

WRITTEN EVIDENCE FROM SCOTTISH WATER**Overview**

Scottish Water welcomes the opportunity to provide views and comments to the Infrastructure and Capital Investment Committee on the Water Resources (Scotland) Bill.

Overall, Scottish Water welcomes the proposals that are laid before the Scottish Parliament in the Bill. Specifically we see that Parts 1 and 2 provide a strong statutory basis for developing Scotland's water resources in the interests of Scotland. Scottish Water intends to play its part in the future development of the Hydro Nation agenda, and the Bill will enable us to fully take on this role.

We welcome the proposals to modernise some existing areas of statute relating to the management of water shortages. The proposals are progressive as they link the requirement to provide drinking water supplies and protect the water environment through practical and flexible statutory arrangements.

The clarification of Scottish Water's core functions will provide a useful separation of our activities and ensure that services to water and wastewater customers are maintained at the highest levels, whilst other business interests are allowed to develop. Scottish Water is fully committed to implementing Scottish Ministers' wider Hydro Nation agenda through development of our assets, investment in renewable energy and developing new business ventures.

Part 5 is welcomed as it will ensure that the commercial retail market is able to operate efficiently in Scotland.

We welcome the proposals in Parts 4 and 6 of the Bill, as these additions provide the missing part of the legislative framework that will enable Scottish Water to actively engage in catchment management in rural and urban drainage catchments. We see the move towards catchment management as a better way to manage diffuse inputs of pollution. While we see the powers in Parts 4 and 6 as discretionary and to be used most judiciously, we favour their inclusion in statute as all powers relating to core activities benefit from this.

Detailed Response

Q1 - Section 1 of the Bill proposes placing a duty on Scottish Ministers to take such reasonable steps as they consider appropriate to ensure the development of the value of Scotland's water resources. Do you consider these proposals to be sufficient to drive forward the delivery of the Scottish Government's aim of making Scotland a Hydro Nation?

We welcome the proposals to place this duty on Scottish Ministers. We see that the statutory requirement provides a clear basis for the aspirations of the Scottish Government to build a Hydro Nation.

Q2 - What are your views on the proposal that Scottish Ministers should be able to direct public bodies to participate in the development of water resources?

This proposal will help to ensure that public bodies take an active role in the Hydro Nation agenda. As such, we welcome this element of the Bill.

Q3 - Do you have any comments on the requirement for Scottish Ministers to report to the Scottish Parliament on these activities every three years? Is this sufficient to ensure that Scottish Ministers will be held accountable for meeting the duty placed upon them to ensure the development of Scotland's water resources?

Given that many of the aspirations under the Hydro Nation agenda are of a longer-term nature, a 3 year reporting period seems appropriate.

Q4 - In your view is the new licensing regime necessary and will it offer the desired benefit of ensuring that the value of the water resources of Scotland are maximised for the people of Scotland?

The proposed licensing regime will ensure that significant applications that result in water being taken for use outwith Scotland will come to the attention of Scottish Ministers directly. We welcome this approach and acknowledge the practical exemption in relation to abstractions that Scottish Water makes in relation to the core function of supplying drinking water to the people of Scotland.

Q5 – Is the threshold set in the Bill for defining large scale abstractions of greater than 10 megalitres of water per day appropriate?

We consider that the proposed threshold is appropriate.

Q6 - Is the list of possible purposes by which a large scale abstraction may be exempt from requiring Ministerial approval, such as where an abstraction is carried out for the purpose of generating electricity by hydro-power, appropriate?

We welcome the inclusion of exemptions, particularly in relation to Scottish Water's core functions.

Q7 - What are your views on Scottish Water being given specific powers to develop its assets and support the generation of renewable energy?

We welcome the inclusion of these clear powers within the Bill as they align our work with the wider Hydro Nation agenda and encourage innovation.

We are taking steps to generate renewable energy from our assets and we welcome the powers that will support the further development of this activity.

Q8 - Are you content that the definition of core powers will provide sufficient safeguards for core water and sewerage functions against risks incurred by Scottish Water in pursuing non-core functions?

We are content with definition of core powers proposed within the Bill. The creation of core functions sets down some clear principles of operation, namely: that customers for water and wastewater services are at the heart of our business; that the charges paid by customers are for services in relation to water and wastewater services; that all other activities require to be financed through alternative routes.

Q9 - Do you have any views about the proposals to give Scottish Water new powers of entry and inspection of premises (other than a house) in relation to the quality of raw water?

We welcome the proposal to introduce powers to allow Scottish Water to enter and inspect premises in relation to protecting raw water quality. We see these powers as being part of a package of arrangements that allow us to conduct catchment management to protect sources of drinking water and ensure that customers receive wholesome drinking water at reasonable cost (as required by the Water (Scotland) Act 1980).

Catchment management is concerned with identifying and reducing pollution at source, and working in partnership with land owners and land managers to find ways to manage these low levels of diffuse pollution.

The powers of entry are discretionary and we only intend to use these powers where we have evidence to suggest that catchment management might provide a sustainable solution to the protection of a drinking water source. Having the powers will avoid doubt about Scottish Water's role and activity on land; they will legitimise the activity of our catchment liaison officers on the ground. We see these arrangements as complementary to treatment methods that are available to us to ensure that customers receive the quality of water they are entitled to.

Q10 - Do you have any views on how the proposal allowing Scottish Water to enter into agreements with owners or occupiers of land to undertake works to prevent the deterioration of water quality will work in practice and whether this is necessary and/or appropriate?

We welcome the proposals in the Bill to allow Scottish Water to enter into agreements with land owners and occupiers to undertake measures on the ground.

We favour having the vital components of catchment management (entry to land and ability to enter into agreements with 3rd parties) laid out in statute, as this is consistent with other actions we take in relation to our core functions.

After finding sources of pollution, and the pathways that allow pollutants to enter drinking water sources, the next step is mitigation measures. Such measures could be education and awareness of best practice, through to implementation of new hard measures on the ground.

Q11 - Are the new duties to be placed on landlords appropriate and do they raise any concerns?

Scottish Water is the wholesaler of water to the commercial sector. In this capacity, we note that the retail market for water and wastewater services needs to operate efficiently and that the Licensed Providers must be able to collect revenue for water and wastewater services.

Placing new duties on landlords to inform their Licensed Provider of changes in occupancy ensures that bills can be correctly raised and charges collected. We support these changes as it will enable the retail market to operate efficiently. It will also ensure that all customers are contributing fairly to the costs of service provision.

Q12 - Do you have any comments on the proposed arrangements for the creation of a scheme setting out the terms and conditions under which a deemed contract for the provision of water is to exist?

Our view is that having a general set of terms and conditions that apply to all deemed contracts is appropriate and ensures that, where specific contracts do not exist, all parties are treated in the same manner. We agree that the Water Industry Commission for Scotland (WICS) should set this scheme out.

Q13 - Do you have any comments about the proposal granting Scottish Water powers of entry and inspection of land or non-domestic property in relation to passing substances and pollutants into the sewer network?

As noted in our answers to questions 9 and 10 above, we welcome the proposals to have powers of entry to investigate the passing of substances and pollutants directly to the sewer network.

Our reasons for supporting these proposals are that we need new and innovative ways of ensuring that substances that enter the public sewerage network can be monitored and traced, so that ultimately they can be managed.

In-line with our answers above, we believe catchment management can also be applied to the urban drainage environment. We see the proposed powers as discretionary powers that can be used in a catchment management context.

Tracing the sources of Priority Substances and other pollutants that enter the sewerage network may help address the inputs where loads are significant. Without the knowledge from the drainage catchment itself, we cannot take a catchment approach.

For example, a catchment approach could be applied where SEPA identifies that a water course is down-graded due to urban pollution. The new powers of entry would allow Scottish Water to investigate the sewer network inputs to the river, right up into the urban catchment. Where pollution is associated with the sewerage network, action could be taken to resolve the problem e.g. correcting cross-connections (which is enabled under the existing Sewerage (Scotland) Act 1968) or improving unsatisfactory discharges through our investment programme.

It should be noted that Scottish Water cannot act alone to control all inputs to what are effectively open systems, and that this approach would help identify operators within a catchment to support actions being taken. We believe this will help inform SEPA's river basin planning function.

The new powers of entry to investigate and trace pollution are welcomed as they are complementary to existing powers and allow Scottish Water to undertake urban catchment management. The benefit is improvements to the water environment, avoidance of costly end-of-pipe treatment and maintaining charges to customers at a sustainable level.

Q14 - Do you have any comments about the creation and enforcement of a new offence of passing, or permitting to be passed, fat, oil or grease into the public sewer network?

Blockages of the public sewer, caused by fats, oils and grease, require to be removed. The costs of doing so fall to Scottish Water customers. We welcome this proposal as it will provide a clear message to commercial premises that they must dispose of fats, oils and grease in an appropriate way.

We see these new powers as complementary to other powers under waste regulation, ensuring a full package of incentives and enforcement arrangements to encourage best practice for disposal of fats, oils and grease. The benefit will be that sewers should experience fewer blockages and that the fats, oils and greases are controlled at source.

Q15 - Do you have any comments on the proposal to allow any one proprietor to carry out works to private sewage treatment works, such as septic tanks, to maintain and empty these shared assets without having to secure the consent of the other owners?

We welcome the proposals to allow proprietors to initiate and take maintenance actions on privately owned sewerage system. These proposals close a gap in the existing legislative framework and will help owners who wish to undertake maintenance to take action.

Q16 - Are the proposals to create new water shortage and emergency water shortage orders proportionate and will they have the desired effect of dealing with temporary water shortages?

We welcome the proposals within the Bill as they provide a modern framework for the management of water shortages which is relevant to Scotland's situation.

Within Scotland, large-scale water shortages due to lack of rain are a rare event. However, localised shortages do occur on a fairly regular basis. (For instance, during the summer of 2012, mainland Scotland experienced lots of wet weather in May and June, but on the western isles there were localised water shortages as the weather was unusually dry.) The framework laid out within the Bill is flexible and will deal with both small scale and larger scale events and we welcome the emphasis on communications with water users as an essential step in the process.

Our view is that many water shortage events will not result in requests for Water Shortage Orders where Scottish Water is able to work with SEPA and local landowners to secure alternative supplies. However, where there are more serious shortages, or where 3rd party interests are significant, then a statutory framework with involvement of Scottish Ministers is an appropriate approach.

The approach to water saving measures seems appropriate and proportionate. We welcome the emphasis upon communication with those affected by water saving measures and whenever water shortages arise we will work with customers to make them aware of water saving measures.

Q17 - Do you have any comments on the estimated costs associated with the Bill?

We consider that there are few new costs arising for Scottish Water as a result of the Bill. Our comment is that the proposals within the Bill may enable us to be more efficient in the management of water and wastewater services.

We note, specifically in relation to having a legislative framework to support catchment management, that the Bill may allow us to avoid or minimise the increasing costs of “end-of-pipe” treatment.