

Briefing Paper

July 2017

New methodologies for the measurement of leakage, supply interruptions and sewer flooding.

Summary

- Water companies have been working together, coordinated by Water UK and supported by Ofwat, to develop more consistent reporting methodologies for the measurement of leakage, supply interruptions and sewer flooding.
- New reporting definitions for the three measures were published by UKWIR on 11 July 2017, alongside Ofwat's PR19 methodology consultation.
- The new measures will be introduced in 2020.
- The actual levels of water leakage, supply interruptions and sewer flooding will not change, just the way in which they are measured.

Background

The water industry is committed to building public trust by improving performance data, which is subject to a rigorous framework of assurance, by making it more comparable.

Building on earlier industry work, new methodologies for the measurement of leakage, supply interruptions and sewer flooding have been developed by water companies working with Ofwat, EA, NRW and CCWater, coordinated by Water UK. The project also involved independent experts in regulatory reporting and new definitions were published by UKWIR on 11 July 2017, alongside Ofwat's PR19 methodology consultation.

These revised methodologies will help inform the development of company plans and performance commitments from the start of the next regulatory period in 2020 onwards.

Until then the existing methodology will continue to be used and reported. It will also continue to be used for any rewards or penalties for performance in the current regulatory period.

In advance of this, and in preparation for the development of their plans for the period beyond 2020, water companies are starting to use the new methodology to develop retrospective estimates for the past year, 2016-17. This will enable

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companies to ensure that their reporting becomes fully robust as they migrate from the old to the new methodology in preparation for its introduction in 2020.

The Environment Agency (and Natural Resource Wales in Wales) requires companies to make use of shadow information on leakage in producing draft Water Resource Management Plans, which will be published early in 2018.

The actual levels of water leakage, supply interruptions and sewer flooding will not change, just the way in which they are measured.

UKWIR Report:

<https://www.ukwir.org/consistency-of-reporting-performance-measures-0>

Ofwat Methodology Consultation:

<http://www.ofwat.gov.uk/consultation/delivering-water2020-consulting-on-our-methodology-for-the-2019-price-review/>