

## Waterwise response to Defra Consultation on water metering in areas of serious water stress

April 2007

1. Should those companies within a designated area of serious water stress be permitted the option of compulsorily metering their customers?

*Yes. Current levels of metering lag way behind almost all other EU countries, and it is contrary to the principles of sustainable development (including social, as non-metered customers currently cross-subsidise optants who tend to have higher disposable incomes) that the vast majority of water bills in England are currently calculated on rateable values which are over 30 years old. Water metering is a fair way of charging and paying for water, and provides an incentive to waste less water. We wholeheartedly support increasing metering in this way by permitting companies within a designated area of serious water stress the option of compulsorily metering their customers.*

2. What are your views on the appropriateness of considering metering alongside other supply-side and demand-side measures as part of the WRMP process?

*Waterwise believes this is entirely appropriate. It incentivises water efficiency which is a key part of the supply-demand balance, particularly in the context of climate change and housing growth. It enables companies to better manage the supply-demand balance directly, for example in predicting not only the occurrence but also the magnitude of demand peaks (depending on the type of meter). Importantly, it also assists leak detection.*

3. Are there sufficient incentives for companies to better manage the quantity of water in supply, and if not, what could be done about it?

*The incentives on companies are currently twofold. The first is a direct financial one, which means that, particularly in areas of serious water stress, it will often be cheaper to put in place measures to save a litre of water than to supply an additional litre of water – this is increasingly true as climate change takes hold, in the context of the recent worst drought for 100 years. The second is regulatory – the statutory duty to supply in the face of all factors, including climactic. There should be a third driver/incentive in place – Waterwise strongly believes that the Government and Ofwat should make it clear that applications from water companies for large-scale water efficiency projects are expected in the next Price Review (subject to the construction of the evidence base – which Waterwise is currently developing as part of its work for the Water Saving Group.)*

4. What are the additional costs and savings that companies would have to consider in their WRMPs, and what is the magnitude of those costs?

*The costs would be installation of meters, and meter reading (but economies of scale would occur in both, in comparison to the current piecemeal optants process). The savings would result from a better understanding of the supply-demand balance, enabling optimisation of resources. The evidence base is being developed, but an increase in metering is more than a simple cost-benefit equation on the economics – it is also a matter of equity, where metering of whole areas is the only way to protect vulnerable consumers (currently subsidizing optants).*

5. How effectively will the WRMP options assessment process ensure that companies take account of the additional costs and savings associated with metering?

*No comment.*

6. Do you agree that the approach proposed is the most appropriate for dealing with the effects upon customers, and if not, how would you improve upon it?

*It is important to note that the majority of customers will save money through metering. However, Waterwise is concerned about the impact on vulnerable customers – specifically large, low-income families. We believe this can be addressed through the use of tariffs (not all of which require smart meters), and look forward to the Defra proposals on the impacts of various tariffs on low income households.*

7. How could companies incentivise those customers to save water where it is not cost effective or practical to meter?

*Companies can take forward a range of measures to incentivise water efficiency, beyond metering. These could include self-audits, leading to a visit-and-fix where the householder is offered various water-saving devices which are installed there and then; working with manufacturers and retailers on voucher schemes, for example for a £50 discount on a water efficient toilet, shower or washing machine; and continued multi-agency messages on water efficient behaviour.*

8. Do you think that the proposed Water Resources Management Direction, alongside the Environment Agency's guidelines, will ensure the case for compulsory metering is considered in the most appropriate context, and if not, what alternative arrangements would you propose?

*Yes.*

*To be read in conjunction with Waterwise response to Environment Agency  
Consultation on identifying areas of water stress, April 2007*

*Waterwise is an independent, not for profit, non-governmental organisation focused on decreasing water consumption in the UK by 2010 and building the evidence base for large scale water efficiency. In England, we sit on the UK Environment Minister's Water Saving Group alongside the water industry and regulators.*

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