

Dear Jeevan

**Updating the storm overflows performance commitment definition for the 2024 price review (PR24)**

We thank OfWat for the opportunity to respond to the consultation on a new measure for storm overflows performance commitment. Afonydd Cymru (AC) is the umbrella body for rivers trusts in Wales and provides an advocacy role for Welsh Government and Natural Resources Wales. As part of this role, we are now a Technical Advisor on the Taskforce for Better Water Quality in Wales, which has developed action plans for storm overflow performance.

Whilst we understand OfWat's approach to regulation through its Price Review mechanism and through additional regulatory controls, we are disappointed that to date we see no real evidence of those approaches being applied to Wales, or England, to control water company discharges to our rivers. Whilst OfWat fined Welsh Water in 2022, this was as a failure against its drinking water compliance targets only. Despite this, in 2022, Welsh Water reported the highest number of spills of any water company in England and Wales with over 77k separate spill events, totalling over 600k hours of storm discharges. As OfWat state, there has been an ongoing investigation since 2021 and we are concerned at the considerable length of time this investigation is taking, with no action on those water companies in question.

Afonydd Cymru recognise the purpose of the operation of storm overflows, in terms of protection of properties during times of flood. We therefore advocate that sewer overflows should be operated only as originally designed to do so, ie during periods of exceptional rainfall only. In Wales, the Welsh Government Taskforce for Better Water Quality has also advocated a different approach to UK Government which does not apply absolute spill targets and instead drives prioritisation to eliminate all ecological harmful sewer overflows by 2030.

Average spill targets provide water companies opportunities to 'play' with data, fix more simple and straightforward sites and leave large number of polluting assets discharging throughout the year. In Wales, we have challenged that all sewer overflows should be monitored upstream and downstream and their impact on the environment understood: 20 spills in a small, environmentally sensitive waterbody could have a greater impact than 100 spills of 'clean' rainwater during a storm to a bigger waterbody.

We therefore ask that OfWat ensures that the principles of Welsh Government strategies in Wales are understood and applied across performance measures in Wales. Whilst we accept that comparative analysis is useful across England and Wales, these metrics do not need to absolutely drive regulation outcomes, nor performance commitments.

Detailed response to specific questions are attached, and we would be happy to discuss this further with OfWat.

Yours sincerely,



Gail Davies-Walsh, CEO

**1. Do you agree with our proposals to set a performance commitment based on average spills, with financial consequences for companies that do not meet their targets?**

We disagree that the average spill metric reflects any measure of harm, for the reasons outlined above. A sewer could operate daily with 90% capacity rainfall and have no impact to river water quality, however a sewer could have significant harm and only operate for 20 days. This is a fundamental flaw in the approach currently set out in England and Afonydd Cymru support the Welsh Government Taskforce for defining a target based upon harm.

We accept that a comparative underperformance measure should be in place across all water companies and accept this approach in the short-term. We would ask, however that OfWat continues to work with Wales to ensure that this metric develops in line with evidence collated as part of the Taskforce action plan and presents an alternative metric to Wales based upon measure of harm over the next few years.

**2. Do you agree with our proposed approach to unmonitored storm overflows?**

Whilst we agree with OfWat's approach to incentivise monitoring of storm overflows, we believe a blanket average of 50 spills is not appropriate. We would advise that applying a target which is set as an average based on each water companies operational performance would be more appropriate and reflect geography, topography and weather patterns on each water company. In the case of Wales, we believe that this would lower the spill target from 50.

We are concerned, however, that OfWat considers that a water company reporting that an event duration monitor (EDM) is operating is a sufficient measure of data quality from the monitor. Evidence shows that in numerous cases EDM data is recording but is poor quality or inaccurate. We would suggest therefore that a measure based upon specific performance of the monitor would be more appropriate, reflecting whether the data collected has been verified and is classified as valid for its purpose. For regulatory purposes, EDM data should be considered alongside other water company monitoring, in particular full flow to treatment monitors and waste water treatment monitors to gather a true picture of performance.

**3. Do you agree with our proposed approach to mid-period changes?**

We agree that mid-period changes should be allowed to reflect changes in the asset base. However, any closed sewer overflows should be removed from the metrics to ensure that averages are not being skewed by including non-operational assets, recording zero spills.

#### **4. Do you agree with our proposed approach to emergency overflows?**

We welcome consistency being applied across all water companies on reporting. During 2022, we noted and reported to OfWat differences between Welsh Water and other water companies on their reporting mechanisms. Welsh Water currently reports all overflows, including storm, emergency and unpermitted. This is not the case with other water companies and this therefore makes direct comparisons between companies invalid and has led to inaccurate comparisons. Whilst water companies await permitting by regulators, we believe that all spills should be recorded and monitored. Therefore, unpermitted assets should be included in returns.

We do not consider that emergency overflows are clearly defined and that how and when an emergency overflow should be operated is consistently applied across water companies. You state in your letter, for example, that emergency overflows are currently not monitored fully and then conclude that they spill less than once a year on average. We do not concur. Welsh Water has implemented EDM across all overflow types, including emergency overflows. In 2022, this shows that 'emergency' overflows in Wales operated a total of 1939 times, for a duration of 19,608 hours. This is an average of 15.76 times a year on Welsh Water's dataset – if other water companies are yet to fully implement monitoring of emergency overflows we are very concerned that OfWat is underestimating the impact of 'emergency' overflows. There is no evidence to determine whether water companies in England are operating emergency overflows in the same way.

Operation of emergency overflows, to this extent, we believe warrants an investigation as to whether these assets are in fact 'emergency' or should be re-classified as storm. There are some Welsh Water sites operating for over a third of the year (during a dry year)! Given OfWats description of this performance commitment, we would therefore expect this to be recorded as an underperformance for 2022. We await the annual performance report from OfWat to see if this is the case.