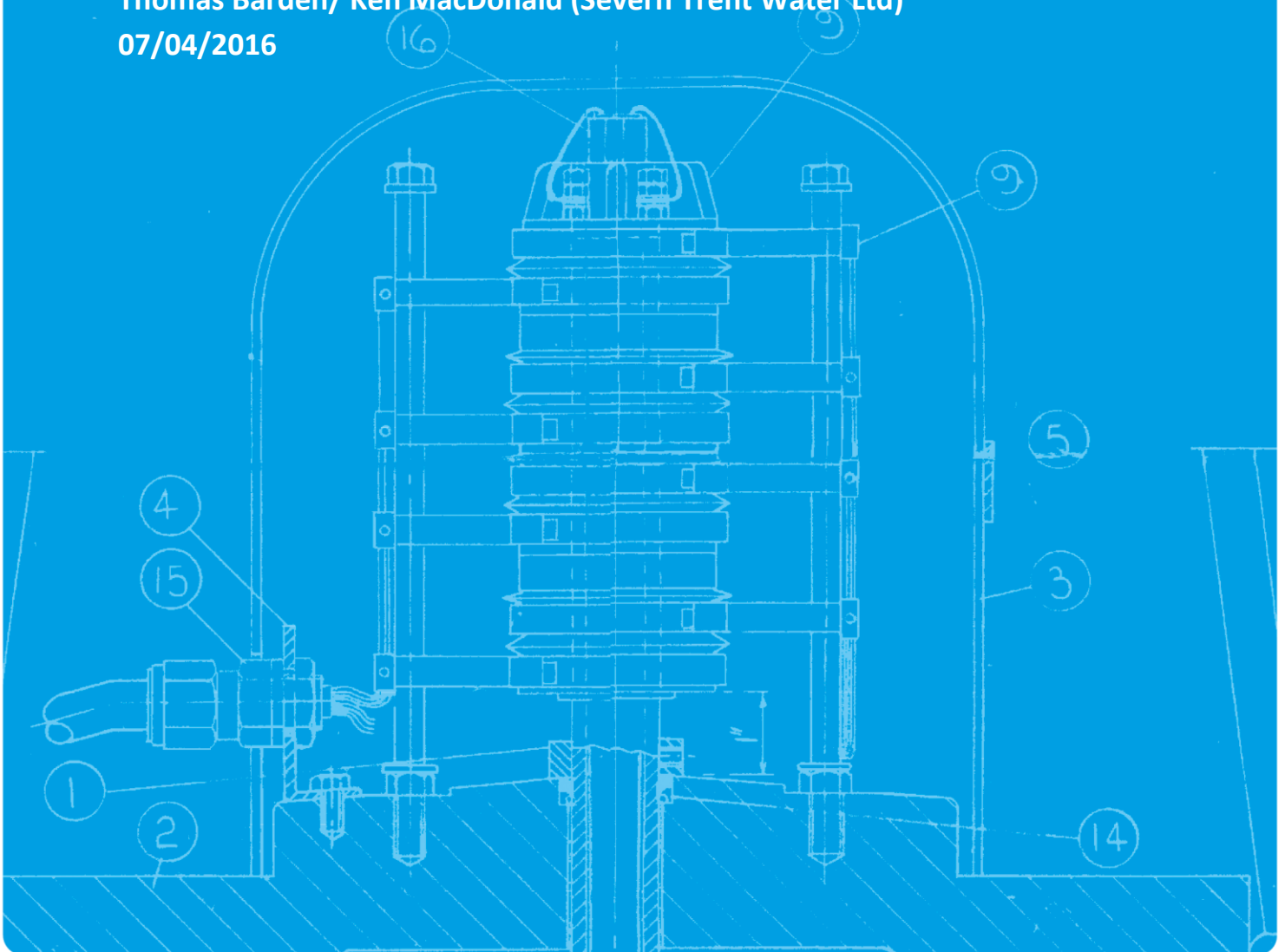


Changes to water abstraction licensing exemptions in England: New Authorisations

Thomas Barden/ Ken MacDonald (Severn Trent Water Ltd)
07/04/2016



Changes to water abstraction licensing exemptions in England: New Authorisations

Thank you for the opportunity to comment on these changes. In summary, we:

- Do not object to the principle of bringing exempt abstractions into the licensing system through New Authorisations. We realise that this is a necessary step in order to provide a level playing field for all abstractors before the abstraction licensing reform that is due to take place in the early 2020s
- Would like you to implement these changes in a way that does not threaten either our customers' security of supply or our current levels of resilience.

Operationally, we do not think that bringing our exempt abstractions into the licensing system will cause widespread or strategic supply / demand problems. This is because there are relatively few of our sources that are currently exempt. We have listed all of our sources in England that we think the New Authorisations could apply to in the table below:

Name of abstraction	Type of abstraction	Water Resource Zone
Much Wenlock	Groundwater source	Shelton WRZ
Oakley Farm	Groundwater source	Bishops Castle WRZ
Diddlebury	Groundwater source	Strategic Grid WRZ
Munslow	Groundwater source	Strategic Grid WRZ

Paragraph 106 of the consultation document suggests that the New Authorisation licences will give us an annual maximum volume based on the average '*recent actual*' abstraction over the last four years. This could cause us serious security of supply and local resilience issues because:

- The last four years are not necessarily representative of our average or peak customer demands
- There have not been any prolonged hot and dry periods in the last four years
- We need a peak abstraction quantity that allows us to meet peaks in demand caused by hot and dry weather or as a result of outages at other sources in the same supply area
- It will reduce our current level of drought resilience.

We request that, before the current exemptions for these sources expires, you allow us to carry out a detailed analysis of the potential impact at each of these locations. Until we have done this analysis we cannot rule out any negative impacts that these changes might pose for our customers. We recommend that this assessment is done alongside the re-justification of need for all time limited licences that the EA now requires companies to carry out as part of the draft Water Resources Management Plan.

If you, or the Environment Agency (EA), think there are other Severn Trent abstractions that will lose their current exemptions then we request an opportunity to carry out this analysis for them as well. We look

forward to working collaboratively to devise licences that proportionately protect our customers' interests and those of the natural environment.

In addition, we would like to know why you suggest a period of four years is representative of '*recent actual*' use when the Environment Agency generally uses a period of six years for '*recent actual*' use when it looks at the impact of abstractions on WFD compliance. The period of six years is not perfect but it has the advantage of including the period of below average rainfall that we experienced between 2010 and March 2012. However, even the last six years does not include any droughts severe enough for us to have restricted our customers' use of water or needed drought permits/ orders.

We note that this consultation states that sources that have not been used for the last four years may not be granted a licence as a New Authorisation. We have used all of the four currently exempt sources in the last four years so we do not think that this affects us.

We support the idea of using funds already collected under EIUC for any compensation payments as we have made a commitment to our customers to continue to have the lowest combined bills of any water company until at least 2020. The consultation document states that if these funds already collected under EIUC are not able to be utilised for New Authorisations compensation from April 2017, then abstraction charges could potentially be increased by up to 10% year on year until 31st March 2019 in the Anglian and Midlands regional charging areas. If our abstraction charges increase significantly then this could put an upward pressure on our customers' bills. We do not want this to happen as we are committed to keep the promises that we have made to our customers.

We are continuing to invest millions of pounds on our National Environment Programme and Restoring Sustainable Abstraction work to deliver our fair share of environmental improvements under the Water Framework Directive (WFD). This demonstrates our commitment to improving our region's environment. We support the objective of these proposals to tackle unsustainable abstraction and to fairly place the responsibility of reaching good ecological status on all abstractors by using River Basin Management Plans.

We realise that there will be an assessment of the impact of each individual abstraction to ensure no deterioration in the status of water bodies, as determined by the WFD, in our region. We are also aware of proposals to put basic universal Hands off Flow (HoF) conditions on New Authorisations to protect against environmental damage. However, we are not clear how these HoFs will be set nor are we clear how they will affect our groundwater sources. We would like to work with Defra and/ or the EA to clarify these outstanding questions.