

PC15 Information Requirements

Chapter 1 – Company Strategy

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Chapter 1 - Company Strategy

1.1. Introduction

1.1.1. This chapter sets out our requirement for NI Water to submit its long term strategy as part of its PC15 Business Plan, outlining its strategic vision for the development and delivery of water and sewerage services.

1.2. Background

1.2.1. In our Approach to PC15 we highlighted key issues which are changing the context within which water and sewerage services are delivered and the impact these changes will have on the delivery of sustainable long term outcomes. For example:

- Climate change is increasing the variability and unpredictability of rainfall, increasing the risk of flooding and increasing water scarcity. New ways of working will be required to lower our carbon impact by reducing energy consumption and realising opportunities to generate renewable energy.
- Increasing awareness of the 'value' of water will increase the pressure to use water wisely and abstract less in order to maintain the quality of the aquatic environment and sustain biodiversity.
- Rising consumer expectations, new European directives and an awareness of the economic value of a clean environment all drive the need for higher quality standards. New ways of working will be required to ensure that these improvements can be delivered in ways that are not disproportionately expensive or have significant carbon impacts.

1.2.2. It is clear that the best solutions to many of these emerging issues cannot be provided by NI Water in isolation. For example:

- better drinking water quality might best be achieved by land management and pollution control to improve river water quality, rather than extending treatment processes;
- improvements in environmental standards might best be achieved by managing diffuse pollution within an integrated catchment plan, rather than constructing energy-intensive treatment processes to deliver progressively marginal reductions in pollution from point discharges of wastewater;
- increasing demand for potable water might best be addressed by reducing leakage and introducing demand management measures that reduce waste, rather than by increasing water abstraction, treatment and transfer – all with an associated energy demand; and,
- increasing flood risk might best be addressed by managing storm water locally through careful urban design and the use of sustainable urban

drainage systems, rather than providing progressively larger sewerage systems.

1.2.3. In the face of these challenges, there is an opportunity to move from asset-based solutions that are delivered in isolation by NI Water, to integrated, sustainable solutions developed by a range of stakeholders with a shared interest in the outcomes and which carry shared risk.

1.2.4. A key barrier to the implementation of integrated sustainable solutions is the time it takes to:

- undertake the strategic studies and pilot trials that provide confidence that innovative solutions can be delivered;
- address any regulatory barriers and amend legislation and regulations to allow innovative and shared solutions to be implemented;
- allocate actions for delivering innovative solutions across different stakeholders and assess and secure funding in line with the polluters pays principle to ensure co-ordinated delivery;
- allow the benefits of each stage of development to be assessed before the next stage of implementation begins.

1.2.5. Overcoming these barriers will require careful long term planning. This will be realised through the development of a Long Term Water Strategy (LTWS) which takes a holistic view of water management in NI, an NI Water Company Strategy and a funded Price Control.

1.2.6. The LTWS is being led by the Department for Regional Development with the involvement of all stakeholders. It provides a broad forum for considering the issues highlighted above and establishes a framework within which integrated sustainable solutions can be delivered across the wider water sector.

1.2.7. In supporting a longer term platform for investment, we require, as part of NI Water's Business Plan submission, a company strategy which:-

- sets out its vision for the industry with the identification of outcomes for the environment and the consumer over the longer term;
- addresses the issues raised by a changing environment;
- demonstrates ownership of its strategy for delivering sustainable services for current and future consumers;
- identifies the key issues and risks which the company will face when delivering sustainable water and sewerage services and the steps it will take to pro-actively manage them; and,
- states any assumptions it has made in setting out its strategy and vision for the future.

1.3. The Company Strategy

1.3.1. The Company Strategy should address the broad objectives outlined above. In the following section we outline key issues which we expect the company to consider in the content and presentation of its Company Strategy.

1.3.2. The Company Strategy should consider a 24 year period consistent with the Long Term Water Strategy.

1.3.3. The Company Strategy should address environmental, social and economic development and consider how these factors can be balanced to provide sustainable water and sewerage services into the future.

1.3.4. The Company Strategy should set out how consumer preferences, expressed through the PC15 consumer engagement and previous consumer surveys, have been and will be addressed through the delivery of long term objectives. The company should outline and schedule any further consumer engagement which it intends to carry out to inform the development and delivery of its plan.

1.3.5. The Company Strategy should consider the sustainability of current approaches to achieving environmental and drinking water quality outcomes and consider how alternative, more sustainable, approaches might be applied in the future. The company should seek to ascertain the scope for such alternative approaches in the context of Northern Ireland.

1.3.6. The Company Strategy should consider the sustainability of current approaches to water distribution and drainage and consider how alternative, more sustainable, approaches might be applied in the future.

1.3.7. The Company Strategy should consider the sustainable long term management and stewardship of its assets, identifying its objectives for delivering maximum value to consumers, through robust assessment and targeting of investment needs over the longer term

1.3.8. The Company Strategy should consider strategies to reduce consumption and waste and identify long terms aspirational targets and medium term economic targets for the reduction in consumption and waste. This should include consideration of issues such as water demand management, leakage, stormwater and infiltration management, and reduced energy and chemical consumption.

1.3.9. When addressing the sustainability of current approaches of service delivery and the long term stewardship and management of its assets, the company should address the impact of climate change and set out its strategy for climate change adaptation and mitigation. The company should identify risks and uncertainty associated with climate change and set out how the company plans to manage these risks.

1.3.10. The Company Strategy should address the prioritisation and programme of work to investigate and develop opportunities to deliver more sustainable outcomes, including:

- undertaking the strategic studies and pilot trials that provide confidence that innovative solutions can be delivered;
- addressing any regulatory barriers and amendments to legislation and regulations necessary to allow innovative and shared solutions to be implemented;
- identifying partnerships and the allocation of actions for delivering innovative solutions across different stakeholders while securing adequate funding to play its part in ensuring co-ordinated delivery and respecting the principle of polluters pays;
- identifying the timeframe required to allow the benefits of each stage of development to be assessed before confirming and proceeding with the next stage of implementation.

1.3.11. In the subsequent sections of its Business Plan, the company should demonstrate that the outputs and activities it proposes to deliver in PC15 offer the best way of delivering the outcomes of its long-term strategy.

1.4. Submission of the Company Strategy

1.4.1. The Company Strategy should be:

- directed at consumers, regulators and other stakeholders;
- presented in consumer friendly format and language; and,
- presented as a free-standing document which can be read independently of the detailed information contained in subsequent sections of the Business Plan.

1.4.2. We would encourage the company to publish its Company Strategy on its website in support of its public facing summary of its PC15 Business Plan.