

Leakage

Looking ahead to PR24 and AMP 8

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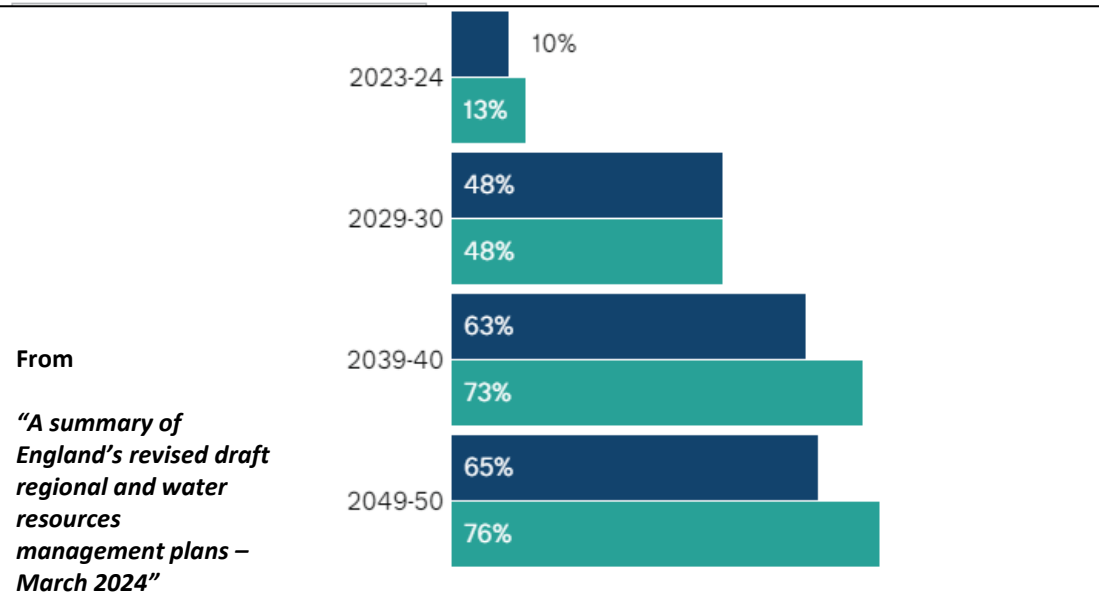


Why are we here???

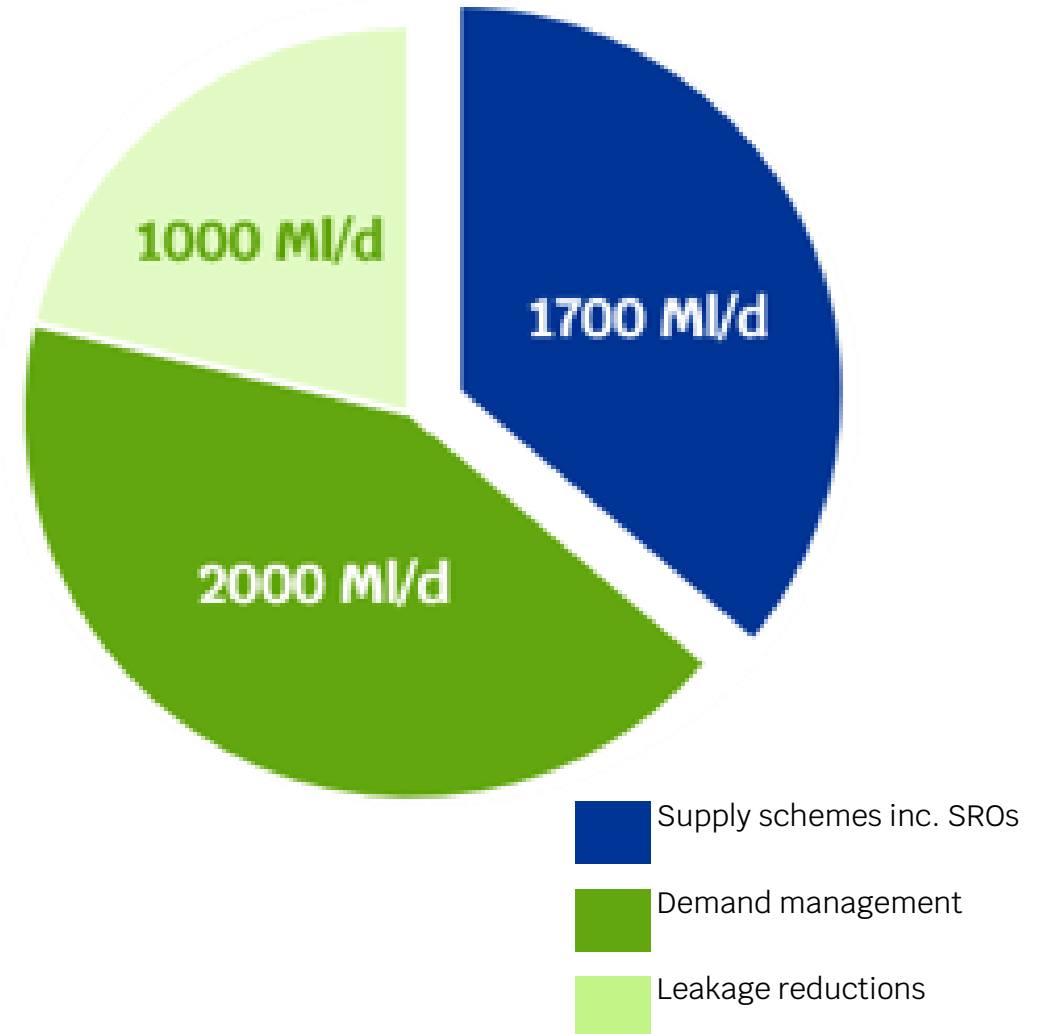
“In 2019, the water companies of England set themselves a goal of tripling the pace of leakage reduction....
.....putting us on track ultimately to halve leakage [from 2017-18 figures] by 2050.”

Forward in “A Leakage Routemap to 2050” - WaterUK

Figure 7: Percentages of total household and non-households smart metered in the revised draft WRMPs, for the present year and at intervals across the planning period (2023-24, 2029-30, 2039-40 and 2049-50)

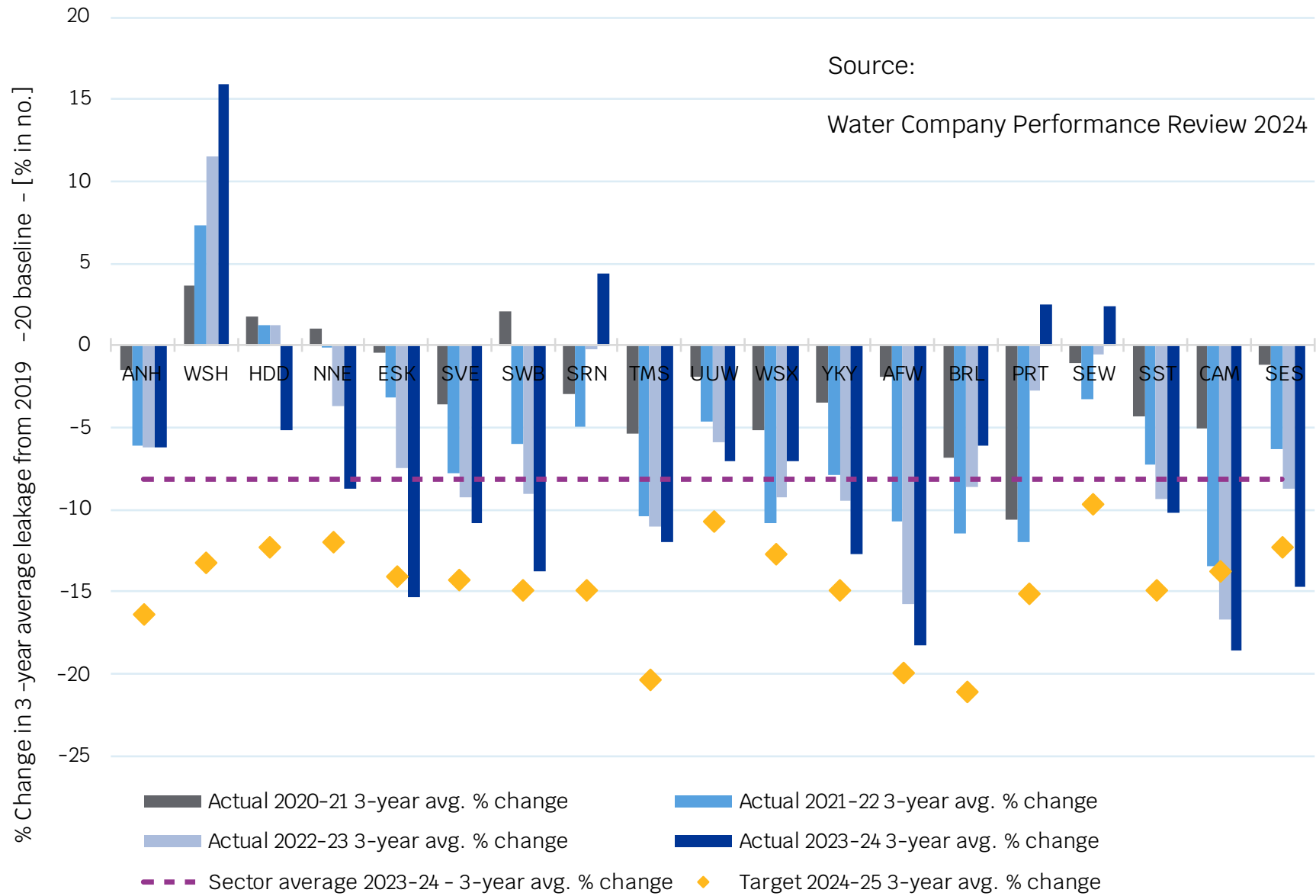


Balancing supply & demand in WRMPs by 2050



Where are we now.....

Leakage - 3-year average % change from 2019-20 baseline



The Ofwat Innovation fund

73 Projects funded so far	£141.9m
(July 2024)	
...of which 4 are Leakage	
Leak Detection using Dark Fibre	£0.2m
No dig leak repair	
– From concept to reality	£6.0m
Managing background leakage	£2.4m
National Leakage Research and Test Centre (NLRTC)	£5.5m
But...in terms of spend....	£14.1m
(10% of the innovation spend is in leakage)	

Source:

Ofwat Innovation Fund Public Datatable Project Summary

“How to make projects attractive to the judging panel”

Advice from Ofwat Innovation Colleagues

- Really understanding the problem and
- Be able to quantify the potential impact.
- Ensure the Innovation has wide applicability for benefit of all of England and Wales,
- Explain how it is innovative and
- Why it can't be done via Business as Usual,
- Clearly articulate how the innovation can be scaled.

The judges' confidence increases when the submission has multiple water company partners



RAG checklist – Elements where more than 3 Companies report either Amber or Red

Component	Sub-component												
4. Night flow period and analysis	4k	The reasons for any prolonged periods of negative leakage are investigated and explained				Amber	Amber	Amber			Amber		
11. Distribution input	11f	Flow checks are carried out on DI meters consistent with the principles of the document 'EA Abstraction Good Metering Guide' and in particular the frequency of flow checking defined in table 6.2 of the EA guide	Amber		Amber		Amber	Amber			Amber		Amber
13. Unmeasured consumption	13c	Evidence that survey is representative (based on demography, property type or other factors) of the company as a whole; valid data available from at least 80% of monitors as an annual average measure			Amber				Amber			Amber	Amber
15. Other water use	15b	Estimate of water delivered unbilled (legally and illegally) is evidence based and not greater than 1.8% of distribution input					Amber	Amber	Amber			Amber	Amber
16. Water balance and MLE	16e	Water balance discrepancy: <2% = Green >2% and <3% = Amber >3% = Red	Amber	WBG 3.18%	WBG 4.7%	WBG 3.4%	Amber	Amber	Amber	WBG 3.6%	Amber		WBG 4.2%

Amber – defined in Leakage guidance as...

Not compliant with the guidance and having no material impact on annual average leakage. For example, a material impact might be assessed as more than 1% of the reported value. A company should set out its approach to assessing whether an impact is material or not



....and so, to PR24 and beyond.

- We can expect more of the same
 - Stretching but achievable leakage targets
 - Similar approach to incentives through ODIs
- Bye bye BABE (at least for trunk mains)....
- More scope than ever for Innovation – (more £££ available)
- Collaboration is key..
 - It's good, but can it be better. How?
- Increased focus on the accuracy of data in particular the water balance
 - Licence conditions (B, F, M, P) that's where we enforce
 - Consider where Unaccounted For Water is leakage and where it is consumption
 - Increased focus on metering, particularly smart metering. Availability of accurate data and improved meter accuracy.

And finally, we will shortly be announcing a project to review and re-define how we expect Leakage to be Reported.

- Note 1 – This will not affect PR24 targets or finances
- Note 2 – No reason why this should affect leakage operations

Ofwat will shortly be launching a project to review leakage reporting.

The project will

- **Be the first major refresh since Managing Leakage 1994,**
- **Recognise and incentivise best practice,**
- **Ensure data is used more effectively and**
- **Ensure our leakage reporting is fit for the future**

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