

President: Rt.Hon. the Lord Randall of Uxbridge Kt.PC.

Attention: Rachel Fletcher
Chief Executive Officer
OFWAT
21 Bloomsbury Street
London
WC1B 3HF



14th November 2019

Dear Rachel,

Thames Water's Business Plan 2020---2025 - Comment on draft determination

In April, I wrote on behalf of the Colne Valley Regional Park to Thames Water in support of its Water Resource Business Plan.

At that time, we welcomed what looked like a robust and constructive mechanism that would allow the continuation of the close partnership working established in recent years to continue. I had also hoped that the elements I made particular reference to would represent a real opportunity to deliver positive outcomes in respect of the Park's six stated objectives.

I understand my letter was used to explain our position to Ofwat, together with other examples that reflected the overwhelming level of public support for the plan.

Ofwat's position is unrealistically restrictive and appears to completely ignore the Government's aim to improve the environment and habitats across the country. It is also at odds with the plan and the support and wishes of Thames Water's customers. We find this deeply disappointing, and were dismayed to note the use of emotive language in Ofwat's dealings with Thames Water that strongly suggests an established mindset inappropriate for a regulator that should not have a political position to defend.

At the time of writing, heavy rainfall events have caused rivers across the country to be in spate condition, indeed many have caused widespread flooding. Despite this very short-term fillip, the fact remains that a serious water crisis exists.

In our area, in part served by Thames Water, the headwaters of the river Colne are dry; more than 50% of the rivers Chess and Misbourne (two of the world's renowned chalk streams) by length are also dry. The aquifers that should normally feed these rivers are already over-stressed and over-abstracted.

The demands of significantly increased housing and massive infrastructure projects will only serve to compound the problem. Much of the water currently in those rivers is regularly blighted by pollution and they are – even at this time of heavy rainfall – largely reliant on treated effluent for flow.

We are concerned to note that your stated criteria for water company investment gives little headroom for volume tolerance. How does this sit with recent climate events, long dry

Colne Valley Park Community Interest Company

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periods and short, sharp deluges? With climate change we have already witnessed many highs and lows in rainfall, and the Environment Agency predicts extreme weather events will become more extreme and more common, implying long-term droughts and short-term deluges.

The Colne catchment is currently determined as a 'closed catchment' by the Environment Agency. Its abstraction strategy is quite clear: no new or increased licences can be considered.

An Environmental Drought has recently been declared. This clearly indicates investment decisions concerning water infrastructure need to be significantly more resilient. This must happen quickly –and with the full support of the regulator.

Nevertheless, Ofwat seems determined to drive down pricing of domestic water supplies. We cannot understand how this can be reconciled with attempting to ensure no further damage is caused to the environment. The current position is unacceptable, and we expect to see significant improvement, not a slide into accepting a degraded river and ecosystem as some kind of new norm.

Charges for domestic water are already so low they don't generally form part of many households' budget calculations. The key to demand limitation is price flexibility, but Ofwat is working against the market by imposing short-term strictures on potential pricing structures. In our view, that position has to change. In doing so, it will successfully drive down demand – continued low pricing can never achieve that, and the environment will suffer further as a direct consequence.

If trends continue, the likely outcome in this catchment is the imposition of water restrictions and perhaps even taps running dry. Responsibility for that could reasonably be directed at Ofwat unless the final determination is significantly more realistic, and allows the necessary investment in supporting infrastructure.

It is imperative that a positive, proactive approach is taken on the real issues that will determine a positive future, such as investment in alternative non-abstractive water resources, and creation of a robust, resilient waste water infrastructure to stop the constant drip-feed of degrading pollution into our waterways and environment.

The intent to ring-fence funding for some strategic resource solutions should be expanded. We expect Ofwat to champion that necessary investment, and to support the water companies in achieving it.

The Colne Valley Regional Park has more than 200kms of waterways, rivers and canals, and 70 lakes. We therefore take the management and preservation of these precious resources extremely seriously.

We hope the final determination is radically different from the current woefully short-sighted draft, and that it will allow those long term strategic investments to be adequately financed.

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The response should be a considered, realistic and supportive document appropriately representing the needs of consumers, the water industry and the environment, and be a clear indication of the independence of the regulator.

We look forward to receiving your reassurance that this will be the case.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. C. Whitby', written over a horizontal line.

John Whitby

Chairman

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