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Looking forward to PR09

Hilary Aldridge

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Looking forward to PRO9

- Hilary Aldridge

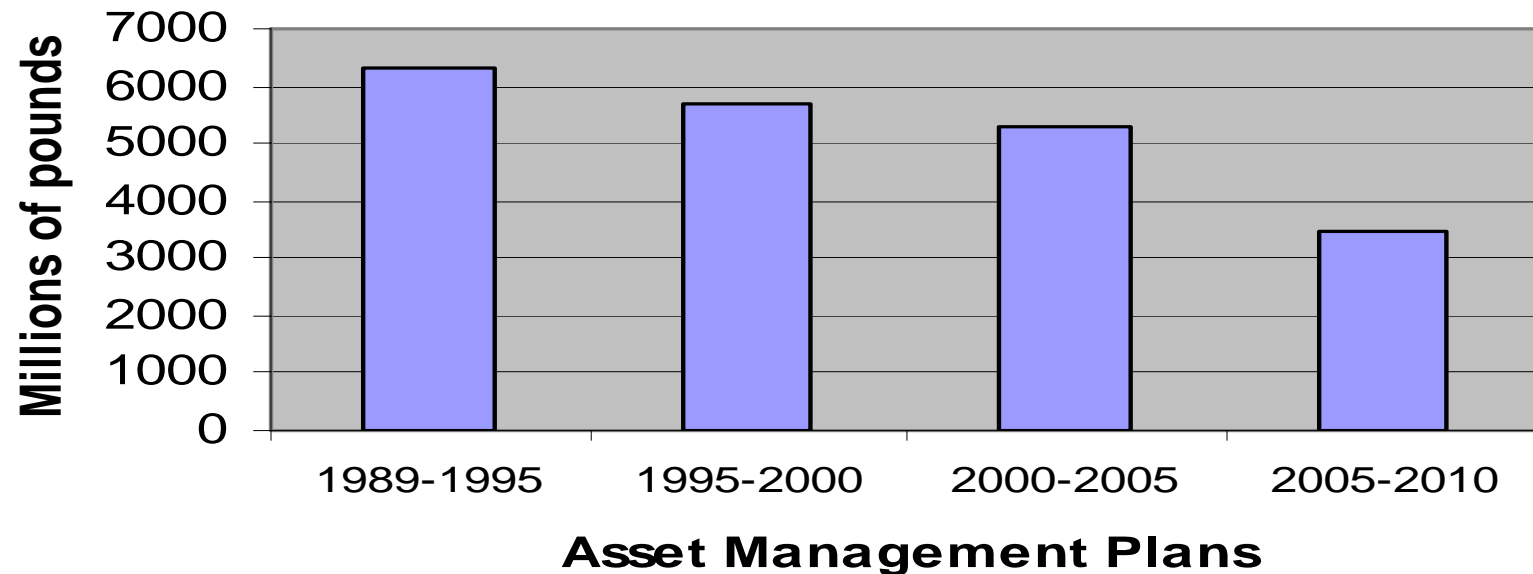
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Previous Investment in Water Quality Improvements

Investment in water quality improvements in Asset Management Plans



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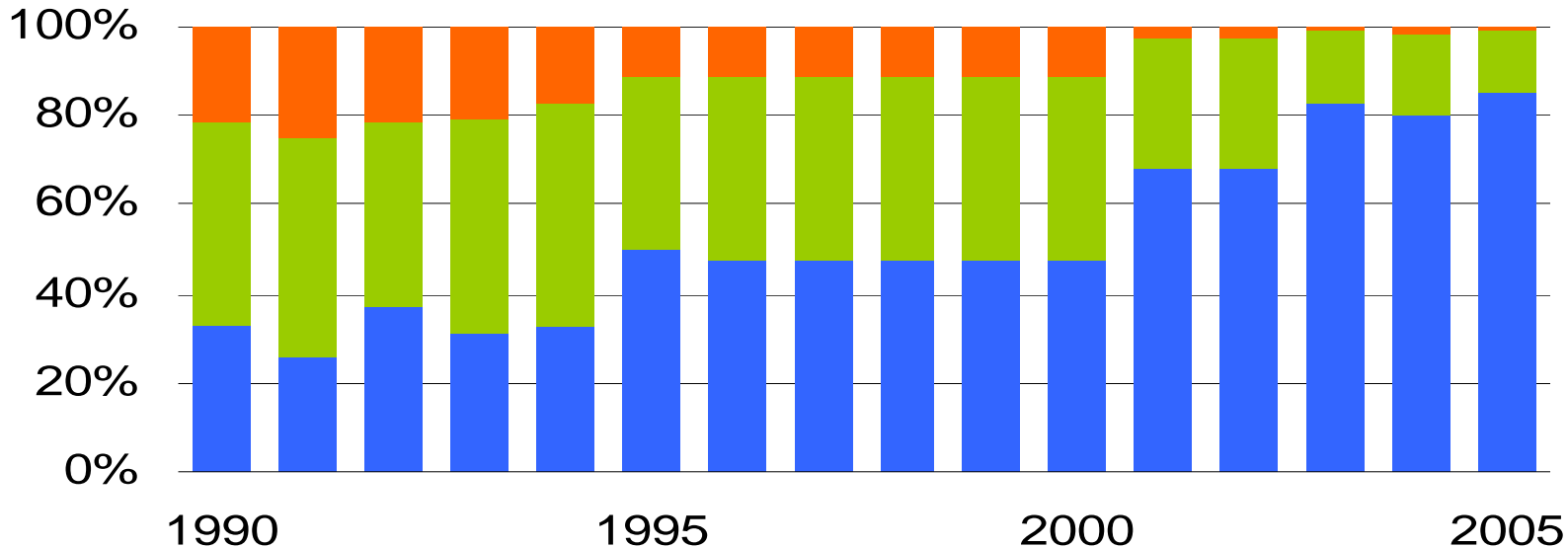
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Bathing Water Quality Improvement

Bathing water quality 1990 to 2005

- Sites meeting stricter standards
- Sites meeting minimum standards
- Failing sites

Percentage of bathing waters



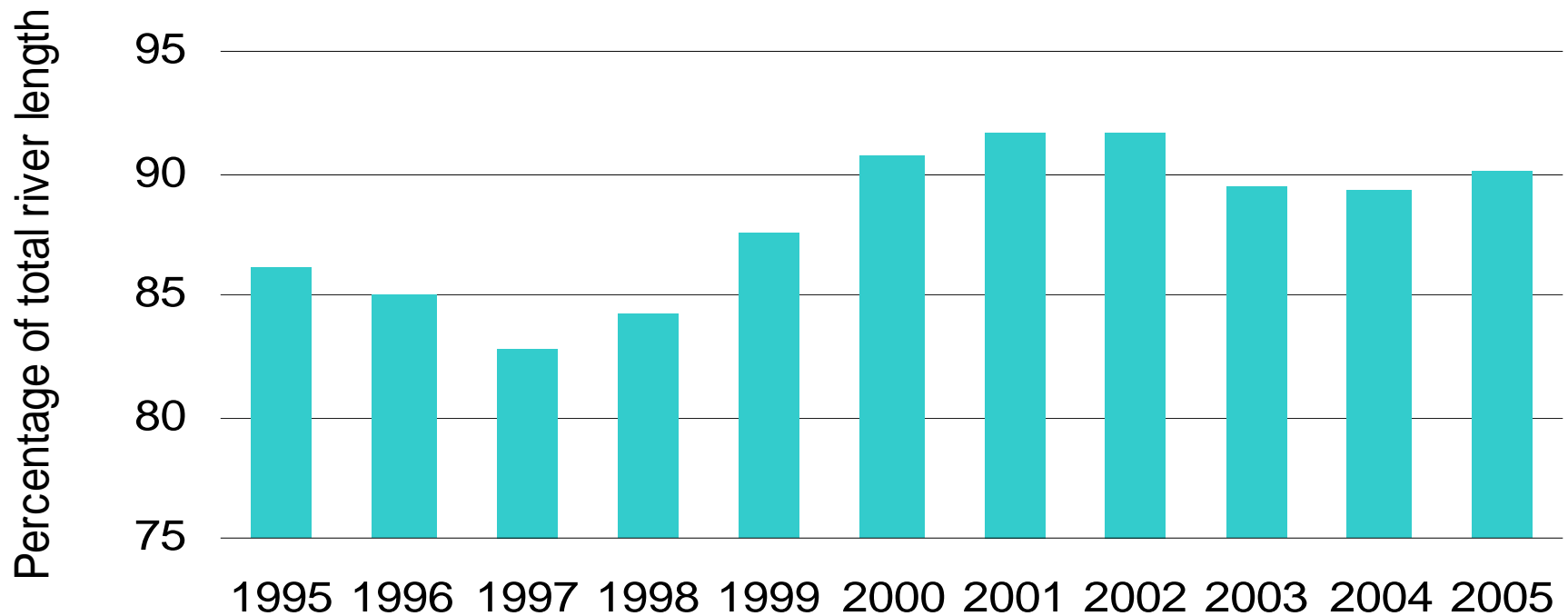
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River Quality Compliance

River quality compliance in England and Wales 1995 to 2005



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Other measures of progress

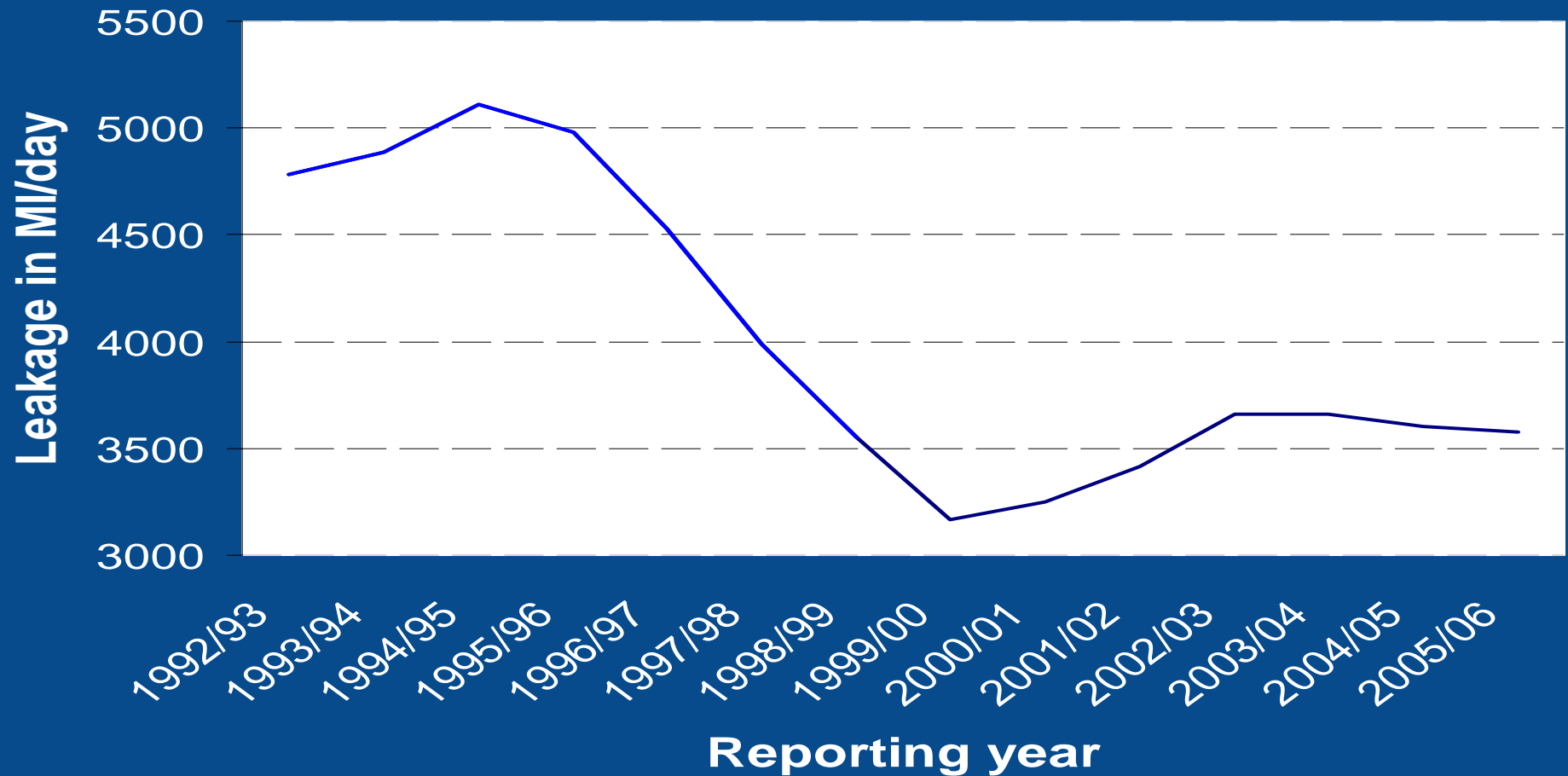
- Leakage
- Level of household metering
- Drought management

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Leakage

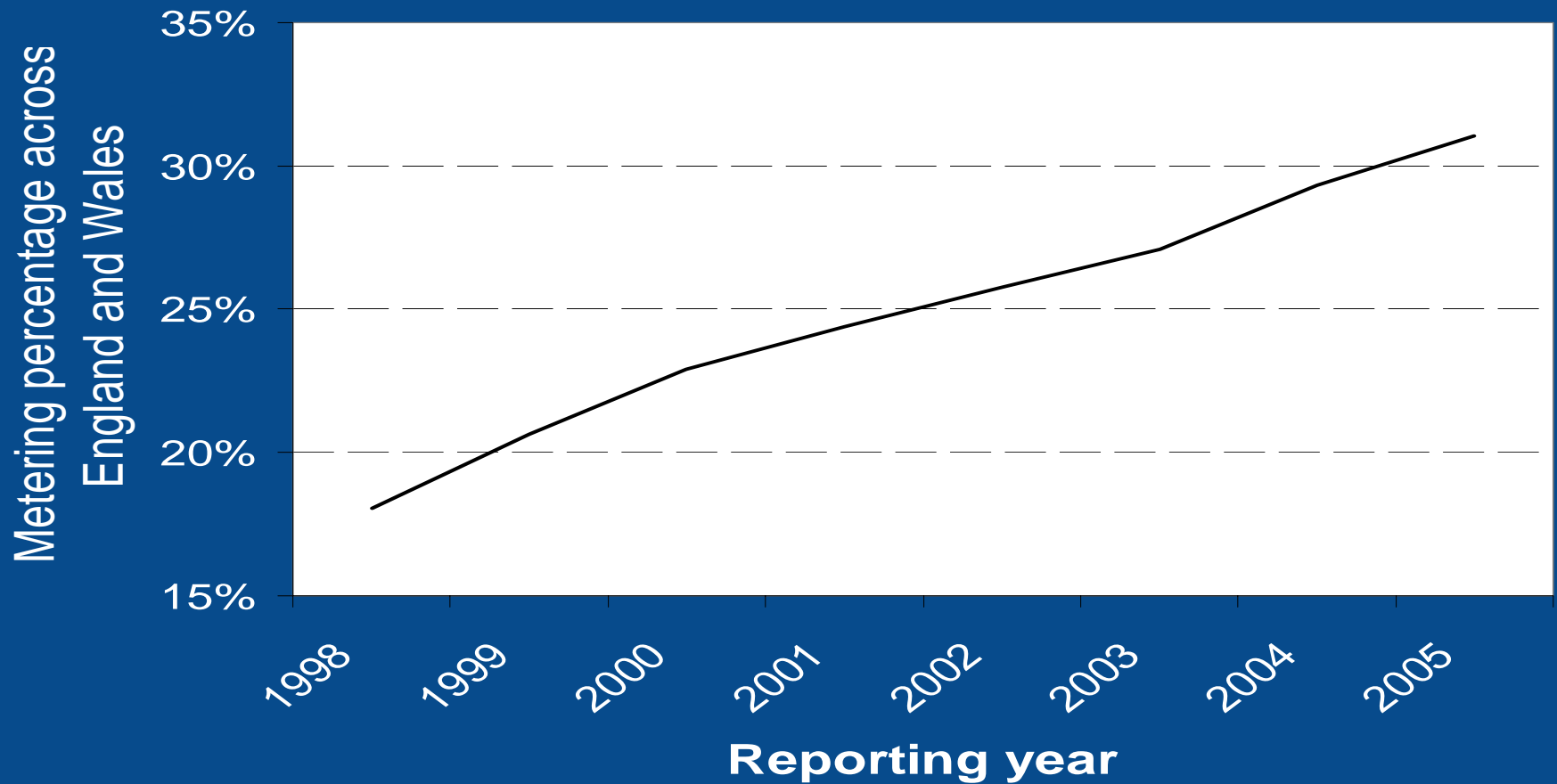


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Metering

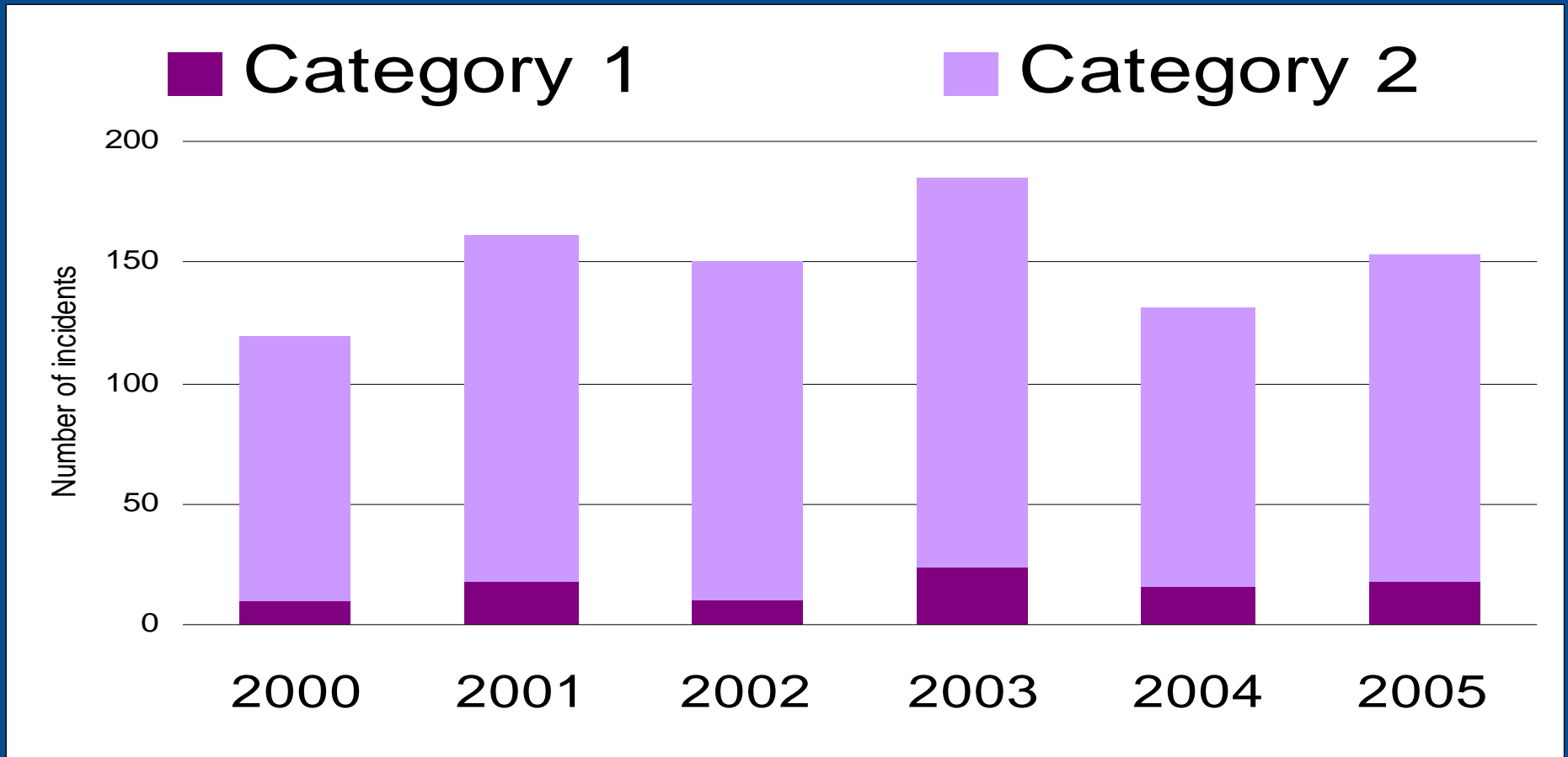


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Pollution Incidents



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Water Company Business Plans - PR04

Capital
Maintenance
£8.4b

Quality
Enhancement
£5.5b

Supply-Demand
Balance
£2.3b

Enhanced
Service Levels
£0.6b

Business
plan total
= £16.8b

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Looking forward

- Growth
- Climate Change
- Obligations still to be achieved
- New/changing requirement
- Customer expectations

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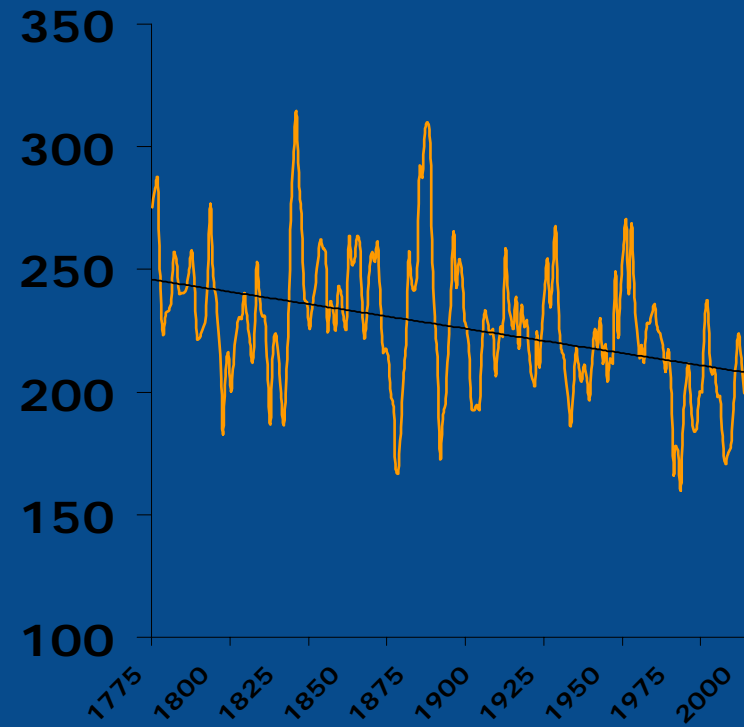
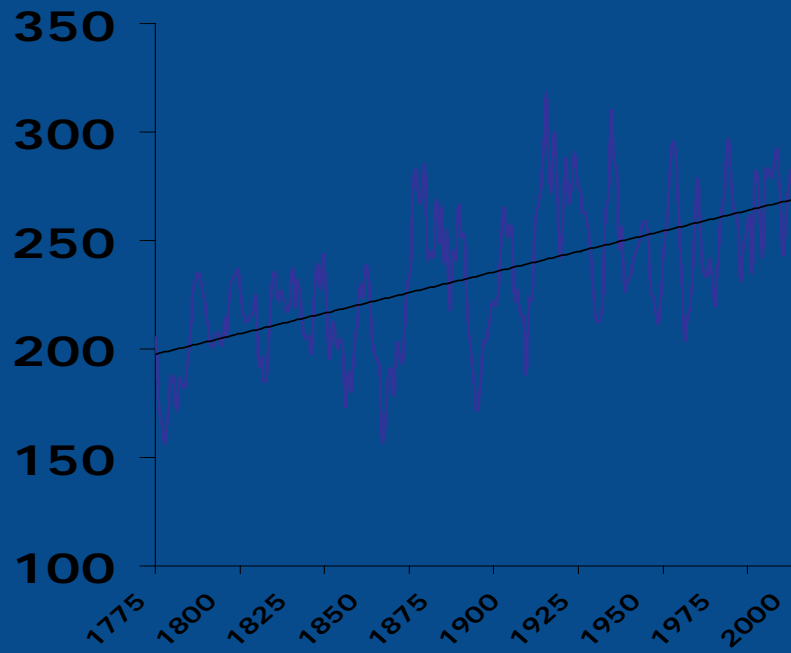


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The UK climate is already changing

UK winter rainfall (mm) since 1775 (Dec-Feb) 5 year rolling average

UK summer rainfall (mm) since 1775 (Jun-Aug) 5 year rolling average



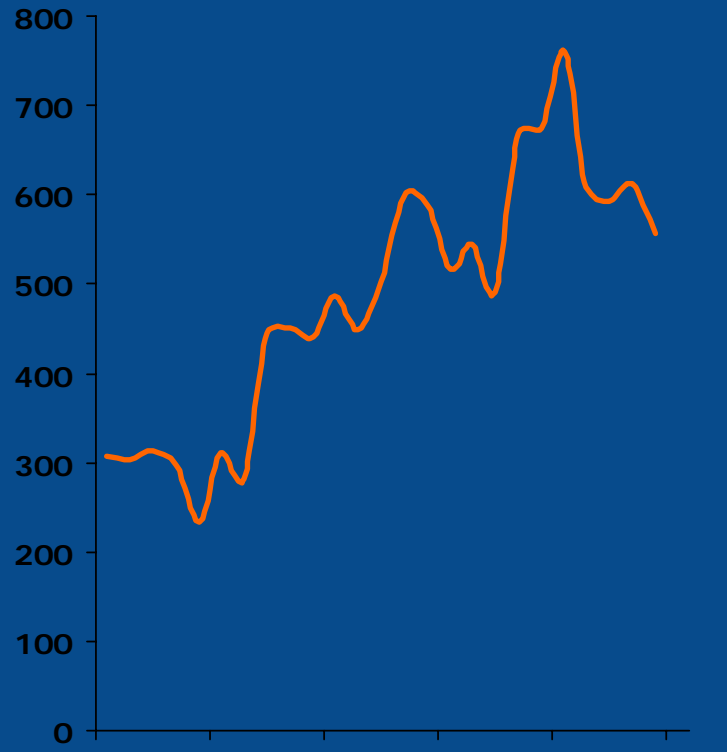
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Climate change is really about instability

Number of weather-related disasters



Weather-related disasters include droughts, floods, hurricanes, heat waves, and extreme cold waves. Source: [Agencia Nacional de Meteorología y Climatología](#). Cited by Worldwatch Institute

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Looking forward

- Growth
- Climate Change
- Obligations still to be achieved
- New/changing requirement
- Customer expectations
- Political context

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High level objectives for PR09

- Maintain outcomes achieved by previous investment programmes
- Ensure companies have adequate plans to provide sufficient water for customers, taking into account the needs of the environment
- Ensure the Water Industry's contribution to meeting the Water Framework Directive requirements is properly defined so that water companies' business plans are well informed and Ofwat are confident that appropriate funding is reflected in price
- Secure long-term solutions in accordance with the principles of sustainable development

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River Basin planning

- Focus on the ecological 'health' of our water environment.
- Requires us to work together to create a cleaner, healthier water environment in a fair and balanced way
- Recognises the need to balance protecting and improving the environment, and potentially competing social or economic pressures.
- Applies across Europe to giving a level playing field: our businesses and communities
- An opportunity to work on a long term programme of environmental improvement

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River Basin planning

- Proportionate and fair
- Sectoral approach
- Cost and Benefits
- Timetables

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Environment Programme for England & Wales

- Identify schemes for protecting and improving the environment -
- We will need a strong evidence base
- We are still assessing the needs for cost-benefit analysis
- Number of WQ Directives now Protected Areas under the Water Framework Directive e.g. bathing, shellfish, Freshwater Fish, Eutrophic under UWWTD
- Key national priorities from WFD preliminary cost-effectiveness analysis
- Other regional priorities

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Longer term planning

2 year

5 - 10 year

25 year horizon



Price review

River Basin Management Plans
Water company Water Resources plans
Water Company Strategic Business Plans
Integrated Sewerage plans

Business planning/
Annual reviews

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Principles of Sustainable Development

- The UK Government five guiding principles of sustainable development are;
 - Living within environmental limits
 - Ensuring a strong, healthy and just society
 - Achieving a sustainable economy
 - Promoting good governance
 - Using sound science responsibly
- It is our job to champion the environment within the these principles of Sustainable Development

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Challenges

- Long term planning
- Modern regulators
- Certainty v levels of risk
- Value for the environment
- Value for the customer