

Department for Environment, Food and Rural Affairs

Annex B – Progress on abstraction related ‘Water for Life’ commitments

December 2013

Contents

Purpose of this document	1
Tackling unsustainable abstraction.....	1
Promoting abstraction licence trading	4

Purpose of this document

This document is to set out progress on abstraction related commitments for England from the UK Government's Water White Paper, 'Water for Life', published in December 2011. This document only applies to England and for that reason does not cover actions that the Welsh Government are taking to secure sustainable abstraction in Wales. These will be covered in its Water Strategy, due to be published in 2014.

Tackling unsustainable abstraction

Table 1 sets out the progress on commitments to improve our ability to restore sustainable abstraction.

Table 1: Progress on commitments addressing unsustainable abstraction

Commitment	Progress	Next steps
We will develop an action programme for addressing unsustainable abstraction in the River Basin Management Plans up to 2027, and beyond.	The Environment Agency has been assessing more than 1300 water bodies (rivers, lakes, estuaries and groundwater) to determine the effects of abstraction. The Environment Agency is identifying actions that can be taken in water bodies where we consider there are impacts on ecology from abstraction and flow.	Where there is evidence of impact on the ecology of rivers, lake and estuaries, the Environment Agency will assess the costs and benefits of remedial action. Proposed actions will be provided within the programme of measures which we will publically consult on as part of draft River Basin Management Plans in 2014.
We think that a framework where water company solutions for restoring sustainable abstractions are included in the Ofwat price review process, having first been included in the companies' Water Resources Management	Action to achieve this is in the Water Bill which is currently before Parliament, as at December 2013. The UK Government, Welsh Government, the Environment Agency, Natural Resources Wales	All water companies submitted their business plans to Ofwat for the next Price Review period (PR14), covering 2015-2020, on 2 December 2013. Ofwat will now carry out a risk-based review of business plans and publish the results

Commitment	Progress	Next steps
<p>Plans has the potential to deliver better outcomes for consumers and the right incentives on water companies. We are working with Ofwat and the Environment Agency to identify how best this could be achieved.</p>	<p>and Ofwat have been working with water companies in preparation to implement this, subject to successful passage of the Water Bill through Parliament.</p> <p>The Environment Agency have recently confirmed that they will no longer need the Environmental Improvement Unit Charge (EIUC) funding for restoring sustainable schemes if efficient funding could instead be secured through the price review process.</p> <p>Ofwat has committed in their Price Review methodology (published July 2013) to the inclusion of companies' efficient expenditure to address restoring sustainable abstraction issues as part of the PR14 price review process. This includes schemes in relation to RSA sites.</p>	<p>in spring 2014. The review will include tests for high quality in four key areas: outcomes; costs; risks and reward; and affordability and financeability.</p> <p>More information about Ofwat's Price Review process can be found at: http://www.ofwat.gov.uk/pricereview/pr14/review/</p>
<p>The Environment Agency will consult in 2012 on changes to its charging scheme to use the Environmental Improvement Unit Charge (the part of abstraction charges that funds the costs of compensation payments) to fund hydromorphological measures, where it is cost effective to do so and where the primary objective is to address unsustainable abstraction.</p>	<p>The Environment Agency consultation on the use of the Environmental Improvement Unit Charge (EIUC) for hydromorphological measures to address unsustainable abstraction closed on June 14th 2013. It asked respondents if we should use existing and/or future EIUC funds to implement hydromorphological measures to address unsustainable abstraction. The Environment Agency's response is available here.</p>	<p>If the Environment Agency decides to go ahead with the use of EIUC to fund hydromorphological measures that address the environmental effects of unsustainable abstractions, they will include final proposals in a future consultation.</p>
<p>The Environment Agency will pilot using reverse auctions as a tool for restoring</p>	<p>The Environment Agency investigated the potential use of reverse auctions as a tool to</p>	<p>The Environment Agency is continuing to investigate effective tools to help address</p>

Commitment	Progress	Next steps
<p>catchments to a sustainable balance at least cost.</p>	<p>deliver the Restoring Sustainable Abstraction Programme. This work concluded that reverse auctions would not be a useful mechanism for addressing these unsustainable abstractions.</p>	<p>unsustainable abstraction.</p>
<p>A power in the Water Act 2003 enables licences causing serious damage to our rivers, lakes and groundwater to be removed or varied without compensation. We will start using this power from 2012 and will consult shortly on how we do so.</p>	<p>Defra and the Welsh Government consulted on this last year – see here.</p> <p>The Environment Agency has been reviewing its restoring sustainable abstraction programme to identify if abstractions represent serious damage.</p>	<p>Where the Environment Agency identifies abstractions that represent serious damage, action will be prioritised to address these unsustainable abstractions.</p>

Promoting abstraction licence trading

Table 2 sets out the progress on commitments to facilitate abstraction licence trading.

Table 2: Progress on commitments facilitating abstraction licence trading

Commitment	Progress	Next steps
<p>The Environment Agency will improve market information (including by publishing information electronically on average trade prices, volumes and locations) to make it easier for willing buyers and sellers to understand the potential value of their abstraction licences.</p>	<p>The Environment Agency has investigated the types of information it can publish. They have also contacted all abstractors who have been involved in trading to establish views on the level of information about the trade that can be released. This indicated some concerns over commercial confidentiality.</p> <p>Where information about a trade is deemed to be either commercially confidential or personally sensitive, they will not be able to make available any information about the trade that would allow the people involved in the trade to be identified.</p>	<p>The Environment Agency plans to make more information electronically available about licences that have been traded. Subject to National Security and commercial confidentiality considerations, this will include information on which abstractions were traded, the location and size of the trade and the date of the trade. The Environment Agency will also publish average trade prices where these are available without affecting commercial confidentiality.</p>
<p>It will publish on the internet data on water licences so that those interested in buying licences can approach potential sellers, encouraging the emergence of market makers and brokers.</p>	<p>The Environment Agency is processing abstraction location information ahead of making it available on the internet to protect National Security and to protect commercial confidentiality.</p>	<p>The Environment Agency will make key information from the public register containing abstraction licence information available showing approximate abstraction locations in England to allow abstractors to locate potential trading partners. This will be available in early 2014.</p>
<p>To encourage trading by increasing the volume of water that may be available to trade, the Environment Agency will examine large unused</p>	<p>The Environment Agency has reviewed abstraction information to identify large unused licences which could be considered for</p>	<p>The Environment Agency will contact the holders of large unused licences. Where the licence is no longer needed or justified they will</p>

Commitment	Progress	Next steps
<p>licences to consider whether it should use its current powers to revoke these licences where the holder does not have a reasonable need for them (which might include holding a reasonable contingency).</p>	<p>revocation.</p>	<p>work with licence holders to revoke these licences.</p>
<p>The Environment Agency will also identify a number of catchments with potential for increased trading where it will actively promote and test these reforms.</p>	<p>The Environment Agency has worked with the consultants who developed the catchment models that supported the impact assessment to trial approaches to pre-approving trades in a controlled model environment.</p> <p>The Environment Agency is in the early stages of collaborative work with Southern Water to facilitate trading in the Western Rother catchment in Sussex. This work is looking to develop an innovative model to streamline the way trades are made, while maintaining protection for current abstractors and the natural environment.</p> <p>This project will be run in partnership with local abstractors, the Arun and Rother Rivers Trust and other interested stakeholders.</p>	<p>The next stage is to work with stakeholders to develop the pilot in the Western Rother in Sussex. Once completed, we will review this pilot and, if it has been successful, the approach could be trialled in other catchments with different characteristics.</p>

© Crown copyright 2013

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk

This document/publication is also available on our website at:

www.gov.uk/defra

Or the Welsh Government website at:

Wales.gov.uk

Any enquiries regarding this document/publication should be sent to us at:

Abstraction Reform Team

Area 3B

Nobel House

17 Smith Square

London, SW1P 3JR

abstraction_reform@defra.gsi.gov.uk

If you have any specific questions regarding this document/publication relating specifically to Wales, these should be sent to:

Integrated Water Management Programme Manager

Water Branch

Welsh Government

Cathays Park

Cardiff

CF10 3NQ