Wessex Water Services Ltd Response to Ofwat's PR19 Draft Determination – August 2019

Representation reference: Cost Assessment C7

Representation title: WINEP: Event duration monitoring

Summary of issue

Compared with the IAP, the draft determination model recognises that some event duration monitoring (EDM) costs such as permitting costs should be in addition to the EDM equipment itself. However this adjustment has not been applied to all companies, and for Wessex Water the assessment did not include for the £6.7k per monitor permit charge, as raised in our response to the IAP [Ref 1, Section 2.1].

Therefore it appears that the cost assessment does not allow for costs other than the installation of EDMs. We request that our allowance is increased to allow for the permit charges.

To enable the reporting of permit FFT compliance to the Environment Agency (EA), we included in our business plan for the development of analysis and reporting systems to enable us to report on an annual basis the FFT performance of each STW. However in light of the draft determination response, we have now deducted the software development costs (£2.23m) that we previously included for EDM data analytics.

Change requested

We request that Ofwat's EDM model includes an allowance for permits costs as well as for the installation of the EDM equipment.

Relevant values are summarised in the table below along with confirmation of the value we request in order to complete the statutory obligations in the WINEP for event duration monitoring.

Event duration monitoring	£m
PR19 business plan	13.349
Draft determination	6.242
Representation request	11.119

Rationale (including any new evidence)

As part of our WINEP regulatory requirements we need to install event duration monitoring (EDM) at our overflows (U_MON1 driver) and at sewage treatment works storm tanks (U_MON3 driver). As reported in previous submissions [Ref 1 and Ref 2] the scale of the EDM programme is given below:

EDM driver	Type of EDM	Number of EDM on WINEP
U_MON1	To monitor our storm overflows that can spill to the environment. By 2025 we will have 100% coverage of storm overflows to the environment	307
U_MON3	To confirm duration of spills into storm tanks	228
	Total	**535**

Ofwat's draft determination comments includes ' *costs include for EDM at 535 site; 228 at STWs and 307 on CSOs / storm tanks. The BP (IAP) resubmission itemises the costs for permit applications, but it is not clear whether these are for standalone applications or associated with sites that are also receiving installations. We have assumed the permit costs are included in the totex for the 535 sites, and that the requested totex in table WWS2 includes all scheme costs*.'

Other water companies have totex allowances for permit applications in addition to EDMs.

It appears that although it was recognised that we would need to apply for permits, the draft determination model does not allow for this.

As well as including the costs for surveying and installing the EDM equipment at the 535 overflows, we have also included cost for getting the overflows re-permitted.

The permit charges that the Environment Agency are setting for these permit changes is currently £6.7k per permit change. We have included costs for the EA required permit condition amendments charges, these fall outside of our normal permit amendments and are required for permit FFT compliance and form part of U_MON1 and U_MON3 quality requirements. For the 535 WINEP lines changes the permit charge is £3.6m.

These permit charges do not seem to have been included within the cost assessment median figure of £12.8k per EDM installation. Other companies NES, NWT and SRN have costs for permits included as an addition.

We can confirm that the costs included in WWS2 included installation of EDM and the EA permit costs for the 535 sites (either U-MON1 and/or U_MON3). The additional £3.6m for permit charges is requested over and above the modelled allowance for the EDM installations.

The EA require us to analyse and report on all EDM spill events to confirm compliance; this will involve identification of spill periods and associated measured flows for each of our 213 STWs with permit FFT limits. To meet this new regulatory obligation we need enhanced data analytics and visualisation tools. Analysing the data for treatment works is complex because of the number of flows and parameters involved, such as flow to full treatment, spill into storm tanks and spill out of storm tanks and rainfall data that all need to be considered together. Our current system is unable to do this FFT compliance checks so in our submissions to date [Ref 1 and Ref 2] we included £2.2m for this within our EDM (U_Mon1 and U_Mon3) driver costs. We note that this costs has not been allowed for within the cost model as it only allows for the installation of EDMs using the median value of all water company plans.

As part of this response we have now deducted £2.2m software development costs that we previously included for EDM data analytics.

Why the change is in customers' interests

Installation of EDMs and monitoring permit FFT compliance will ensure that permitted flows are treated before spilling into storm tanks or directly to the environment. The EDMs will provide evidence of when, how often and the duration of when the permit FFT flow is exceeded. The EDM will also inform the storm overflow assessment framework (SOAF) and identify frequent spilling overflow (FSO) assessment programme which will identify and promote investment for CSO performance improvements.

Customer protection is provided through the WINEP length of river improved performance commitment (PC E10).

Links to relevant evidence already provided or elsewhere in the representation document

Additional information is contained within the following business plan supporting documents:

- [Ref 1] Wessex Water Response to the initial assessment of plans, April 2019. Appendix 4 - Protecting and enhancing the environment - Response to IAP, Section 2.10.

- [Ref 2] Wessex Water PR19 business plan, September 2018. Supporting document 5.1 Protecting and enhancing the environment, Sections 3.5 and 4.1