



**Cyfoeth
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Wales

Olwen Minney
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Welsh Government
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Dyddiad/Date: 02 July 2013

Dear Olwen

RESPONSE TO THE CONSULTATION ON THE FUTURE MANAGEMENT OF PRIVATE WATER SUPPLY PIPES

We welcome this opportunity to respond to the Welsh Government's consultation on the future management of private water supply pipes.

Natural Resources Wales brings together the work of the Countryside Council for Wales, Environment Agency Wales and Forestry Commission Wales, as well as some functions of Welsh Government. Our purpose is to ensure that the natural resources of Wales are sustainably maintained, used and enhanced, now and in the future.

Our response relates to the technical aspects of the consultation to support development of the Impact Assessment. We have provided answers to the questions in the consultation document where we believe we can provide information.

Question 1 - Is option 0 (Do nothing) a suitable and sustainable option for future management of water supply pipes? The current system of inadequate investment in supply pipes is not sustainable in the long term. Customer supply pipe leakage currently accounts for about 25% of total leakage in Wales. By not addressing supply pipe leakage, this element of leakage will rise. Managing leakage is important to help address the growing pressures on water resources from population and household growth and climate change. If supply pipes are inadequately maintained, this could potentially increase the risk of failure for drinking water standards.

Question 2 - Have you any overall comments/evidence on Option 1 (Voluntary code of practice for maintenance and repair)? Option one for the development of a voluntary code of practice would be a step in the right direction

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Correspondence welcomed in Welsh and English

but would not be a significant difference over current practice. Even if the approach is adopted, there will be room for continued inconsistency in the way customers are treated and the approach to repairing supply pipes. This option is unlikely to provide long term resilience given that water supply companies would still not have the responsibility and control over the whole water supply pipe network. There may be little incentive for the companies to sign up to a code of practice if funding for maintenance and repair is inconsistent or uncertain.

Question 3 – Have you any overall comments/evidence on Option 2 (create a power to regulate)? This option would mean that:

- Water companies would have the power to find and fix a significant number of leaks and reduce total leakage levels.
- The water savings could be significant. There could be a beneficial impact on the supply-demand balance especially in deficit zones and especially if combined with progressive smart metering programmes to identify leaks quickly.
- Reducing leakage will lead to:
 - reduced abstraction and improved sustainability/security of supply;
 - reduced energy use and carbon emissions;
 - improved customer relations;
 - customers being more likely to do their bit to save water.
- The review of Sustainable Economic Level of Leakage (SELL) report recommends that a separate SELL calculation is undertaken for supply pipe leakage. This new power would enable water companies to develop a more robust SELL calculation for supply pipe leakage as companies would have the ability to manage these leaks in a more cost effective way as they would have more control on how to manage supply pipe leakage. This is likely to reduce leakage further.
- Water companies would be able to better manage their leakage performance measures because the whole distribution system would be under their control and responsibility.
- Companies would be able to replace supply pipes when they replace mains. This would increase the benefits of those projects and enable a street by street approach which can improve cost-effectiveness.
- Serviceability of the network would be improved;
- Drinking water quality could be improved because old pipe-work would be replaced.
- It is imperative to have the appropriate funding mechanism in place to support the water companies and the additional assets they will be responsible for as a result of this new power.
- The low meter penetration of domestic properties in Wales (~30%) combined with the low frequency of meter readings per year would mean that the identification of leaks would still be difficult even with this new power.

Question 5 - What is your preferred option? We would support Option 2 which is the creation of a power to regulate, because this would enable companies to better manage their leakage performance and reduce leakage. See response to Question 3.

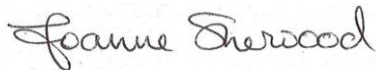
Question 7 - Does this list of groups include everyone you think could be impacted by the options? Yes.

Question 9 - Have you any comments/evidence, both monetised and non-monetised, on the potential impact on water supply companies from the options? This is an additional duty for water companies. We do not have a feel for costs, but we would anticipate that they would need additional resources to enable them to take on the responsibility. The impacts of businesses with long supply networks on their own property would need careful consideration because this could mean water companies take responsibility and financial risk for a considerable additional network of pipes.

If you have any queries or would like any more information on the points raised in this note, please contact Victoria Ashton:

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Yours sincerely



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