

Mid Wales Regional Committee MID 04-01(p.5d)

Date: Friday 2 November 2001

Time: 10.30am to 1.00pm

Venue: Village Hall, Aberporth

Submission by Marc Davies, Dwr Cymru

Securing water supplies to facilitate development opportunities

in West Wales

Introduction

Dwr Cymru Welsh Water, under the ownership of Glas Cymru, is fully supportive of economic development and investment in communities throughout Wales. Glas Cymru is a "not for profit" organisation and solely exists to provide better value water and sewerage services to Dwr Cymru's customers. It is therefore fully committed to addressing the current and future water supply deficit in the Mid and South Ceredigion area. This is to protect standards of service to our existing customers and to cater for future growth in water demand from new developments.

However, we must operate within the regulatory disciplines that apply to the whole water sector in England and Wales. All investment has to be scrutinised, justified and signed off by regulators before it can take place.

Water supply to Mid and South Ceredigion

98% of the water available to supply this area is abstracted from the river Teifi catchment. Water impounded in the Teifi and Egnant (Teifi Pools) lakes in the North is treated at Strata Florida Water Treatment Works near Pontrhydfendigaid. This supplies water as far north as Llanrhystud and south to Lampeter and Aberaeron.

The second and largest abstraction is from the river Teifi at Llechryd. Water from Llechryd Water Treatment Works is pumped up the coast towards Cardigan and New Quay, and inland towards Talgarreg. It also supplies water to north Pembrokeshire as far as Crymych and into North Carmarthenshire to villages south of Llandysul and Newcastle Emlyn.

In total, this supply network serves a connected population of approximately 55,000 persons.

Why is there a water supply deficit in Ceredigion?

There is no shortage of water in Ceredigion from the amount of rain that falls in the area. However only 2% of this rainfall can be stored at the relatively small impounding reservoirs at Teifi Pools. The storage volume of these lakes therefore limits the amount of water that can be supplied from Strata Florida WTW.

The abstraction from the river in Llechryd is limited under a Licence agreed with the Environment Agency. This places limitations on the maximum amount that can be abstracted in a day, and the average daily amount of water taken in a year. This is to control the environmental impact of the abstraction especially during low river flows.

The amount of water available to supply is therefore constrained, however the demand for water is variable, and continues to grow in this area from increased water consumption, and from new demand from housing and industrial development.

Ministerial guidance "Maintaining public water supplies" (January 1999) requires that each distinct water supply zone must have sufficient headroom between the water supplies available and projected demands based on critical dry years.

There is no such headroom in the Mid and South Ceredigion area, indeed there is an existing deficit which grows significantly over the next 25 years.

Furthermore, abstractions from the river Teifi catchment are subject to review under the Habitats Directive, which could result in limiting the water abstraction at Llechryd even further.

Actions implemented by Dwr Cymru

Since the dry summer of 1995, when the deficit between supply and demand was exposed in reality, Dwr Cymru has constructed a small new water source in the Aeron Valley, significantly reduced leakage, agreed a temporary relaxation to the annual average abstraction licence at Llechryd and embarked on water efficiency projects, in partnership with the Environment Agency, aimed at reducing water demands.

While these measures have helped protect water supplies during the average to wet summers since 1995, they would not overcome the increasing gap between supply and growing demand for water in a dry year.

Of the 26 different options considered to address this supply deficit the most cost effective and robust solution was the transfer of water from the Elan Valley to Strata Florida WTW.

Securing regulatory investment

Our investment plans are determined by OFWAT in periodic reviews, which balance investment needs against customer bills over a 5-year regulatory period. The Ceredigion water resource augmentation scheme formed part of our Water Resource investment plans, which received the support of the Environment Agency and Welsh Assembly.

However, in the 1999 Periodic Review, our water resource plans were not approved. OFWAT based their judgement on lack of need (Dwr Cymru not having imposed water restrictions in previous years) and lack of customer support (according to their own customer consultation exercise). They dismissed the views of their own auditors who verified the detailed calculations behind the submission, the support from the Environment Agency and the Welsh Assembly.

Way forward

Dwr Cymru, in its statutory duty to maintain standards of service to its existing customers, had little option but to object to new developments beyond the current Unitary Authority Local Plan. However, we have continued to progress with the feasibility and design of the preferred resource augmentation scheme while efforts are made to secure regulatory support for funding the £10M project. Our aim is to therefore lift this objection as soon as possible.

There is headroom within the current Local Plan to allow an agreed level of development to continue in the short term. Through political and financial support from all interested parties, our aim is to secure regulatory support and implement the proposed scheme before the existing planning headroom is reached, thus minimising the impact on the new Unitary Development Plan and facilitating the economic prosperity of this area.