

Department for Environment, Food and Rural Affairs

Water abstraction reform project

Meeting note: Abstraction Reform Advisory Group 5 December 2012

Attendees

External

Sarah Mukherjee – Water UK	Simon Wood – EDF
Andy Limbrick- Energy UK	Jackie Coates - Chemicals Industry Association
David Bellamy - Food and Drink Federation	Nicola Owen - Mineral Products Association
Paul Hammet – National Farmers Union	Derek Holliday - Country Land and Business Association
John Adlam - Horticultural Trade Association	Chris Brett – British Hydropower Association
Adam Comerford - Canal & River Trust	Lucy Lee – Blueprint for Water (WWF)
Phil Burston – Blueprint for Water (RSPB)	Ian Brown – Welsh Water

Internal

Gabrielle Edwards (Chair) – Defra	Lisa Oakes – Defra
Henry Leveson-Gower – Defra	Lorna Solak – Defra
Zoe Hodgson – Defra	Michelle Russ – Welsh Government
Anthony Wilkes – Environment Agency Wales	Karen Saunders – Environment Agency
Nicola Poole – Environment Agency	Jonathan Dennis – Environment Agency
Paul Hope – Ofwat	Anna Wetherell – Natural England

Apologies

Luke DeVial - Wessex Water	Debbie Stringer - Confederation of Paper Industries
David Bassett - British Trout Association	Susanne Baker - EEF
Christine Tacon – Defra (External Regulatory Scrutiny)	Andrew Gurney – Farmers’ Union of Wales

1. Welcome and introductions

GE welcomed everyone to the meeting. New members, Lucy Lee representing the Blueprint for Water, and Ian Brown of Welsh Water, were introduced.

2. Implementation of the transition principle in potential reform options

NP gave a presentation on the transition to a new regime, including examples of manufacturing, agricultural and water company abstractions to illustrate how current abstraction limits might be transitioned. This was initial thinking of how it could work and proposals for assumptions for modelling, and not an agreed position on transition rules.

Tables then worked in groups to discuss five areas of transition for the purpose of modelling abstraction reform options. Key views are captured below.

Volumes

- Group broadly supported using an assumption to transition recent actual abstraction plus a percentage of current licensed quantity (20 percent) as headroom for the modelling. It is important to tackle unused licence volumes; this will be a constraint but trading will help reduce risks.
- But other statistics could be used – for example Q75 abstraction or looking at the difference between actual and licensed abstraction.

Hands off Flows

- The approach to transitioning HoFs outlined in the paper is practical.
- Important to consider when abstractors need to abstract – instantaneous constraints could have a bigger impact than annual constraints.

Seasonality

- Group agreed that moving from calendar licences to flow based licences seemed sensible.
- Also important to retain a sensible price structure (e.g. pay less for water when it is abundant).

Periods of recent use

- Some felt it would also be important to consider future uses in addition to looking backwards when transitioning licensed volumes – or worse case demand scenarios.
- Some felt that ring-fencing allocations of water would be important for dealing with times of water scarcity – if water allocated based on recent use was insufficient. Some sectors could have better buying power to obtain extra water than others.
- The period analysed should consider periods of scarcity (crisis).

Environmental protection

- Will be important to consider environmental protection in groundwater in addition to surface water bodies in the modelling.
- Important to look at future levels of environmental protection – particularly as a result of a changing climate.

- Important to use an appropriate evidence base when considering levels of protection.

The group also considered general issues for future transition. Overall the group felt that clear communication with abstractors with long lead in times would be essential. Individuals want to know how abstraction reform will impact them as soon as possible. It would also be important to test abstraction reform in pilot areas if that was possible and for all sector groups to iron out any issues that computer models missed. The group also felt that abstraction reform could result in difficulty in securing investment for growth in some areas / sectors, with a desire to reduce the length of uncertainty over transition. It was also suggested that an appeal process should be considered to deal with issues around transitioned volumes.

3. Stock take of stakeholder views and issues

LO introduced the paper on stakeholder views and explained that the purpose was to play back the issues we've picked up from the local catchment level workshops, check that nothing major is missing, and get a sense of which of the issues raised are the most important. This would help us to focus our engagement on the critical issues next year, in the run up to the consultation.

The group took part in an exercise to indicate which of the issues raised in the paper were of most importance to their sector. The main issues that came out as a result were:

- Need for clarity on the level of environmental protection we're working towards.
- If the reformed regime requires more storage, Govt needs to do more to incentivise reservoir building.
- How will existing rights be taken into account in the transition?
- Access to reliable water is critical for business processes and business continuity.
- Need to protect the intrinsic value of the natural environment and biodiversity's value for tourism purposes
- Conflicting aims of abstraction reform with other agendas (e.g. energy & renewable, PWS)

During the second session, table groups discussed what was missing, and opportunities to consult informally using social media.

What's missing?

- Water customer affordability
- Links across some other policy areas, particularly water stress
- Flexibility to respond to changing science
- How will discharges be taken into account?
- To what extent will the environment be competing for water, and how do we get the right balance between abstraction and the environment?

- To what extent should the new system incorporate a 'test of need'/prioritisation of use?
- How will water be allocated between sectors/users?
- Need to be clear on compliance with EU competition legislation
- How will we avoid windfall gains from abstractors increasing their abstraction so that their allocation is not reduced at the transition stage?
- Definitions of consumptiveness
- What about currently unlicensed/deregulated abstractors?
- How is multi-year consumptiveness going to be counted? e.g. those who abstract for storage in one year and then return it to the river in another.
- Concerns over whether historical issues/legacy will have been dealt with in time and implications if not

Social media

Lo introduced the session and explained that we were looking to incorporate digital and social media into our approach to stakeholder engagement, in line with Government's digital agenda aims.

A number of organisations were using Twitter (e.g. Energy UK), but it was felt that it was a more immediate communication tool.

Online chats were felt to be a good way of getting an immediate response. One in particular, Agrichat, posed a question each week which then generated lively discussion. There could be scope to pose an abstraction reform question in the future.

There are Linked In groups for water professionals, and various other networks (incl. CIWEM, UKWIR, UKIA, ICE and RBMP liaison groups) already in place so we should look at how we could make use of these before Government sets up something new. However, there could be scope for ENGOs to set up a new environmental discussion group to get views on abstraction reform.

<p>Action – Phil Burston to investigate this possibility and LS to follow up.</p>
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Care should be taken with how information is used, particularly due to the complexity of the subject, the need to protect business confidentiality, and the need to avoid giving particular issues undue weight. It may work better for smaller, more discrete issues (e.g. the price of water for trading). Consideration would need to be given to whether closed or open fora would be better.

There was felt to be a benefit from social media in getting comments from individuals rather than the views of organisations/institutions.

It was felt that face to face communication at workshops, at the emerging results stage, would provide valuable opportunities for informal consultation.

LO summarised at the end of the session and explained the next steps for the stakeholder engagement work. We are currently planning a series of informal engagements in the lead up to the formal consultation and we will take the points made during discussion into account. We will also follow up some of the suggestions made by individual organisations.

4. Next meeting

The current proposal was that tmerging results from research projects would be on the agenda for the next meeting, along with links with other policy areas, which had come up as a key area of interest during the stakeholder session. This would be reviewed in light of 2013 planning.

5. AOB

There was no other business.