

Your Reference
Our reference

Mr Paul Stewart,
Price Control Manager (NI Water Lead)
Utility Regulator
Queen's House
14 Queen Street
BELFAST
BT1 6ER

Regulation Unit
NIEA Lisburn
17 Antrim Road
Lisburn
BT28 3AL
Telephone: 028 7744 2053

Email: mark.cherry@daera-ni.gov.uk

Email: paul.stewart@uregni.gov.uk
UREGNI_Water_Responses@uregni.gov.uk

1 July 2024

Dear Paul,

PC21 Mid-Term Review Draft Determination – consultation response

Thank you for the opportunity to respond to the Utility Regulator's draft determination on the PC21 Mid-Term Review (MTR).

We are supportive of the open, transparent and collaborative approach taken by the Utility Regulator in the development of this draft determination and the messages it conveys to NI Water and stakeholders. We are encouraged by the report's key findings with only limited adjustments required to the PC21 final determination output targets which can continue to be used for the planning and performance reporting for the rest of the PC21 period.

The comments below are in regard to the wastewater and sewage investment and service considerations within this consultation.

Nominated Outputs

The NIEA notes that this MTR draft determination has considered and accepted NI Water's PC21 Mid-Term Review submission where it was proposed that a number of identified schemes (for large wastewater treatment works and unsatisfactory intermittent discharges)

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are deferred to the incoming Price Control in 2027. This will realise a lower number of outputs (as presented in Tables 3.6 – 3.8) than in the PC21 Final Determination.

The continued deferment of wastewater improvement schemes is of significant concern to NIEA. NI Water assets are having an unsatisfactory impact on water quality across Northern Ireland. Several wastewater collection systems and wastewater treatment works require significant investment to improve performance and limit discharges of untreated sewage. This infrastructure presents a risk to both public health and the environment, consequently failure to invest and improve it, will result in continued deterioration of water quality in Northern Ireland and non-compliance of regulatory standards and requirements.

It is noted that NI Water has not proposed any adjustments to its wastewater treatment percentage compliance targets as a consequence of changes in the number of PC21 nominated outputs. I agree further clarity on this point is required prior to Final Determination.

Serviceability

It is noted that the serviceability assessment presented in section 3, supports the sufficiency of the capital maintenance allowance included in the PC21 Final Determination. This assessment concludes that the updated data trend remains within the control limits set for each serviceability indicator in the PC21 Final Determination.

Delivery of social and environmental priorities

It is acknowledged that the approach taken in this draft MTR determination strengthens and supports DfI's PC21 Social and Environmental Guidance objective of establishing a deliverable investment plan. NIEA supports the approach taken in completing the 'scope certainty exercise' to further inform a deliverable investment plan that aligns with the MTR determination of the capital allowance required for the wastewater and sewerage sub-programmes.

NIEA agrees with the Utility Regulators assessment that good progress has been made in the first two years of PC21, when the fully funded plan was implemented, and that continued implementation of that funding plan represents the best outcome for consumers and the environment. The maintenance of NI Water's services and delivery of the significant

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improvements necessary to meet current statutory environmental standards depends on adequate funding through the PC21 Process.

In making your Final Determination, I trust you will consider these comments. Should you wish to discuss any of the matters raised in this response, then please contact Theresa Kearney (028 9056 9352) or myself (028 9056 9415).

Yours sincerely



Mark Cherry
Head of Regulation Unit

Cc: David Reid, NIEA
Richard Crowe, NIEA
Theresa Kearney, NIEA
Berni Corr, Drinking Water Inspectorate, NIEA

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