



Statement of Response, Draft Drought Plan 2021

SEPTEMBER 2021



Document Control Sheet

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Document Business Owner:	 Olivia Moreton 13/09/2021
Reviewed By:	 Paula Agutter 13/09/2021
Approved By:	 Charlie Thackeray 17/09/2021 On behalf of IWNL Board





Introduction

This is the Statement of Response of Independent Water Networks Limited (IWNL) to representations received by DEFRA from various consultees during its consultation on IWNL's draft 2021 Drought Plan. IWNL has listed below the representations received and has explained the changes made to the draft Drought Plan as a consequence of such representations or, where no changes have been made, IWNL has given its reasons for not doing so.

Context

IWNL is part of the BUUK Infrastructure group of companies which focuses primarily on the new build market, dividing its activities between the regulated ownership of utility network assets and the unregulated provision of utility infrastructure and asset management services.

IWNL is a regulated water and wastewater undertaker appointed by OFWAT under its new appointments and variations process. IWNL have been granted various appointments to provide water and wastewater services for certain new housing developments in discrete geographical regions, and instead, of the incumbent undertakers identified in the tables below.

IWNL owns no water resources or treatment assets. It operates by securing bulk supply and discharge services from the incumbent supplier and retailing this to its customers.

Consultation responses

A total of one written representation was received from The Environment Agency and an IWNL customer.

All material amendments made to the draft Drought Plan as a result of these responses are summarised below.

The Environment Agency

COMPLIANCE WITH LEGISLATION

The Environment Agency stated that they have "assessed the company plan against Direction 2020. (Although we noted that the company refers to the 2016 Directions in section 1.2 of its draft plan)".

Section 1.2 has been updated.



BULK SUPPLY ARRANGEMENTS WITH INCUMBENT WATER COMPANIES

The Environment Agency have requested that section 5 in IWNL's Draft Drought Plan contains further details on the following points:

"What constitutes a 'force majeure'" and "whether any downward variations in bulk supply agreements exist that put supplies at risk during a drought".

Bulk supply agreements held by IWNL have 'force majeure' clauses, some of which specifically mention droughts. It is believed that a drought would come under a force majeure clause.

IWNL have noted that where some incumbents list bulk supply agreements with water companies in their Draft Drought Plan, IWNL are not included. Additionally, some incumbent Draft Drought Plans state volumes which are above our bulk supply agreements are viewed as un-strategic to pursue in the event of a drought. For example, Severn Trent state that volumes less than 1MI/d would not be considered as an option in a drought. Cambridge Water state in their draft Drought Plan that they import and export small volumes of water and that "there is little scope for optimising these small quantities in drought conditions". Anglian Water consider IWNL as a small net transfer and are not included in proposed reductions. Bristol Water state that they have a number of small export and imports of less than 1MI/d which they "would not envisage needing to reduce these transfers during a drought".

Consequently, IWNL have not included reductions in bulk supply amounts in our plan but will continue to liaise with incumbent water companies about joint actions.

"If the company has considered a trigger for requesting more water (as a supply option) or whether the existing headroom in bulk supplies means this is not necessary (or possible in a drought)"

IWNL's bulk supply agreements are based on forecasted population size and the total number of plots for the development. The existing headroom in the bulk supplies means that it should not be necessary to request additional water in a drought.

"How such a request would be triggered and negotiated (including the timings, where in the sequence of drought options this would be and who would do this)"

This is not applicable, as noted above.

"Whether the bulk supply agreement requires the company to adhere to the volumes in the event of a drought"

IWNL will mirror the incumbent's actions of the incumbent to aid reduce of water use through demand side management. IWNL would liaise with the incumbent leading up to and during a drought to provide a joint approach. IWNL have a contractual obligation to adhere to the volumes in the bulk supply agreements.

IWNL are in the process of discussing the above with incumbent companies. Please see section 5 which has been updated to reflect the above comments.

CLARIFY DROUGHT MANAGEMENT MEASURES

The Environment Agency stated that IWNL "could be clearer in explaining drought actions in some instances. For example, in table 2.3 of the draft plan, the company suggests implementation of extreme drought management actions as level 3 drought management actions (reduced to 20-50%). The extreme drought actions that will be taken are not explained/identified in section 3.4."

Table 2.3 of IWNL's Draft Plan has been updated and further information has been included in section 3.4, including an additional table (3.1) listing the extreme



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drought actions IWNL would undertake.

The Environment Agency stated that IWNL “should include further information in its plan on the drought management measures it expects to take and update the action to show how the associated measures can be delivered in a timely fashion”.

Please see above comment for additional actions added into the Drought Plan, which includes estimated lead time. In addition, section 3.2 and 3.3 have been updated to include a timescale with the associated action.

COMMUNICATION

One of IWNL’s customers commented that it would be “great” if we made an app.

IWNL routinely review our communication strategy and the use of an app will be considered by the marketing team for use in the future.

Closing Statement

IWNL thanks all consultees for the responses to its draft Drought Plan, the document has been revised accordingly and IWNL has submitted its revised Drought Plan to the Secretary of State for approval. The Drought Plan will be finalised and published on the IWNL website once approval has been granted.

