

National Policy Statement for Water Resources

December 2017

Blueprint for Water is a unique coalition of environmental, water efficiency, fisheries and angling organisations, part of the wider environmental NGO coalition, Wildlife and Countryside Link. Blueprint members come together to form a powerful joint voice across a range of issues.

This response is supported by the following organisations:

Amphibian and Reptile Conservation
Angling Trust
A Rocha
Butterfly Conservation
The Campaign to Protect Rural England
Friends of the Earth England
Marine Conservation Society
The Rivers Trust
RSPB
Salmon & Trout Conservation UK
Wildfowl & Wetlands Trust
The Wildlife Trusts
WWF

Overarching points

- A National Policy Statement (NPS) should enable delivery of water supply schemes which go beyond the requirements of the Water Resources Management Plan (WRMP) process to deliver wider cross-sector benefits.
- The NPS must ensure that schemes are chosen and designed to minimise environmental damage and optimise environmental opportunity. We are concerned that the proposals in the NPS appear to rely on the WRMP process for scrutiny, especially given current Environment Agency resource constraints.
- Reduced abstraction can be environmentally-positive and it is right that the NPS should enable projects that contribute to reduced abstraction in the right places. However, this is important but not sufficient for ensuring that projects can be justified from an environmental point of view. The NPS should be explicit that all projects will be environmentally-positive in the round.

Responses to Specific Consultation Questions

Part 1

1. Do you have any views or further evidence that could inform the need for resilience in the water sector?

In identifying the need for an NPS for water resources a logical first step would be to determine (and assess) the maximum possible extent of demand management measures (the long term Water UK

study was conservative in that it didn't really account for innovation in demand management such as roll out of greywater re-use and rainwater recycling). This would then determine the likely amount of water to be delivered through new nationally significant infrastructure and confirm the 'need' for strategic water resource infrastructure. It is disappointing that the policy decision to proceed with the current approach seems to have arisen without any environmental assessment or consultation on the likely impacts of the proposed twin track approach.

As we have highlighted previously we believe that there was a lack of environmental analysis in the Water UK National Long Term Study. The implications of climate change and growth on the future water environment and its resilience were not assessed in any detail at this national scale and therefore the opportunity was missed to explain why and how major nationally important investment in water infrastructure is needed for the benefit of the future environment as well as public water supply or how the two could be mutually synergistic.

We would like to see this gap addressed and are pleased to see on p35 that Defra are planning to expand on the "protection of the environment" as a driver in setting out the statement of need in the NPS, using up to date analysis and evidence. As Blueprint for Water we have been promoting a joint water sector and eNGO project entitled "*Naturally Resilient*" to explore the interlinkages and interdependencies between environmental resilience and water sector resilience. Whilst we have had positive interest from OFWAT, EA, several water companies and the eNGOs we would welcome support from Defra to help get it funded and commissioned.

Part 2

2. Do you have any views or comments on these principles for developing the NPS?

We fully support the twin track approach as set out in [Principle 1](#). However, the consultation does not make it clear what level of ambition on demand management is required. Water companies bringing forward major supply side schemes must be at the leading edge in terms of their demand management and leakage performance.

The WRMP process does not consistently deliver ambitious packages of measures around demand management options (we highlight some reasons for this under Q20). As such it is important that this principle is not assumed to be met through the preferred options appraisal process in the current WRMP process. If the Government is keen for a truly twin track approach which delivers significant demand management measures the NPS must be stronger in detailing what this means. We propose a set of parameters are developed to ensure that an ambitious set of demand management and leakage options are being set alongside NSIP projects.

We highlight that the twin track approach should not solely focus on demand management by water companies. There are a number of existing barriers to delivering demand management some of which we mention later such as widespread metering. Another is inadequate water efficiency standards for new housing – greater water efficiency should be a requirement in building regulations for example the equivalent of Code for Sustainable Homes 4 (Energy efficiency regulations have already been upgraded to CSH4 equivalence). These barriers should be removed before facilitating large scale water supply options.

We have some reservations about the reliance of the NPS on WRMPs as set out in [Principle 2](#). We have seen over 30 years of statutory water resource planning and yet we still have overexploited aquifers and rivers and companies where ambition on demand management is limited. As such we have concerns that WRMPs although identifying least cost options do not identify best value options which optimise multiple benefits and minimise environmental risk. Solutions should be selected through a multi-criteria analysis which considers the whole range of possible benefits and costs accrued by different societal groups, including the building of natural capital. The selection process should also consider a number of packages of options in order to identify the optimal combination of projects at a national scale rather than a water company scale.

WRMPs have seen surprisingly few new inter-company water transfers proposed whereas a number of large reservoir schemes have emerged only to subsequently be dropped, due in part to public pressure. We would challenge whether what is essentially a locally driven, least cost, single sector, WRMP process is fit for purpose when it comes to identifying and justifying the need for nationally significant infrastructure. Indeed regional scale water resource planning initiatives such as Water Resources East (WRE) and Water Resources South East (WRSE) are showing us that you can get a different solution set when you look regionally compared to looking from an individual water company WRMP perspective or when you undertake multi-sector approach to water resource planning as opposed to single sector planning. Whilst the NPS is right to emphasise the importance of individual water company WRMPs, we think it should also recognise the need for planning at the regional and even national scale, potentially over-riding individual water company interests. This applies particularly to water transfer projects.

If this NPS is to rely heavily on the WRMP process its fitness for purpose needs review. In particular Defra should provide a clearer, stronger steer to Environment Agency and OFWAT (and the water companies) in support of regional, multisector water resources planning together with greater national tier co-ordination to help ensure that nationally significant solutions progressed are the right ones and that they deliver multiple benefits (see Question 3. below).

We very much welcome the inclusion of [Principle 3](#) but propose that it should read “Government’s objective to *protect* and enhance the environment”. We are pleased to see the expectation set out in the document that such nationally significant schemes will need to demonstrate they will realise a “net environmental benefit” and that this will form part of the assessment criteria where an application for a consent order is examined. However, we caveat this with caution that there is no standardised approach to assessing net benefit and we would need to fully understand what DEFRA mean by “net environmental benefit” before providing our support. Guidance on how this principle will be assessed is critical to avoid bias towards easy benefits at the risk of “cancelling out” significant dis-benefits.

We propose criteria are specified within the NPS to ensure that Principle 3 is met. Such criteria should include but is not limited to a requirement to:

- Minimise spread and transfer of invasive non-native species as an important factor in protecting the environment
- Address water quality – measured as biologically healthy water, not just drinking water quality
- Highlight how the scheme fits within a catchment based holistic approach

- Minimise impact on designated sites and protected species
- Restore more natural hydrological flow and wetland ecology
- Contribute to maintaining and enhancing natural capital
- Highlight opportunities taken to create and restore habitat
- Deliver multiple benefits

It is important to consider cross-border impacts when assessing the delivery of this principle. Net benefit must apply across borders.

We highlight that to support this principle in addition to the NPS Habitat's Regulation Assessment (HRA) and Assessment of Sustainability (AoS) that the NPS requires site specific HRA, Environmental Impact Assessment (EIA) and a Water Framework Directive no deterioration assessment.

We would welcome engagement over how the criteria for good design incorporates the important site issues which would minimise environmental harm and optimise environmental benefit. It is also important that the Environment Agency are statutory consultees during the development of the detail around these schemes so that environmental impacts and opportunities are not tagged on or retrofitted at the end of the design stage.

3. Do you consider there to be any further principles for developing the NPS? Please explain your reasoning.

We propose an additional Principle for developing the NPS.

As discussed in our response to Question 2 it is critical for there to be a clear line of sight from national scale to regional to local if major water resources schemes are to be justified as nationally significant and if we are to ensure that the schemes that come forward are truly the best ones for the nation and not just for one water company.

Furthermore, we have started to see real benefits from regional water resource planning initiatives such as WRE that draw in other sectors (industry, agriculture, energy and environment). Such projects can provide a shared understanding of future water resources challenges and needs and offer a far greater opportunity to develop nationally significant schemes that deliver multiple benefits.

With this in mind we propose an additional principle that supports and promotes regional multisector water resource planning.

Principle 4: The NPS will promote the use of regional and multisector approaches to water resource planning and proposals must include early engagement with multisector stakeholders. This will help ensure that WRMPs bring forward solutions that are in the national interest and deliver multiple benefits.

There is no current mention of taking an integrated water management approach within the NPS. It is not adequately accounted for within the consultation and should be a considered specification within the NPS. In the absence of integrated water infrastructure strategies, the NPS should encourage more integrated water management approaches. As a part of this we would welcome pulling out the cumulative and complex issues of water management more clearly.

Although not a separate principle per se there is a need to ensure that the NPS process guarantees adequate assessment that the schemes brought forward are themselves resilient to climate change and growth.

Assessment of Sustainability (AoS)

4. Do you agree with the main issues identified in the topic areas (Section 3.3 of AoS Scoping Report)?

While we broadly agree with the main issues identified in section 3.3, in addition to the information described in Appendix B, we would consider it important to acknowledge as an over-arching point that the framework around the management of the natural environment is liable to change with Britain's exit from the EU. In particular, any post-CAP agri-environment scheme, developed within the context of Government's 25 Year Environment Plan, will have significant relevance to the water environment. This is due to the causal links between the management of land and habitats within a catchment, and the water quality and quantity regimes of the catchment's freshwaters. The development of future land management policy is therefore highly relevant to water resources as those freshwaters that are affected by it underpin the industry's water supplies. As such the AoS must build in the uncertainty associated with Brexit and take the 25 Year Plan for the Environment into account.

As a general point, whilst Section 3.3 and Annex B are very comprehensive, the trends and issues identified need to be better related to the issues likely to arise from the Water Resources NPS. This includes full consideration of likely evolution of issues without the plan (NPS) which is not covered in much detail in the AoS Scoping Report.

Table 3.3 sets out Key Issues Relevant to the NPS for Water Resources. We believe the following points should also be incorporated / considered here:

Biodiversity and Nature Conservation

- Whilst we agree that 'Water infrastructure can contribute positively to biodiversity, introducing new features that can provide opportunities for nature and wildlife in the medium to long term', the relative importance of habitat lost and that created are not always equal; (for example, if losing or degrading fen habitat or chalk river during the construction of a reservoir). This should be built into the future appraisal.
- Reference should be made in table 3.3 (and Appendix B) to the recently published UK SPA review (see here: <http://jncc.defra.gov.uk/page-7309>) and consider the recommendations for action; and the State of UK's Birds 2017 (see here: <https://www.bto.org/research-data-services/publications/state-uk-birds/2017/state-uk-birds-2017>).
- Reference will need to be made to the Defra 25 Year Environment Plan once published.
- It would be helpful to see a clear link in the Summary of Key Issues (Key Trends) and Appendix B to the extent to which protected areas and habitat and species have been impacted by water resource issues.
- The key trends under this section should also address current levels of over abstraction and impact on ecological status.

Human Health

- A further area of relevance to Water Resources Infrastructure is the issue of emerging pollutants. Water Resources Infrastructure may need to consider the detection and removal of chemicals in the drinking water supply that come from the rural or urban parts of a catchment, or in treated waste water returned to the environment (e.g. pharmaceuticals). These chemicals may equally have ecological impacts that need to be mitigated.

Water Quality

- Historic pollution of groundwater also stems from agricultural operations; nitrate concentrations present an issue for water resources (re drinking water standards) as well as for aquatic ecology.

Water Quantity

- The ongoing need to promote water efficiency measures, including metering is recognised; however, as raised above, there is not a level playing field between companies regarding the opportunity to progress universal metering.
- Metering, and other measures such as leakage reduction, can also be curtailed to some extent by limited customer support for the expenditure that would enable them. Equally, they can be supported up to or beyond the point where they are financially neutral, given customer support for their implementation. The role of the Periodic / Price Review process in determining the current and future landscape for water efficiency measures should therefore be recognised.
- Relevant to water resources infrastructure, we would like added: The volume and flow of water significantly affects ecological functioning and will be affected (potentially positively or negatively) by water resources infrastructure.

Climatic Factors

- It is noted that the construction and operation of large scale water resources infrastructure is likely to result in a net increase in energy use and greenhouse gas emissions. Some forms of infrastructure will be inherently more energy-intensive than others, and in addition, the scope for the Infrastructure's energy needs to be met by renewable energy will be greater for certain infrastructure types than for others; this should all be reflected in the AoS.

We welcome the statement of potential opportunity for water resources infrastructure to help address flood risk issues.

5. Does the AoS Scoping Report set out sufficient information to establish the context for the appraisal, both in terms of the scope of the baseline analysis presented, and the plans and programmes reviewed (appendix B)? If not, which areas do you think have been missed from the baseline analysis and/or what additional plans or programmes should be included?

Please also refer to our comments under question 4 above.

Regarding appendix B, we recommend the following:

Under International/European plans and programs:

- Regarding biodiversity and nature conservation we suggest adding the EU invasive alien species regulation.
- The UN Sustainable Development Goals. Those of particular relevance are goal 12 on responsible consumption and production (including the sustainable management and efficient use of natural resources) and goal 15 on sustainable management of our environment (including conservation, restoration and sustainable use of inland freshwater ecosystems and their services).

Under England specific plans and programs regarding biodiversity and nature conservation we recommend adding:

- The Water Act (2015) specifying the resilience duty and the consequent definition by Ofwat, which includes the protection of the natural environment now and in the future.

We welcome the acknowledgement that there will be interconnected effects on the environment.

Under the baseline information for abstraction, we propose:

- Including current levels of over abstraction and impact on protected areas or WFD status/Reason for not achieving good.

Under likely evolution of the baseline:

- The evolution of the baseline currently highlights current trends over the lifetime of the NPS. As such it struggles to take the effects of climate change into account.
- We disagree with the statement that *“unsustainable groundwater and surface water abstraction may contribute to environmental damage of rivers and wetlands at 500 sites in England and Wales”* and yet that *“the Environment Agency’s approach to abstraction management and the restrictions placed on abstraction by the Water Framework Directive would both be expected to act in mitigation of these potential trends.”*

The expected changes are due to climate change and the Climate Change Committee conclude that freshwater habitats are particularly vulnerable to climate change and more needs to be done.¹ In addition the Environment Agency’s approach to abstraction management is supposed to reduce current levels of over abstraction but is not currently going to address potential over abstraction arising from a changing climate. We also argue that WFD may not achieve what is proposed due to affordability and exemptions. The potential for abstraction

¹ Committee on Climate Change (2017) [Progress in preparing for climate change](#) 2017 Report to Parliament

to continue to contribute to environmental damage of our rivers and wetlands should be acknowledged and the potential for climate change to increase this impact.

- We note that a changing climate and abstraction also affects flow variability, which is vitally important to ecological functioning and is not mentioned specifically in the assessment.
- Within Table 10.2, under the question “*Will the Water Resources NPS increase resilience to the effects of climate change?*” there is no mention of how the NPS might impact on environmental resilience. We reiterate that the Water resources long-term planning framework fails to identify the long term risks and opportunities of the water supply industry on the environment and vice versa. This is a gap which needs to be filled. There is the potential for a Water Resources NPS to increase environmental resilience, but this needs to be better understood within the NPS and Assessment of Sustainability.

We recognise that many of these issues are described elsewhere in the AoS documents, but suggest that they need to be given appropriate prominence via their inclusion at this level of the assessment.

6. Do the AoS objectives and guide questions (Section 4.3 of scoping report) cover the breadth of issues appropriate for appraising the effects of the draft NPS? If not, which objectives should be amended and how? Or which guide questions should be amended and how? Are there other objectives or guide questions that you believe should be included?

Yes, in general, the objectives and guide questions cover the breadth of issues appropriate for appraising the effects of the draft NPS.

Under Biodiversity and Nature Conservation we suggest an additional two questions:

“Will the NPS affect the ecological network of protected areas and connectivity between sites?”

“Will the NPS affect hydrological functioning such as flow variation?”

One addition we would like made is under section 10: climatic factors:

Will the Water Resources NPS increase *environmental and operational* resilience to the effects of climate change?

We have some broader comments on the proposed appraisal framework: the matrix should be expanded to have a column covering mitigation and the expected residual effect. The appraisal will need to give consideration to the transboundary nature of effects, the magnitude and spatial extent of impacts; environmental standards and limits (and where exceeded) – particularly important if the proposed biodiversity objective is to be meaningful and the frequency and reversibility of any impact.

Finally, in the guidance on determining significance (specifically in reference to Biodiversity and Nature Conservation), we would like to see reference made to meeting favourable conservation status and for local biodiversity to be defined. Clear analysis of the cumulative effects should be made including the combined effect of the preferred NPS as well as the NPS in combination with other plans, programmes or projects (existing and proposed).

We highlight that the following points should be made clear within the AoS scoping report:

- Geographic scope (P.35): this should also cover the marine environment surrounding England.
- The Draft AoS Report should include an outline of the alternatives chosen as well as the likely significant effects of implementing these.
- The Draft AoS Report must be made available alongside the consultation into the Draft NPS.

The proposed Appraisal Framework (Table NTS1) sets out a series of questions against which the draft NPS and alternatives will be appraised. If this process is to ensure that the sustainability of the NPS, in environmental terms, is to be reliably assessed, we suggest the following additions / clarifications to the guide questions:

Biodiversity and Nature Conservation:

- This section should specifically include reference to Invasive Non-Native Species (INNS) given their propensity to impact upon aquatic ecosystems and the risk that their spread will be facilitated by physical changes to those ecosystems (such as those brought about by NSIP water resource projects). The proposed questions should specifically ask whether the NPS will increase the spread or transfer of invasive non-native species and consequently impact on habitats and species.
- In relation to impacts upon designated conservation areas, the AoS should consider Marine Conservation Zones liable to be designated in Tranche 3, alongside existing MPAs.
- Alongside 'Priority' (NERC Act) species, the AoS should consider Species of Conservation Concern.
- In relation to the structure and function of natural systems, it should be recognised that the current ability of most ecosystems to function naturally is constrained by the impacts of modifications over time, and this in turn hinders the ability of the habitat and the species it supports to function in a way which delivers ecosystem services and allows adaptation to pressures such as climate alterations. The AoS should therefore not assume that maintaining the status quo is delivering sustainability; it should consider whether the NPS will impact on opportunities to deliver natural ecosystem function, rather than whether it will affect an ecosystem's (currently sub-optimal) structure or function.
- In relation to changes in groundwater or river water quality or quantity, specific reference should be made to the requirements of the Water Framework Directive, including the requirement for 'no deterioration'. The AoS should also feature transitional and coastal waters considered under the directive, particularly since desalination schemes (which will feature in the NPS) are likely to impact primarily on these environments. (Although mentioned under 'water quality', the failure to refer to the WFD in relation to ecology is a concern).
- Reference should be made to whether the Water Resources NPS will exacerbate the impacts of climate change which is one of the key drivers of biodiversity declines.

- We are pleased to see the biodiversity objective refers to working within environmental capacities and limits. However, these limits / capacities for biodiversity will need to be defined within the AoS if this is to be used as an effective test of the NPS.

Population, economics and skills:

- We are concerned that the wording around economics will promote a 'single-issue' view of costs. We would welcome consideration of natural capital (provided that biodiversity targets are properly built in), and of the ecosystem services provided by this capital in the long term, when considering which solutions deliver the best value. A number of Water Companies are starting to think about taking this approach within their developing Water Resources Management Plans, and the NPS could therefore valuably provide an early lead in this area.
- The section looks at reducing impacts upon the economy, for example, from drought restrictions. Effectively this means ensuring the resilience of water supplies, yet there is no specific acknowledgement of the importance of environmental resilience. The wording may promote consideration primarily of operational and infrastructure resilience, yet by contrast, Ofwat's Chief Executive Cathryn Ross recently said "Ecosystems are part of operational resilience - we depend as much on them to supply clean water and absorb waste water as we do on pipes and treatment works." Options promoted via the NPS should seek to secure environmental resilience in order to protect the asset upon which water companies rely to operate.

Climatic factors:

- The AoS should specifically consider whether the NPS will hinder the ability of species or habitats to adapt to a changing climate, e.g. by fragmenting habitat and preventing species' dispersal.
- We propose the following alteration to the wording: *Will the Water Resources NPS increase environmental and operational resilience to the effects of climate change? (this request is repeated below under section 4.3)*
- The AoS should specifically consider whether the NPS adequately ensures that schemes will themselves be resilient to climate change and growth so that they do not themselves become an issue in the future.

Water quality and water quantity:

- Whilst worth considering at the Policy level, many impacts upon water quality and quantity will only become apparent at the individual (and in-combination) scheme level; the NPS should therefore employ robust measures to ensure that impacts not deemed significant at this over-arching level are not then overlooked at the regional or local level where their consequences will be felt, simply because a scheme type is 'waived through' via its inclusion within the NSIP list.
- Regarding reducing the impact of drought measures on the environment, the AoS will need to consider the (beneficial) impact of not needing to resort to drought orders during times when the environment is already stressed, against the potential (detrimental) impact that the water

resources options employed may themselves have upon the environment during times of drought.

Flood Risk and Coastal Change:

- The overarching objective should be extended as follows: To minimise the risks from coastal change and flooding to people, property, communities and *habitats and species*, taking into account the effects of climate change. The proposed guide questions should consider the resilience of infrastructure, and places/communities, habitats and species to future flooding.

7. Do you have any comments on the discussion on potential reasonable alternatives to the NPS (Section 2.4 of scoping report)? Should any further alternative scenarios be considered? Please support your suggestion with your reasoning.

We welcome Government's recognition that a twin-track approach to meeting future water resource needs is required, utilising demand management alongside new water resources infrastructure. We have already highlighted issues around the roll-out of demand management options and so conclude that the NPS or an alternative to it could helpfully consider any changes needed to policy or guidance that would facilitate the wider delivery of demand management measures in line with the aspirations of Government, Ofwat and the environmental sector. For example, measures identified in the Waterwise Water Efficiency Strategy for the UK, which is being delivered by a Water UK supported steering group, such as the need for a more effective labelling scheme. Water companies should be actively working with government, NGOs and other stakeholders to demonstrate high ambition on water efficiency before implementing new supply side solutions.

One alternative approach to the NPS would be to consider how far measures could meet national water supply requirements through demand management and smaller measures without the need for nationally important infrastructure. From there it would be possible to determine the likely amount of water to be delivered through new nationally significant infrastructure and where this might be necessary.

Generally, there seems to be a misunderstanding of the role of Strategic Environmental Assessment (to be fulfilled here through the AoS). The AoS provides authorities and the public with an early and effective opportunity to express their opinion on the draft plan and the accompanying environmental report before the adoption of the plan and to enable the implications of different choices to be made clear. Section 2.4 of the AoS Scoping Report sets out a number of possible alternatives, however, a number of these seem to have already been discounted before being assessed and made available to the public. For example, the consultation has been framed to indicate that an NPS is necessary, that a twin-track approach should be adopted and that the NPS should be non-site specific. This is concerning and suggests the AoS is not directly influencing decision-making which would be contrary to the spirit of the SEA Directive and Regulations.

We strongly recommend that all reasonable alternatives (including those set out in Section 2.4) are properly assessed and made available for public consultation so the reasons for making certain choices and decisions is clear. Otherwise the AoS will resemble a paper chase with no meaningful influence on the NPS. We would be pleased to meet further with Government to discuss the approach to consultation and assessment of alternatives and the list of reasonable alternatives to be assessed (please refer to our response as a whole for an indication of other possible options, including our response to question 20). This will ensure all reasonable options are given proper consideration. For

example, in deciding whether or not to have an NPS it will be important to recognise, that an NPS approach may speed up development and the impacts of projects so consented may be greater and occur sooner and possibly at a larger scale than they would otherwise (hence it will be important to test a no-NPS alternative). Furthermore, a spatially-relevant NPS and AoS would allow a much better assessment of the strategic and cumulative effects of different levels of water infrastructure development at different locations and so enable a strategy/policy that might actually help to maximise environmental benefits and avoid environmental and social impacts. This would also provide a clear framework for company WRMPs. Consideration should also be given to the results of any regional water resources planning exercises (WRSE, WRE), particularly looking at where these differ from or contradict company WRMPs. It should be noted that such differences may arise where companies plan to different service standards, such as regarding the predicted frequency of drought restrictions.

Habitats Regulations Assessment (HRA)

8. Do you think that the proposed approach to assessing the NPS against the Habitats Regulations is appropriate?

9. Do you think that the HRA Methodology Report sets out sufficient information to establish the context for the Screening Report and later Appropriate Assessment? If not, which areas do you think have been missed and where is the information available from?

(In answer to both of the above):

Recognising that there is little specific guidance on the application of HRA to National Policy Statements, we welcome the decision to undertake a HRA based on case-practice established through the HRAs of similar NPSs, and on the guidance cited. Given that the NPS will not have a spatial component, meaning that the principle mechanisms by which European sites could be affected will therefore be indirect, we welcome the approach of instead focussing on identifying the protective measures that can be included in the development of the NPS in order to safeguard European sites generally.

However, it must be made clear in future guidance that site-specific impacts will therefore need to be assessed through the planning process for individual scheme applications, and that inclusion in the NPS does not mean that the impacts of particular infrastructure types have already been screened out and need not be assessed at that stage.

The HRA consultation lacks detail in how the proposed approach will consider impacts on protected sites. The NPS should consider not just those protected sites in close proximity to NSIP schemes, but all those potentially hydrologically impacted by any changes to water flow and chemistry. The assessment should also consider impacts of any NSIP scheme on groundwater and consequently groundwater dependent protected areas. We also highlight that the HRA requirements under the Habitats Directive requires the assessment of impact on the network of European Protected Sites and welcome the mention of this in the HRA.

We welcome the provisional indication from Defra that the NPS will be subject to an 'appropriate assessment' as the possibility of 'significant' effects on European sites cannot be easily ruled out. With regards to the approach of setting out a framework for ensuring that any compensatory measures

that are required by new water resources infrastructure (under IROPI) meet the requirements of European Commission guidance, this is in line with the approach we would advocate in relation to the above point on site-specific assessment, and we would welcome comparable guidance on the local assessment of impacts at individual project level.

Part 3

10. Do you have evidence on the costs of potential supply schemes, especially those other than reservoirs, and potential time and cost savings from NSIP designation, to improve our economic analysis?

We are disappointed that consideration was solely given to economic benefits and there was no attempt at summarising the full range of costs and benefits (including environmental and social). We highlight the need for scheme level cost benefit analysis to fully analyse and incorporate environmental and social costs and benefits into its decision making and scheme design.

11. What are your views on the factors we have set out here for considering if schemes are nationally significant?

We agree with the factors proposed.

We are pleased to see that the list of factors includes an assessment of whether the scheme can provide significant environment benefit which sits well with the principle of environmental net benefit set out in the document and the stated intention of government to leave the environment in a better state than when it found it. However, it is important that the factors include protecting the environment (including but not limited to designated sites) as well as net benefit. The planning mitigation hierarchy must apply to schemes as should a principle of sustainable development.

We would like clarity around if a scheme meets the threshold size but nevertheless does not meet these criteria for being nationally significant. A scheme should be assessed using these criteria before being awarded a DCO regardless of threshold size.

12. Are there any further factors that we should take into account?

No comment

13. Which of the two options is your preferred threshold for new nationally significant reservoir schemes? Please explain your reasoning, where possible using examples of previous reservoir schemes and schemes that are likely to be brought forward in future WRMPs.

On balance we think it is preferable to use a common NSIP threshold for all major water supply infrastructure to avoid a bias towards one or another type of scheme. Water companies will factor deliverability into their options analysis and so without a common threshold there will be an inbuilt bias towards types that fit the prevailing threshold.

Our preferred threshold for reservoirs (and other types of infrastructure) is 30 million m³ per year. This equates to around 480,000 people and is comparable with the NSIP threshold for wastewater treatment works. In terms of reservoirs it would have captured 8 or 9 reservoir projects from the WRMP14. A 30 million m³ threshold would also ensure that the project is highly likely to provide for more than one local authority area and therefore more likely to be of national importance which is

not the case with a 10 million m³ threshold. A threshold of 10 million m³ equates to a potential scheme which only meets the supply needs of a single smallish town of around 130,000 people which we argue is not nationally significant. The NPS process allows for circumstances where it can be argued that a smaller scheme than 30 million m³ is nationally significant to apply for a development consent order. However, in general such a scheme is unlikely to supply enough water to be considered nationally significant. Such a threshold is also substantially lower than the equivalent on the wastewater side which is 500,000 people.

We highlight that this threshold should also apply to extending existing infrastructure. We suggest that an extension to an existing scheme should have fewer planning issues and should be simpler and more predictable. As such the certainty of a development consent order is not so critical. Therefore the same thresholds should only apply where the extension itself is of a nationally significant scale analogous to creating something from new.

14. Which of the two options is your preferred threshold for new nationally significant water transfer schemes? Please explain your reasoning, where possible using examples of previous transfer schemes and schemes that are likely to be brought forward in WRMPs.

Our preferred threshold is 30 million m³ per year for the reasons above.

15. Do you have any views on whether there would be benefit in including groups of smaller transfer schemes within the threshold? Please explain your reasoning.

We do not think that there would be benefit in including groups of smaller transfer schemes within the threshold. This would blur the understanding of what is a nationally significant project and risks resulting in unintended consequences.

16. What are the main benefits and risks of setting the same threshold for all infrastructure types? For example, do you see any reasons that the thresholds for reservoirs and transfers should be/ not be the same?

Please see our response to question 13.

17. What are your views on the inclusion of desalination schemes in the definition of nationally significant infrastructure?

We believe that desalination should be included in the definition of nationally significant infrastructure based on the factors set out in Appendix C. To exclude desalination may result in a bias towards other forms of large scale water supply infrastructure which are included within the NPS.

18. What should the threshold for desalination schemes be? Please explain your reasoning, where possible providing examples of previous schemes or those that are likely to be brought forward in WRMPs

Our preferred threshold is 30 million m³ per year for the reasons above.

19. What are your views on whether effluent reuse schemes should be considered nationally significant? Please explain your reasoning, where possible providing examples of previous effluent reuse schemes or those likely to be brought forward in WRMPs.

Effluent re-use schemes can be a large source of water for water supply. We believe that large scale effluent reuse schemes should be considered nationally significant based on the criteria in Appendix

C. To exclude effluent reuse may result in a bias towards other forms of large scale water supply infrastructure which are included within the NPS. Reference to how water supply schemes brought forward through this NPS overlap with other NPSs would be useful.

20. Do you have any further comments on what water resources infrastructure should or should not be considered nationally significant?

We would not want to see any company bringing forward an NSIP project where it has not sufficiently progressed the demand management element of the twin track approach. Currently a number of water companies have highlighted that they are unable to go further and faster on demand management because they do not have Secretary of State sign-off for universal metering. The water scarcity challenges we face not just in the south east but also potentially further north and the potential for large scale water transfer makes water a national resource. To enable a fair playing field for companies and to enable a successful twin track approach this “restriction” should be removed. We are concerned that the failure to address issues around the wider roll-out of metering will instead favour large-scale supply-side options which may become more viable / lucrative due to their inclusion in the NPS. The designation of ‘seriously water stressed’ requires some companies to consider compulsory metering, whilst neighbouring companies are prevented from implementing such measures due to a designation last reviewed in 2013. This will create difficulties in ensuring compliance with Principle 1 of the NPS. Metering plays a fundamental role in reducing demand, reducing leakage and in ensuring that people pay for what they use (as enshrined in the Water Framework Directive). Metering also provides the opportunity to introduce smarter tariffs that better reflect the scarcity of water and the cost (financial and environmental) of providing water to meet peak demand. Companies should be able to pursue universal metering where its need has been justified through the WRMP and business planning processes. Whilst we recognise that it is not appropriate to include options which do not face the same planning issues in the NPS, it is not correct to assume that such measures do not face their own barriers.

The exclusion of demand management options within this NPS relegates demand side issues to water resources management plans, yet progress will likely only be made on certain issues via a national decision. For example regarding large scale leakage reduction. Another example is the reluctance of developers to install grey water or rainwater systems on new builds; considering the total contribution that such systems could make if adopted at large (for example, in all large developments across a borough), they would not be incomparable in scale to the thresholds discussed for the NSIP water resources being consulted on here. Consideration should be given to how to rectify these inconsistencies in policy.

We highlight the need for the NPS to require robust monitoring around schemes. This should include baseline monitoring of biodiversity and hydrological flow prior to development and continued monitoring post development. This will ensure that any environmental issues can be identified and mitigated as soon as possible so that principle 3 can be met. Due to continued monitoring cuts within the Environment Agency, monitoring should be secured by the water companies with data being made available to Government.

