

# Driving water performance



06 October  
2009

Making water work for you



# Running order

11.30	Welcome	
11.35	What's changed & why?	Tom May
11.55	Water & the wider economic environment	Ian Armstrong
12.15	Refuel	
13.15	Business Stream's response to competition	Tony McHardy
13.35	Case studies 1 – smart metering & water efficiency	Stuart Henderson
13.55	Case studies 2 – emergency planning	Frances Youngson
14.05	Case studies 3 – waste water management	Stuart Henderson
14.20	Panel session – Q&A	
14.50	Wrap up & close	
15.00	MOT sessions	



# Overview of the water retail market – past, present & future

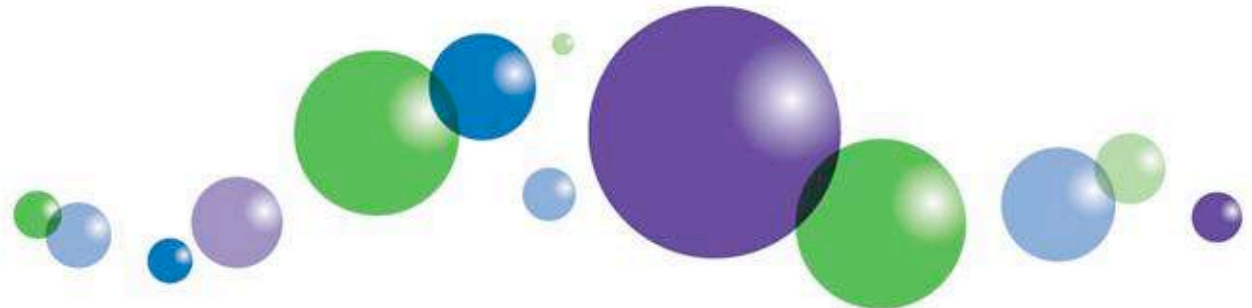


Tom May  
Head of regulation  
& procurement

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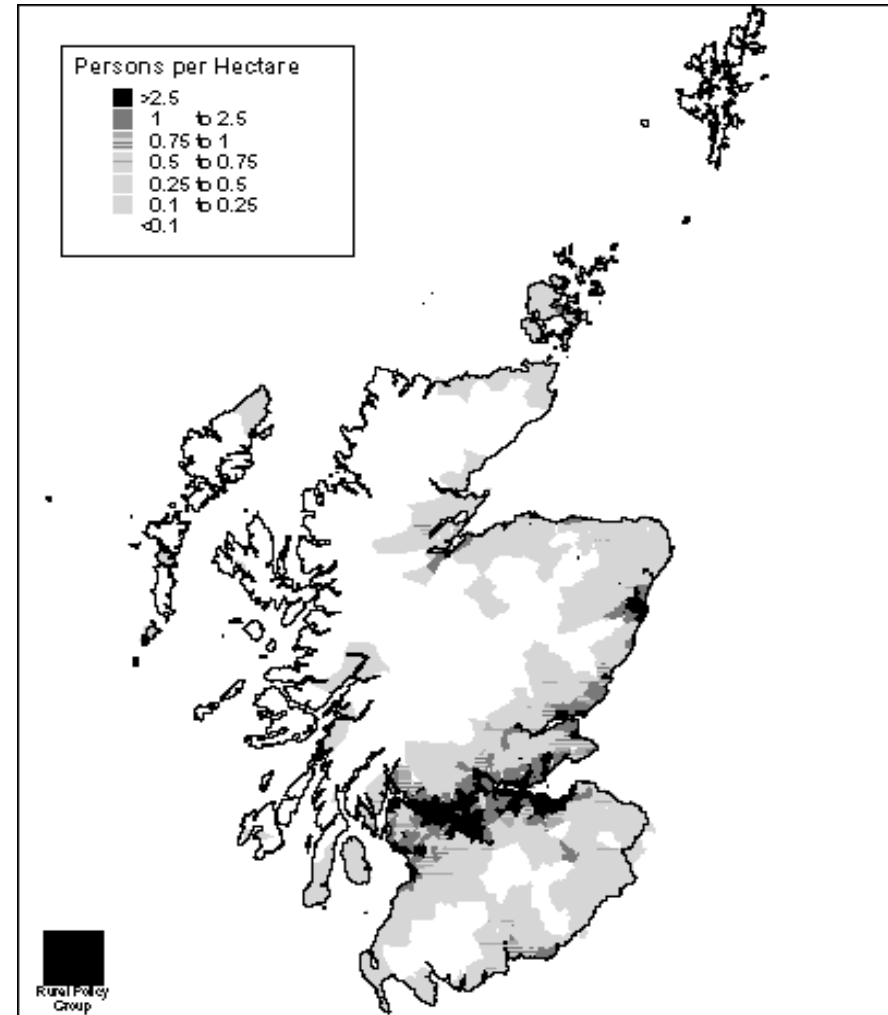
# Overview – water retail market

- The past/background
  - History of the Scottish water industry
  - International comparisons
- The present
  - Scottish Government objectives
  - Market structure
- The future
  - Scotland
  - England & Wales



# Background - demographics

- 5m people, 2.2m households and 140k businesses
- 98% connected to mains water
  - 368 water treatment works 47,000 kms water mains
- 95% connected to mains sewerage
  - 1,807 waste water treatment works
  - 48,288 kms sewers



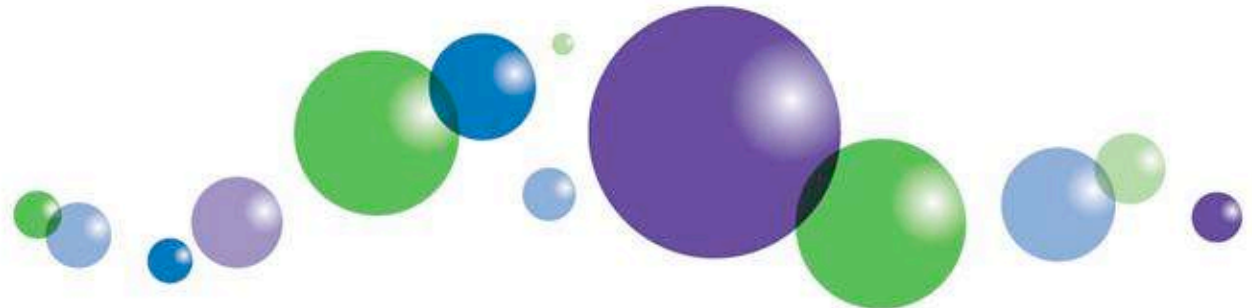
# History of Scottish Water Industry

- Until 1996, water and sewerage services were provided locally
  - By 12 regional Councils
  - Were funded through local taxation
- 1996 - 3 Water Authorities (East, North & West)
  - Public Corporations, accountable to Ministers
  - Funded from customer charges and borrowing from Government
- 2002 - Scottish Water
  - Public Corporation
  - 4th largest water utility in the UK (one of biggest 5 Government owned business in the UK), and one of the top 20 Scottish business by turnover
  - Funded from customer charges and borrowing from Government
- All were fully integrated vertical monopolies



# International comparisons

- E&W – privatised into 10 water and sewerage regional companies in 1989
- Australia – state responsibility, >500 water utilities
- Canada, Europe, New Zealand, USA – municipal responsibility with some with private sector provision
- Fully integrated vertical monopolies



# Scottish Government objectives

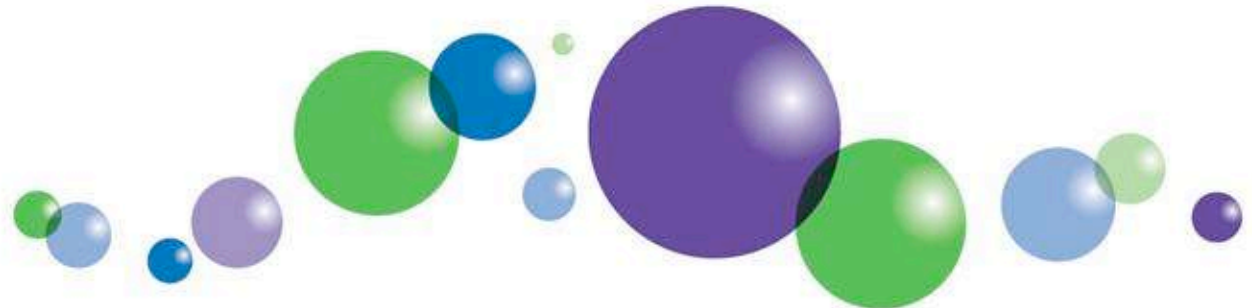
## ● Overall purpose

- To focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth

## ● Economic targets

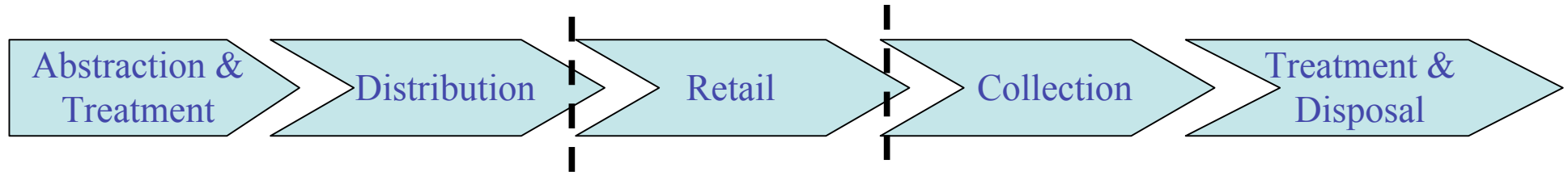
- immediate growth target is to raise Scotland's GDP growth rate to the UK level by 2011
- to match the GDP growth rate of the small independent EU countries by 2017

## ● Key component of growth – increased competitiveness



# Market structure

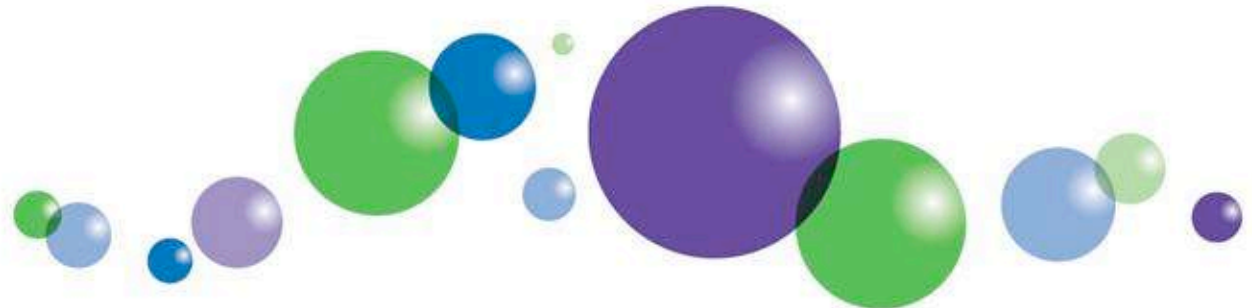
## Value Chain



## Since April 2008:

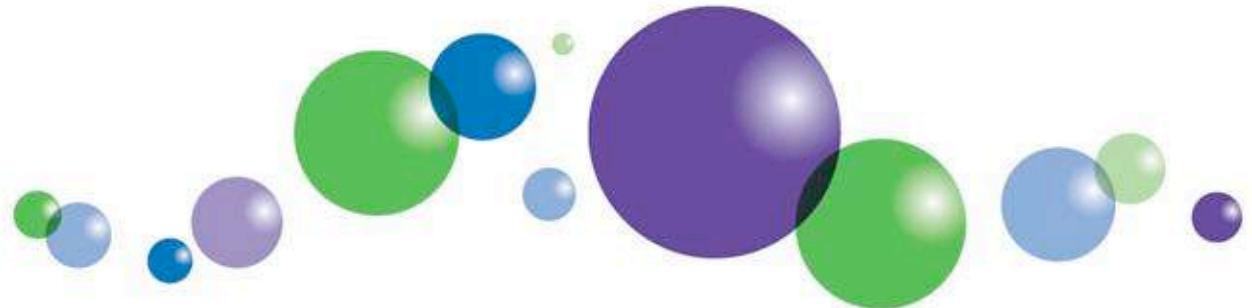
- All non-domestic customers can choose their retailer
  - World first
- Retailers have to be licensed by the WICS
- Retailers purchase wholesale services off Scottish Water
- Wholesale charges determined by WICS

## Currently 5 licensed providers



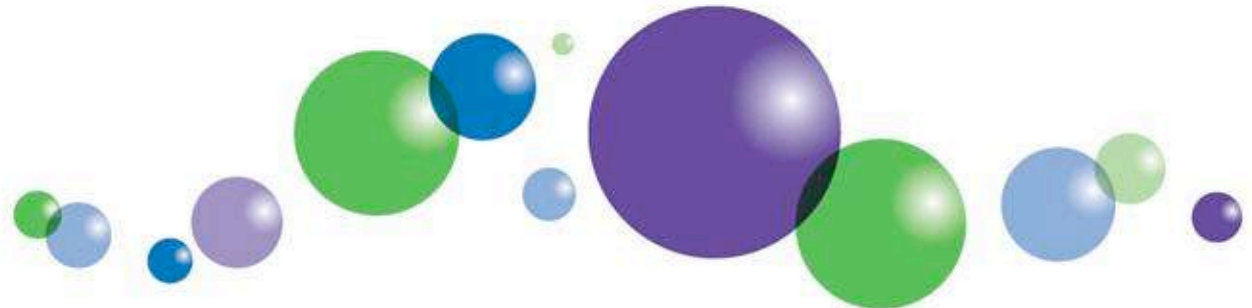
# Benefits

- You have a choice...
- Customer focus (not network focused)
  - Improved service
  - Increased innovation
  - Keener prices
- Safeguard – default tariff & service levels



# The future - Scotland

- Price Review 2010-15
  - Final Determination in November
  - Sets wholesale charges and default tariffs
- Consultation on transfer of activities
  - Metering, trade effluent sampling, new connections



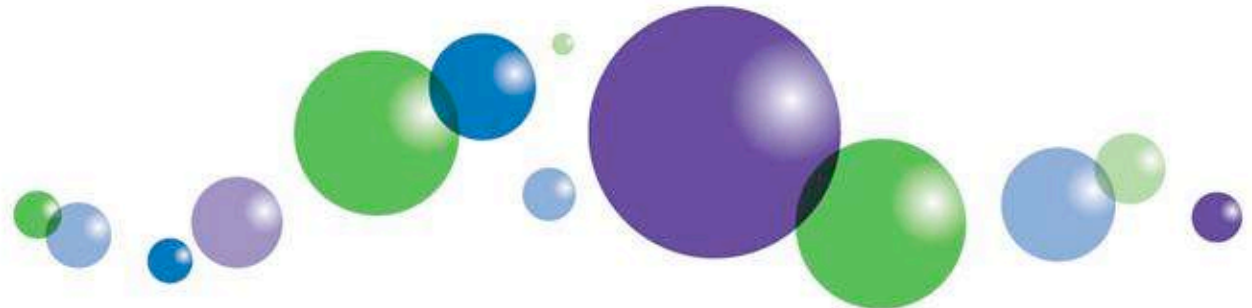
# The future – E&W

## ● Cave Review

- Retail competition for non-household sector
- Upstream licences
- Abstraction & discharge trading

## ● DEFRA Consultation

- Requires primary legislation
- Retail threshold?
- Abstraction & discharge trading?





# Our response to competition



Tony  
McHardy  
Head of Sales  
& Marketing

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# Retail competition



good  
thing

or

waste  
of time?

business stream

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# Our approach



# Our successes

✓ 50 new products and services

✓ 18% increase in customer satisfaction

✓ £18m of discounts offered

✓ £7m water efficiency savings

# The next phase

retain  
customers  
on merit

sell new  
products and  
services

improve  
efficiency

help customers  
understand water

business stream

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# Tailored water solutions

use less  
water = save  
money

reduce  
risk

minimise  
impact on  
environment

help you  
understand  
how, when  
& why

treat waste  
more  
efficiently

# Water sustainability cycle

commitment & ownership

identify network & assets

continuous review & feedback

monitor & analyse consumption

prioritise & implement remedial actions

business stream

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# Case studies – smart metering & water efficiency



Stuart  
Henderson  
Project  
Development  
Manager

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# Water sustainability cycle

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# Smart metering

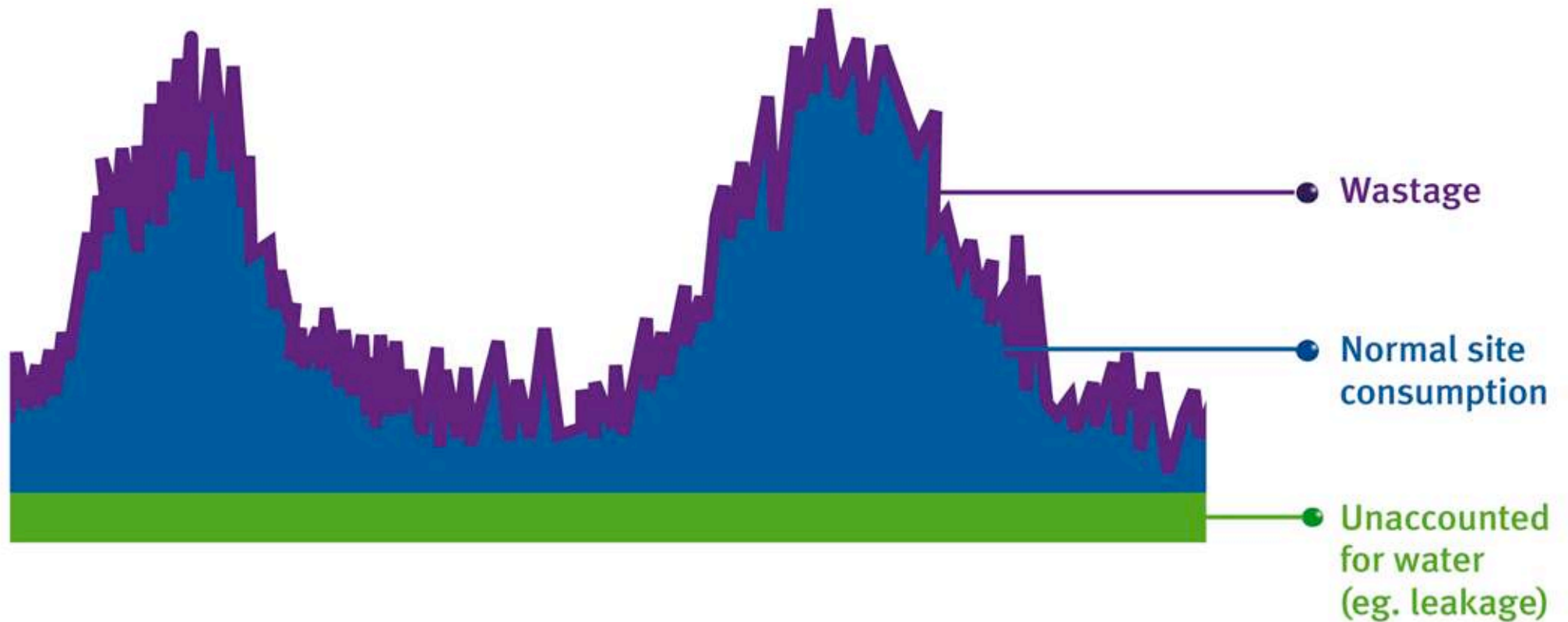


Data is transmitted from the data logger to our server



You can see the data and how much water you are using by logging onto our dedicated water health check website

# Smart metering



# Spot the leak?



# Delivering the solution



# First to see water savings

**First**   
transforming travel



# Every little helps for Tesco

# TESCO



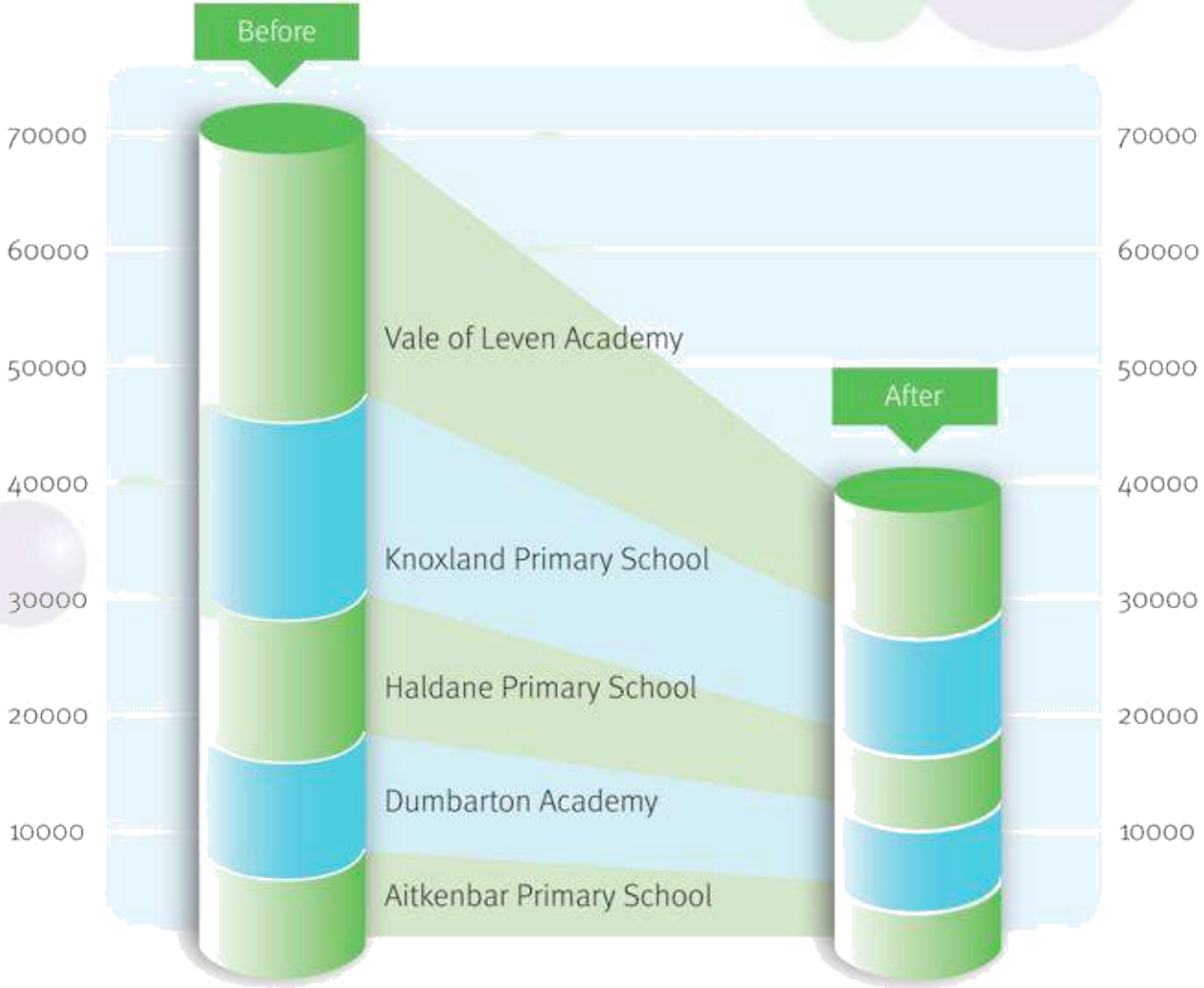
business stream  
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# Stores fix it for water management



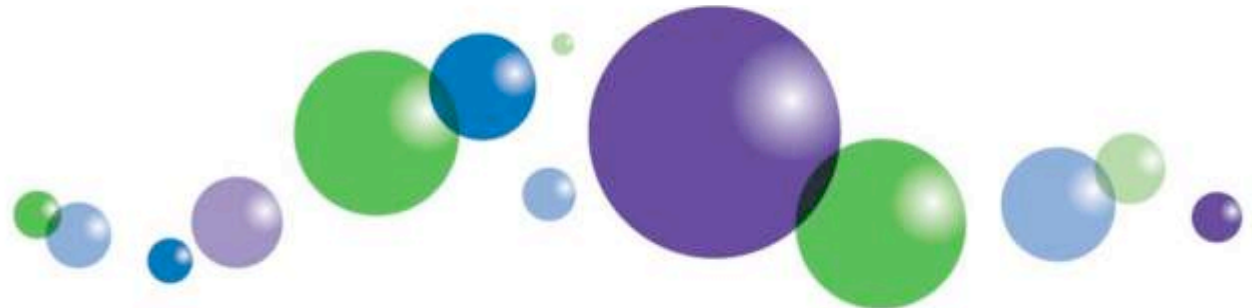
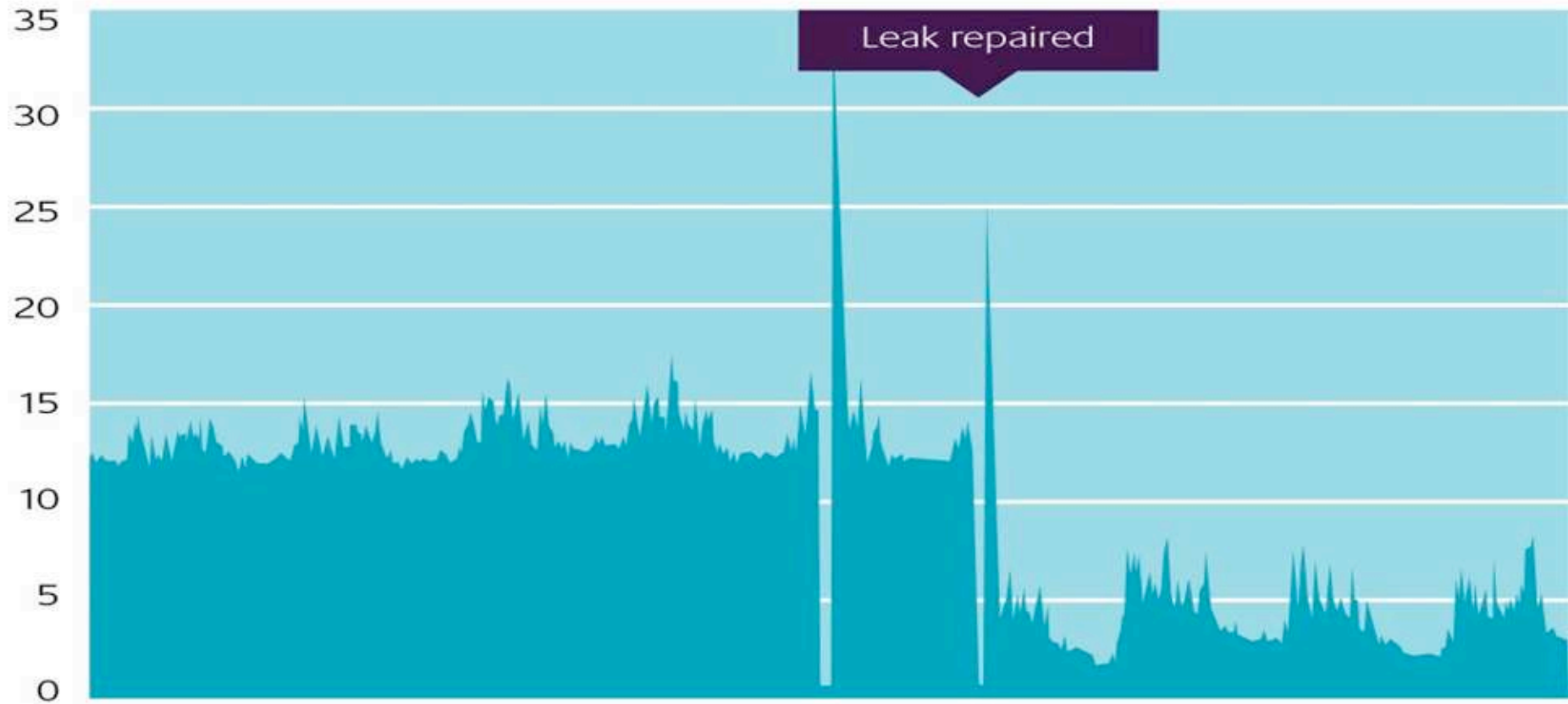
# Efficiency lessons for schools



# Efficiency going swimmingly

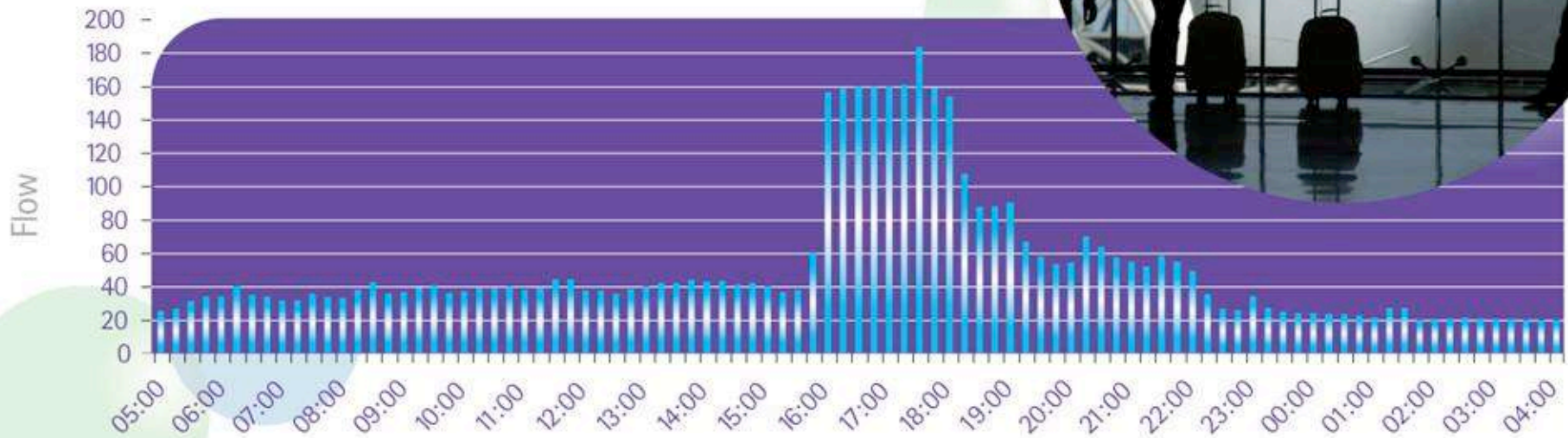


# Check up for hospital



# Airport stops flyaway costs

## Glasgow Airport



Time of day on 30 June & 1 July 2007



# Case studies – emergency planning



Frances  
Youngson  
Senior relationship  
manager

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# Contingency & emergency planning

planned  
activities

unplanned  
activities

emergency  
activities

# Castle Huntley springs a leak



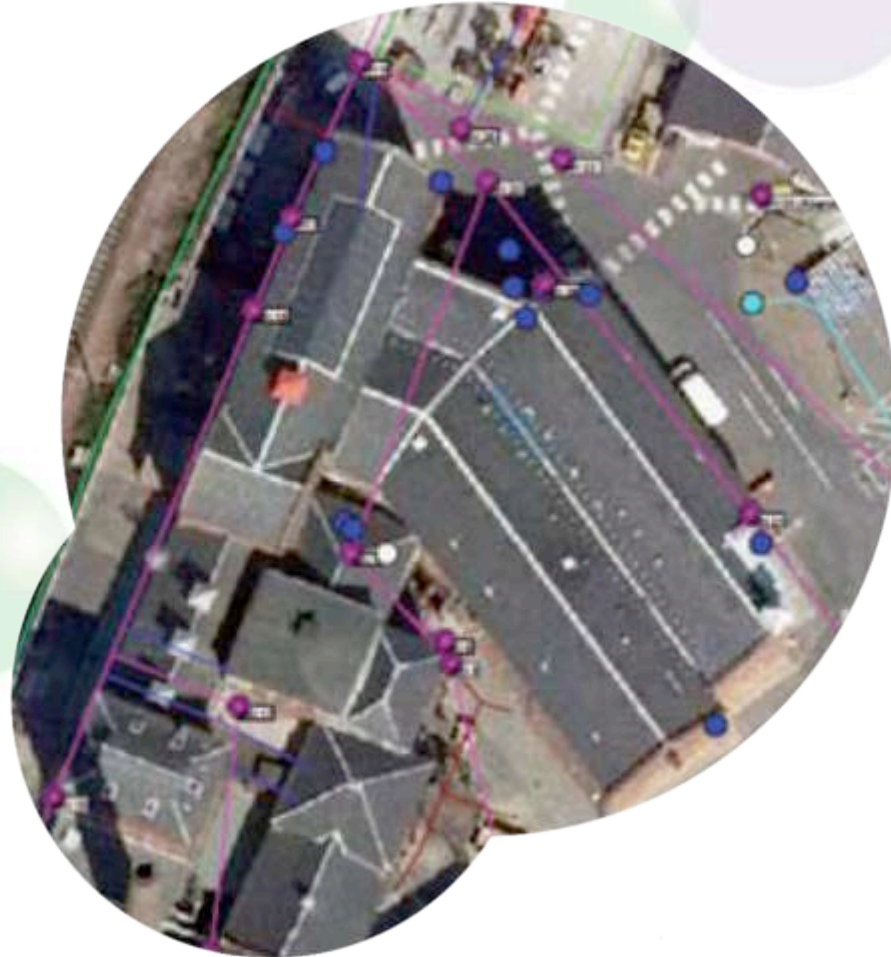
# Going the extra mile for SSE



# Aerial photography helps brewery

**DEUCHARS**

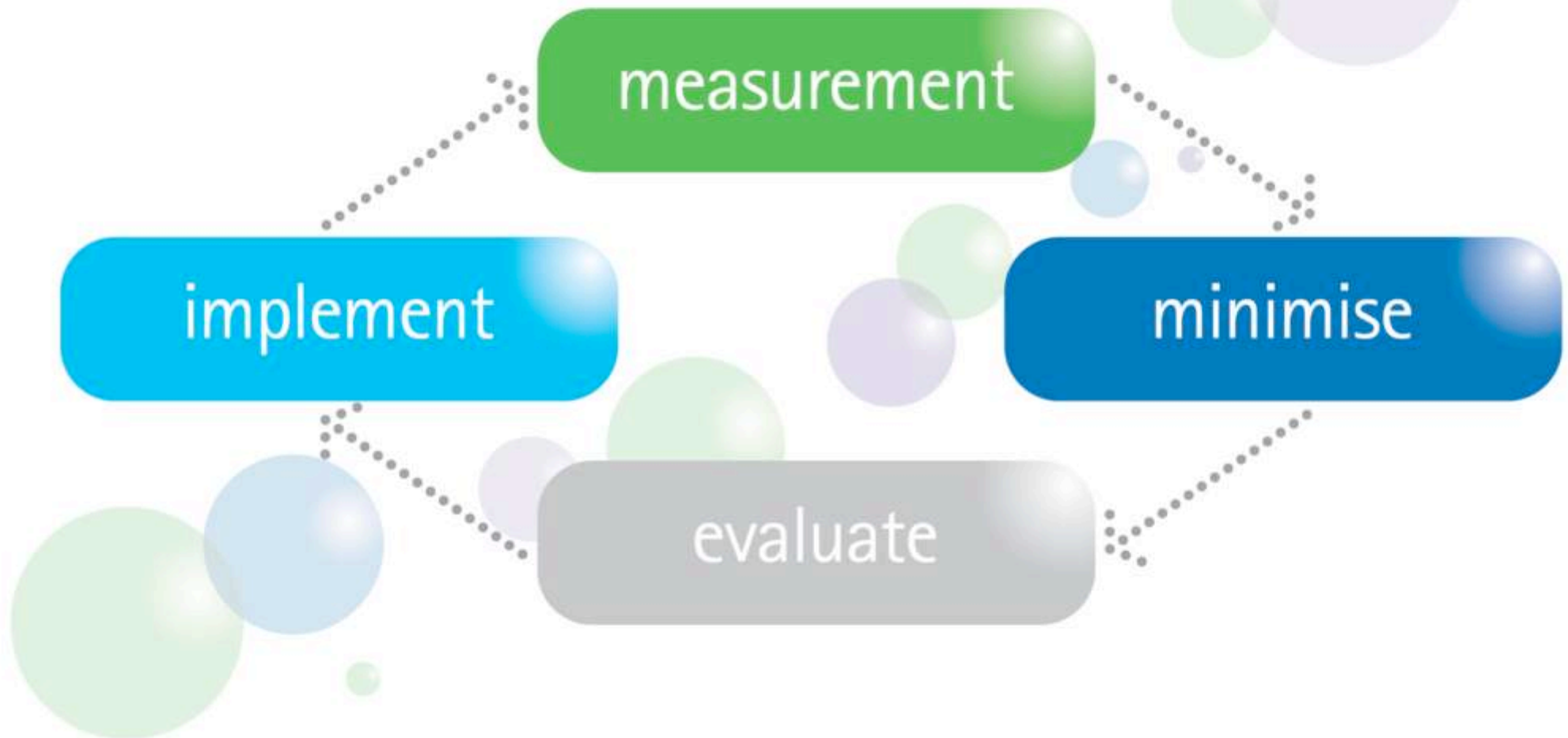
*Naturally brilliant*



# Case studies – waste water management



# Waste water management



# Harvesting the benefits



**marine harvest**  
excellence in seafood



# Reducing BE's environmental impact



# Biological oxygen demand on outfall (BOD mg/l)



# Forestry commission makes cuts



Coimisean | Forestry  
na Coilltearachd | Commission  
Alba | Scotland



# business stream

A SCOTTISH WATER COMPANY



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