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

Representation reference: Outcomes O10
Representation title: Population at risk of flooding in a storm

Summary of issue

We request that Ofwat include our revised profile for this metric that we restated in a letter issued on 9th July 2019 (see Annex A).

The profile has been restated, using the clarified definition, so that the reportable number is 14.93% in 2019 and reduces to 8.37% by 2025.

Also see our Action responses document for the Population at risk of flooding in reference to Ofwat Action WSX.OC.C17.

Change requested

The change we are requesting through this representation is to restate the metric as defined in our letter to Ofwat, dated 9 July 2019 (Annex A). This set out our revised target profile for this metric, as below:

We request that this new profile (see below) is included in our draft determination, rather than the constant value of 8.37%, as previously included in our PR19 Table App1 Line 26.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>14.93%</td>
</tr>
<tr>
<td>2019-20</td>
<td>13.93%</td>
</tr>
<tr>
<td>2020-21</td>
<td>12.93%</td>
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<tr>
<td>2021-22</td>
<td>11.93%</td>
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<tr>
<td>2022-23</td>
<td>9.45%</td>
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<tr>
<td>2023-24</td>
<td>8.91%</td>
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<tr>
<td>2024-25</td>
<td>8.37%</td>
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</tbody>
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Rationale (including any new evidence)

We issued a letter to Ofwat (9th July 2019) restating our position on the Population at risk of flooding in a storm metric. This was reflected in our 2019 APR Table 3S and commentary.

Our restated current position of 14.93% has been calculated using the new and clarified definition of this new metric.

The previously reported value of 8.37% (in our 2018 APR and in our September 2018 PR19 submission) was based only on using the Option 1b (model predictions) methodology where we had fit for purpose 1D models. This was partly due to the new metric definition being issued too late to allow the manual, complex and time consuming Option 1a methodology to
be applied. In last year’s report, the average result of Option 1b was applied to unmodelled catchments.

We have now recalculated the metric, using Option 1a and Option 1b, in accordance with the clarified definition.

Option 1a assumes a worst case scenario, so our number of population ‘at-risk’ has increased when we apply that methodology to unmodelled catchments.

For the June 2019 figure, reported in Shadow Table 3S, and as confirmed by our letter to Ofwat, we are following the definition:

- Option 1b where we have fit for purpose 1D models
- Option 1a for unmodelled catchments greater than 4000 pe.
- For unmodelled catchments between 2000 pe and 4000pe then ALL properties are to be considered at risk (as clarified in Ofwat’s definition Appendix B, Case C).
- Catchments less than 2000 pe have been excluded, unless there are known problems - in these cases we already have prioritised model built and have been able to apply Option 1b.

Our restated Population at risk of flooding in a storm profile is:

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14.93%</td>
<td>13.93%</td>
<td>12.93%</td>
<td>11.93%</td>
<td>9.45%</td>
<td>8.91%</td>
<td>8.37%</td>
</tr>
</tbody>
</table>

Why the change is in customers’ interests

The metric is to show that we have an increased understanding of our assets and resilience to flooding in the long term.

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

Document 5.4 - Minimising sewer flooding, Section 3.2.5, September 2018
APR Table 3S and commentary, July 2019
Appendix 7 - Minimising sewer flooding - Response to IAP, April 2019
Annex A: Letter to Ofwat regarding Population at risk of flooding in a storm

Anita Payne
Ofwat
By email

Date: 9 July 2019

Dear Anita

Impact of the definition clarifications in sewerage metrics following our PR19 submissions

Following publication of our Annual Review 2019 and the associated shadow reporting data I wanted to clarify the impact of recent clarifications on the definition of some sewerage metrics on our reported performance levels.

If our determination is to retain the equivalent level of stretch as our business plan the target levels would also need to be amended. We request that this is noted in your draft determination with a view to finalising before December.

Population at risk of sewer flooding in a storm

This new metric was shadow reported for the first time last report year (2017/18) in Table 3S. The definition was described in an extensive report issued by Atkins issued in November 2017. A revised Ofwat document to clarify the definition was issued April 2019.

This publication clarified that unmodelled catchments should follow the Option 1a methodology and that all populations in the vulnerable sub-catchments are at risk.

Last year we only used the Option 1b methodology where we had suitable computer models and extrapolated the results to the unmodelled catchments. The population in the unmodelled catchments is less than 15% of our customers and in our judgement are in catchments less likely to be at risk of flooding than the modelled catchments, because we have focused on modelling what we consider to be the higher-risk catchments.

We have subsequently recalculated the metric using the clarified definition and have restated our position against it. We are currently reporting this metric in two locations:

APR Table 3S Line 13 Population at risk of flooding in a storm
PR19 Table App1 Line 26 Risk of sewer flooding in a storm

Wessex Water
Claverton Down
Bath BA2 7WW
Tel 01225 526 000
Web wessexwater.co.uk

Registered in England No. 2366548
Our recalculated 2018/19 position in APR Table 3S Line 13 is that 14.93% is the reportable value for Population at risk of flooding in a storm (We previously stated 8.37%). For PR19 we consider it would be reasonable to amend our future performance levels to a reducing profile starting at 14.93% in 2018/19 and ending at 8.37% by March 2025. The 8.37% is a stretching target from the 9.45% position currently predicted by our computer models. This reduction will be achieved through better information (e.g. more computer model coverage).

We request that this new profile (see below) is included in our draft determination, rather than the constant value of 8.37%, as previously included in our PR19 Table App1 Line 26.

2018-19: 14.93%
2019-20: 13.93%
2020-21: 12.93%
2021-22: 11.93%
2022-23: 9.45%
2023-24: 8.91%
2024-25: 8.37%

This metric is reputational only so there are no changes in ODI penalties or rewards. More detail is contained in our commentary for APR Table 3S Line 13.

**Sewer collapses and bursts (asset health metric 3 – wastewater)**

The definition of sewer collapses was first published in March 2018 and updated in April 2019 by Ofwat to include a revised definition to be used moving forward as agreed by the industry.

Our PR19 submission included our reportable number that followed the first definition clarification (March 2018). The updated definition (April 2019) has significantly reduced our reportable number of collapses. This value of 6.3 collapses per thousand kilometres was reported in our APR Table 3S line 12 in 2018/19.

The main difference in methodology is that we previously reported all reactive sewer repairs resulting from any structural failures, including deformations and unknown causes, irrespective of consequence. The new revised definition is consequence led, so if an initial visit the service to the operation has been restored (e.g. by jetting), then any subsequent repair is now not reported as a collapse.

To report to the new definition, we need to collect more information at the time of the collapse incident. So, we have back cast 2018/19 data to calculate the updated definition (April 2019) for this year’s reporting.

Using the March 2018 definition the number of sewer collapses (APR Table 4R Line 6) was 508. Using the updated April 2019 definition the number of sewer collapses is 130. This combined with the number of bursts (APR Table 4R Line 7, unchanged at 90 bursts in 2018/19) is 220 collapses and bursts, or 6.3 collapses per 1000 km.

Under the same approach it would be reasonable to amend our current business plan PC target of “less than 18.1 per 1000 km” to “less than 6.4 per 1000km”.

I hope this letter is helpful. If you have any queries of detail on any of the above please contact David Martin (David.martin@wessexwater.co.uk).

Yours sincerely

[Signature]

Phil Wickens
Director of Regulation & Reform