

Abstraction Reform Advisory Group

Meeting note: Abstraction Reform Advisory Group 29th January 2014

1. Update on overall project progress and longer term plan

Henry Leveson-Gower (HLG) thanked the group for the hard work, input and time they had given towards helping with the publication of the abstraction reform consultation. He explained that in the next few weeks there would be further evidence being published online alongside the evidence already available to support the consultation. Further work due to be published soon includes a report on 'Barriers to Reservoirs', a report on 'Lessons Learnt from the Water Framework Directive' and a report on 'Water and Land Management'.

HLG reported that further work was proceeding on drought, discharges and the final impact assessment (IA). He explained that further results were emerging from the modelling work being carried out by Risk Solutions. Risk Solutions have been continuing to improve the model particularly by improving abstractor behaviour in the modelling. More detailed results would be completed by the autumn to feed into the final IA.

HLG asked the group if they would like a further technical session to go over the model and results of the modelling. The majority of the group responded positively and requested they could bring specialists. HLG agreed that it seemed sensible that they bring specialists along to a technical session and he would be in contact at a later date to arrange the session.

2. Initial reactions to the consultation

Lisa Oakes (LO) introduced the session explaining that the group would be asked to break up into tables and consider the consultation, reporting back to the whole group under three different headings:

- What do you like?
- What worries you?
- What is not yet clear?

A summary of the results of these table discussions are reported here under the same headings.

What do you like?

- The consultation reflects the engagement carried out prior to its publication.
- The options are clearly presented, lots of information is provided and it is aimed at the right audience.
- The emphasis on finding different solutions, using a risk based approach and not forcing a 'one size fits all' approach on catchments.
- The reasonable consultation period allowing sufficient time for people to consider their responses.

What worries you?

- The IA does not cover the Trent catchment or model the power sector.
- The consultation is heavily focussed on surface water, it appears as if inadequate attention is given to groundwater.
- What the future costs could be to different abstractors.
- The problems with using EFIs to determine ecological risk and the potential for an over emphasis on water required for the environment.
- That the transition proposal does not have as one of the options the need to consider historic peak use.
- The evidence base, in particular the robustness of the case for change.
- Fixing discharge locations and the possible impact on water resource management plans.
- The possibilities for increasing water storage and the planning process for getting reservoirs approved.
- The fact that currently exempt abstractors are not included in the model.
- Impact of political landscape on the progress of reform.

What is not yet clear?

- What the benefits are for abstractors other than water companies.
- The scale of management: what is meant by a catchment?
- How drought measures fit into the new system.
- How discharge will be incorporated, what the definition of 'close' discharges is and how discharges will be monitored.
- The impacts of transition on different sectors and how the process for transition will work.
- The impacts of the charging scheme.
- The impacts of new authorisations on catchments and water availability.

- The reserve allocation, process and lifespan.
- The regulatory minimum level.
- The cumulative impact of the reforms on business planning.

After the groups had reported back on their findings, LO opened up the floor to the abstraction reform team to respond to any key concerns raised during the session.

LO explained that there was further work going on around the main issues on discharges, drought, the regulatory minimum level, the reserve and charging that would tackle the points raised by the group.

Jonathan Dennis (JD) commented that they were committed to ensuring groundwater was fully included in reform. More information is available in Annex C of the consultation document.

HLG explained that Defra is working closely with DCLG on planning and that DCLG are currently reviewing and reducing planning regulations and guidance. He also added that he is working on clarifying the benefits to water companies in the models and that it was recognised they were of importance to the overall benefits.

Gabrielle Edwards (GE) responded to the question on the potential impacts of the political landscape changing explaining that throughout the passage of the water bill currently before parliament there had been expressions of broad cross party support for abstraction reform, thus, regardless of the outcome of the election, abstraction reform should be going ahead.

3. Water Reserve

HLG talked to the presentation. He then opened the floor for a discussion around the key issues raised.

John Adlam asked why the proposal was to provide reserve water to people who are planning new investments, why not provide it to people based on demand forecasts? HLG responded that the aim was to encourage growth.

Andy Limbrick asked how the qualifying criteria for the reserve will be determined and how serious does the plan for new investment have to be. Debbie Stringer asked how we would choose if two applications came up at the same time. HLG replied that in developing the criteria we would be drawing upon examples of best practise from other systems that have used a reserve, and it was yet to be determined what the criteria might be but further work was starting now.

Sarah Mukherjee asked if it was known how much water would be available. HLG answered that it will depend on how much unused licensed water was removed from

abstractors above that needed to prevent the risk of environmental deterioration in over licensed but not over-abstracted catchments. Preliminary work suggests about 20% of catchments fall into this category.

Ian Brown commented that it would be wise to think about the need for water when expanding abstractors apply as it could be possible for them to input efficiency measures to existing operations to free up water. HLG responded that potentially it would be possible to use technology benchmarks as these already exist for most businesses.

Colin Fenn asked if there would be a criteria specifying that the water must be used within a set amount of time or the allocation would return to the reserve. Malcolm Peters commented that this already existed for hydropower. HLG replied that Defra could potentially consider a 'use it or lose it' type of rule and also the possibility of abstraction permissions allocated from the reserve for a set period of time that then return to the reserve.

Ian Brown commented that it was important to consider that companies on 25 year business plans may need to apply for licences that are not needed until the future as they need to be able to show they have secure supply when going to the market for finance. Damian Testa added that smaller businesses don't always have long term plans, so can't apply so far ahead and could be disadvantaged. HLG stated that we would take the comments on board when further work is carried out.

Adam Comerford asked why the Government would need new rules for available water when rules already exist for allocating water by the regulator. HLG replied that a finer grained approach was probably needed as this reserve would be specifically to facilitate growth.

David Bellamy questioned how headroom would be taken, would it be an individual approach to assessing licences or a universal approach. He added this could create uncertainty for businesses. GE replied that it depends on what approach is taken.

John Adlam asked if the calculations would be based on net abstraction. Ian Brown asked if only unused water would be taken. HLG responded that it would be on net abstraction and that only unused water would be removed from existing licences to create reserves.

HLG asked finally if we could have a show of hands as to who thought the creation of reserves would be a good idea worthy of further work; the majority of the group raised their hands. He then asked if anyone thought it was not worth pursuing; no one in the group raised their hand.

4. Reviews

JD talked to the paper. The group was then asked to consider in tables what they thought was necessary in each period leading up to a change in the abstraction permission: the assessment period, the review period and the notice period. The feedback from the groups is summarised here:

Feedback from Group

- Assessments of catchments should be based on trends. The assessment period should depend on the catchment and should use transparent indicators available publicly.
- Updates on the review process should be given regularly and early clarity on the scale of the change should be given to abstractors.
- Local ownership by abstractors in the partnership should be taken on so they are aware of potential issues that could be arising through the use of the catchment based approach.
- The timetable for reviews could be linked to other cycles such as the river basin management plans.
- The review period should depend on the complexity of the catchment and the uncertainty in the data.
- Notice periods should be scalable depending on the size of the change.
- There should be a clear appeals process in place.
- Reviews could also mean more water becomes available in a catchment.

JD then asked the group if they had any other points or questions they wished to raise with respect to reviews.

David Bellamy asked if the changes would apply to all licences that could be changed or would it take into account how the abstractor uses water. JD responded that there would be no assessment of need in the reviews process. However, the nature of the change made would be determined by the environmental issues and the specific circumstances in the catchment.

Damian Testa asked if there would be any earned recognition of good practise to reduce regulatory burden on individual abstractors. The response was that this was something that would require further work, particularly around the approach to ensuring compliance.

5. Future of ARAG

LO talked to the paper. She then asked if the group was happy with the suggestions and had anything to add. There was agreement with the proposed way forward. In future it was agreed options for future ways of working would be:

- Informal sub-groups being formed to look at particular issues;
- Providing comments on proposals electronically;
- Electronic updates as we reach particular milestones;
- A full ARAG meeting later on in 2014.

Sarah Mukherjee asked that they are all kept in the loop with work stream priorities and what is happening next. She also offered the use of their resources such as a venue if needed. John Adlam added that if smaller subgroups were set up that their existence was shared with everyone and the minutes of any subgroups should also be shared.

6. Attendees

Stakeholders

Simon Wood – EDF	Andy Limbrick- Energy UK
Ian Brown – Welsh Water	Susanne Baker - EEF
David Bellamy - Food and Drink Federation	Debbie Stringer - Confederation of Paper Industries
Nicola Owen - Mineral Products Association	Sarah Mukherjee – Water UK
Damian Testa - Country Land and Business Association	John Adlam - Horticultural Trade Association
David Pollard – Chemical Industry Association	David Bassett – British Trout Association
Adam Comerford - Canal & River Trust	Phil Burston – Blueprint for Water (RSPB)
Colin Fenn – WWF	

Government

Gabrielle Edwards (Chair) – Defra	Henry Leveson-Gower – Defra
Phil Chatfield – Welsh Government	Lisa Oakes – Defra
Rachel Wright - Ofwat	Jonathan Dennis – Environment Agency
Anthony Wilkes – Natural Resources Wales	John Poole – Environment Agency

Anna Wetherall – Natural England	Malcolm Peters – Environment Agency
Theo Hawkins – Defra	

Apologies

Paul Hammett – National Farmers Union	Maniv Pathak - Defra
Nick Haigh – Defra	Christine Tacon – Defra (External Regulatory Scrutiny)
Chris Brett – British Hydropower Association	Luke DeVial - Wessex Water
Karen Saunders – Environment Agency	Andrew Gurney – Farmers’ Union of Wales