supply Forecasting Section 3.4
10	Environment Agency	<p>Improvement 4: Explain force majeure in terms of consequences to customers.</p> <p>Issue 14 – Force Majeure The company should give more detail on force majeure. It should explain at which</p>	<p>Issue 14 A definition for Force Majeure has been included in the document as detailed in the Bulk Supply Agreements. This would come into play should the incumbent decree a Drought under their definitions.</p>	See section 3.1.1

		drought level this might occur and how this might impact customers.		
11	Environment Agency	<p>Improvement 5: Improve quality of data and written report.</p> <p>Issue 15 – Data Issues and Quality Assurance The company should ensure that data tables and text are both reviewed before publishing the final plan. • Targets within the written text for example leakage, PCC, headroom, leakage control, should all align between the text and planning tables.</p> <p>Issue 16 – Data Issues and Quality Assurance The leakage stays at the same level throughout the planning period, however, there is no evidence in the final plan options table of leakage reduction.</p> <p>Issue 17 – Data Issues and Quality Assurance The leakage forecast in the written plan should align with the data tables.</p>	<p>Issue 15, 16 & 17 Care has been taken to ensure data quality is consistent between the planning tables and the updated draft plan. However, we have not shown a definite leakage reduction as with the limited data available currently this is difficult to estimate. However, the data does not show an increase.</p>	Document and Planning Tables
12	Environment Agency	<p>Improvement 6: Ensure new sites are included in future submissions</p> <p>Issue 18 – Updating new sites</p>	<p>Issue 18 and 19 We have included more detail on how our plan will be reviewed annually and that we will add new sites every 5-year cycle. In the</p>	Throughout Document

		<p>The company should add text to explain how it will add new sites to its final plan.</p> <p>Issue 19 – Updating new sites The company should include text to explain how the Annual Review will be used to update on new sites granted and report back on key metrics.</p>	interim supply-demand balances will be calculated annually.	
13	Natural England	<p>Natural England is pleased to see ESP Water Limited is committed to meeting the 110Ml/d pp/day target, where possible we would encourage the company to go further and set more ambitious targets.</p> <p>Natural England would encourage ESP Water Limited to meet the 120Ml/d target by 2030 instead of the other alternative of 130Ml/d as outlined in the draft WRMP.</p> <p>ESP Water Limited will supply each inset area with bulk supply transfers from United Utilities, Northumbrian Water and Yorkshire Water. It is also expecting to receive additional bulk transfers from South West Water, Severn Trent Water and Anglian Water. The environmental impacts associated with these sources and supply of water should be assessed in the donor companies Water Resource Management Plans and are subject to Habitat Regulation Assessment (HRA) and Strategic Environmental Assessment (SEA). In order to rely on the donor company to assess the environmental impacts ESP Water must satisfy itself that the relevant assessments</p>	<p>ESP has included the 110l/h/d target by 2050 and have ambitions to exceed this, which could include the 120 l/h/d by 2030, however once the company has some data, realistic targets can be set.</p> <p>We have read all 7 Incumbent WRMPs (United Utilities, Northumbrian Water, Yorkshire Water, Severn Trent Water, South West Water, Anglian Water and Thames Water) and are satisfied that the relevant assessments have been made applicable to our supplies.</p>	Supply and Demand Forecasting Section 3.

		<p>have been undertaken with respect to its supply abstraction/s.</p> <p>Natural England will respond to consultations on dWRMPs for United Utilities, Northumbrian Water, Yorkshire Water, South West Water, Severn Trent Water and Anglian Water and we have been working with these companies to ensure environmental impacts of these plans are assessed properly, and that the assessment have influenced development of their final plans.</p> <p>In light of this and the small geographic area of ESP Water Limited supply area, Natural England agrees that an HRA and SEA is not required for ESP Water Limited dWRMP</p>		
	CCW	<p>We recognise that as a NAV (New Appointment and Variation) company, ESP provides water services to individual sites within incumbent water company areas and does so through bulk supply arrangements with the relevant incumbent for each site. The company is a new entrant into the NAV sector with relatively few sites to date, but with an ambition to expand.</p> <p>We consider that ESP Water's dWRMP is therefore proportionate given its circumstances and supply arrangements. CCW welcomes the company's commitment to achieving high levels of water-use efficiency, and to work with developers in</p>	<p>We acknowledge the comments from CCW and the suggestion that we should work with the industry on water efficiency messaging. There is nothing further to add to the updated draft.</p>	n/a

	<p>formulating a long-term strategy to reduce water consumption on new domestic and commercial developments. This should help ensure that water demand is optimised at each site notwithstanding the level of use allowed through the bulk supply agreements. While these agreements guarantee supply at the forecast levels of demand, the company should still aim to ensure maximum water efficiency for the wider benefit of consumers and the environment.</p> <p>The company sets out to achieve this through a strategy focussing on.</p> <ul style="list-style-type: none"> • Promoting efficient water use in domestic properties. • Encouraging a reduction in per capita consumption, especially in those areas that have not been constructed to a 110l/p/d standard. • Developing customer communication and an awareness of ESP Water codes of practice to deliver reliable and sustainable supplies of water and waste water services. • Implementing the latest AMR metering technology for all domestic and commercial supplies. • Managing leakage to maintain low levels at their sites. • Considering environmental solutions and water recycling strategies to meet 		
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		<p>specific water demand requirements for each NAV appointed development</p> <p>In pursuing its strategy, the company has the advantage that its sites are new developments, which benefit from new infrastructure and 100% metering of customers. As with all water companies, ESP Water will need to engage with its customers to effect behaviour change to reduce PCC levels to meet long term ambitions. It will also need to engage with any non-household customers to promote water efficiency. The company should work with the wider industry to share its experience and any best practice in doing so.</p>		
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Completed by:



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 01 June 2023