

What Drought Means for a Water Company

Richard Bienfait

Managing Director, Veolia Water Central



13th June 2012

Veolia Water Central Ltd

Responsibility and risk

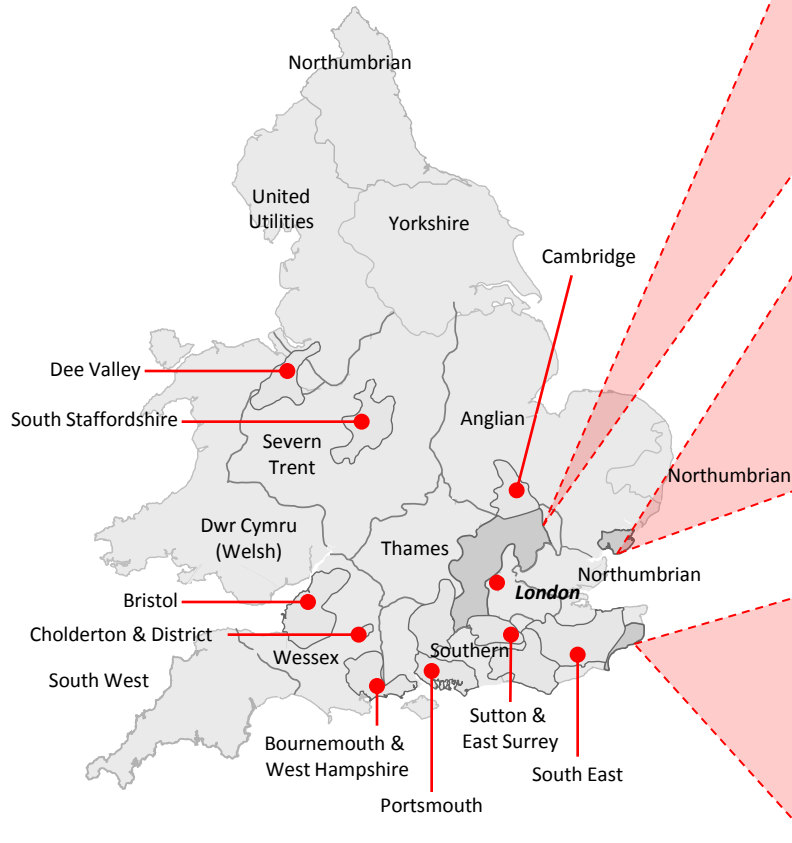
- We have a legal responsibility to supply wholesome drinking water 24/7
- Weather plans are becoming more varied and less predictable
- Droughts are unique
- Key issues add to risks and uncertainty
- We have a plan for managing droughts
- We must maintain our legal responsibilities even in a drought

Our business operates in three areas in south east England



Regulated water industry in England and Wales

- VW Regulated WoC area
- Other WoC area
- Water and Sewerage Company (WaSC) area



Veolia Water Central



- Largest WoC in England and Wales by revenues
- Supplies a population of c.3.2m
- Typical daily supply - 850 MI/d

Veolia Water East



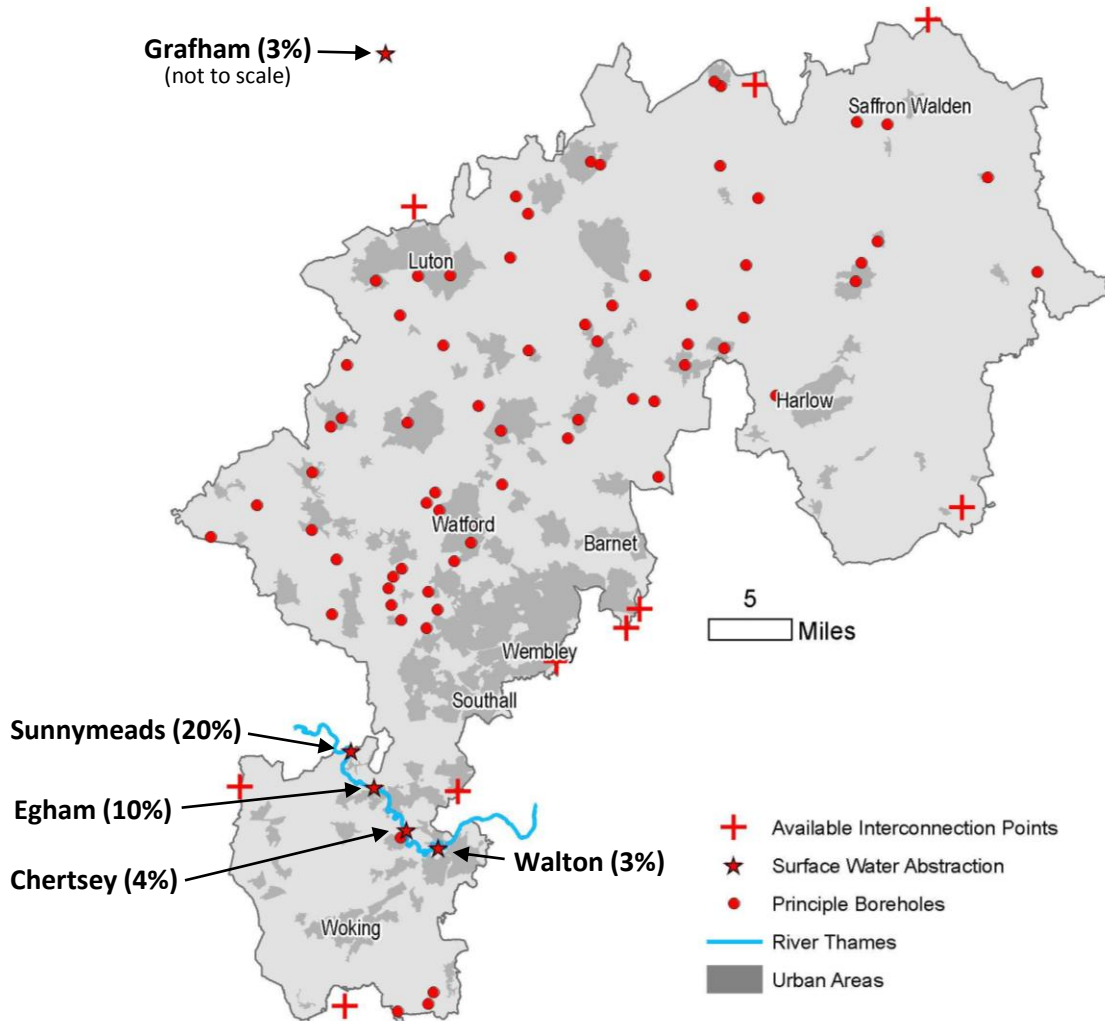
- Supplies a population of c.160,000
- Typical daily supply - 29 MI/d

Veolia Water Southeast



- Supplies a population of c.160,000
- Typical daily supply - 43MI/d

The sources of our water supply



Veolia Water Central
<ul style="list-style-type: none"> • 60% ground water sources <ul style="list-style-type: none"> - 248 boreholes • 40% surface water sources <ul style="list-style-type: none"> - 4 River Thames abstraction points - Grafham reservoir import

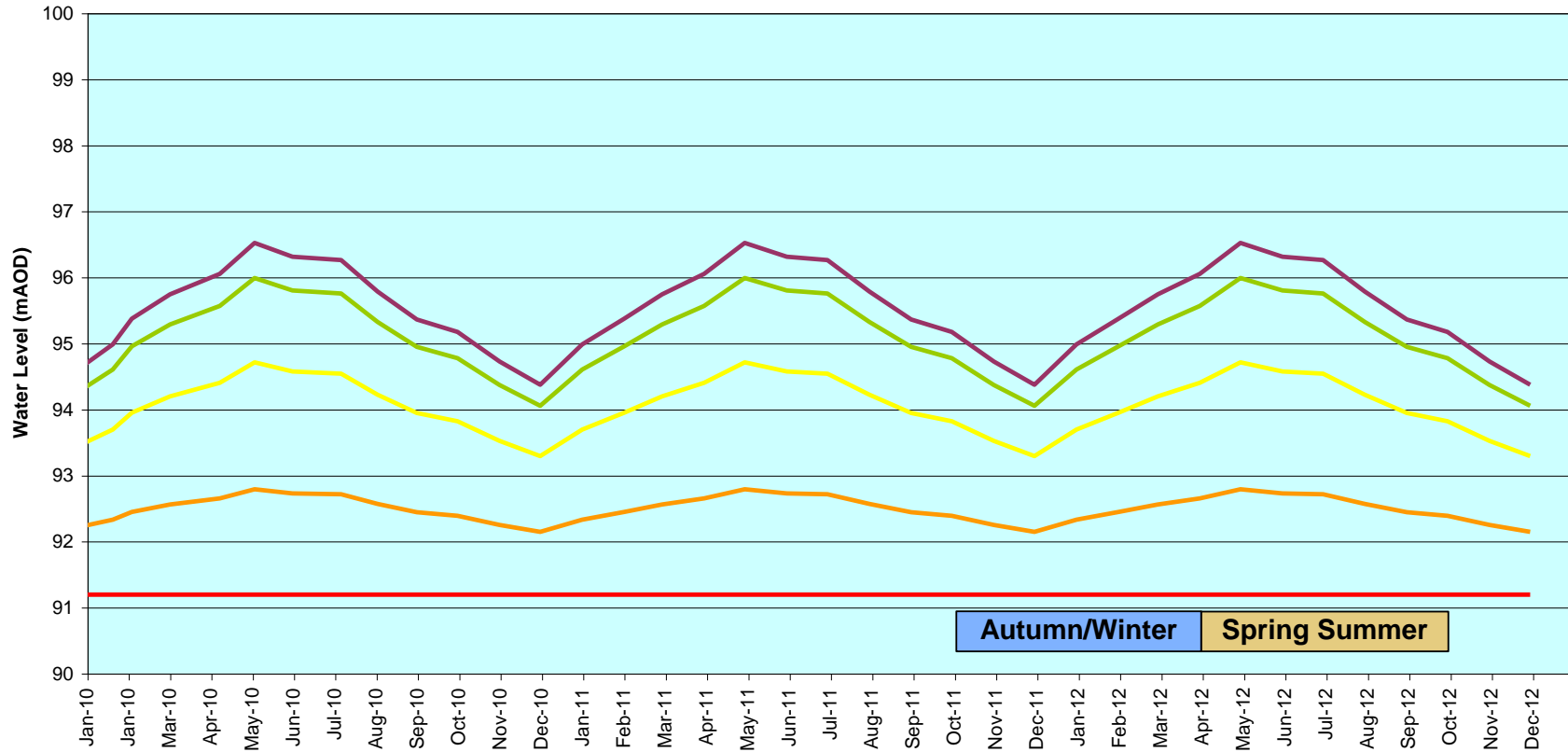
Drought Management Plans

- Our drought Management Plan sets out how we deal with droughts
- Our stated level of service is 1 in 10 years
- Plans are updated annually and subject to public consultation every three years
- Latest plan awaiting Defra approval

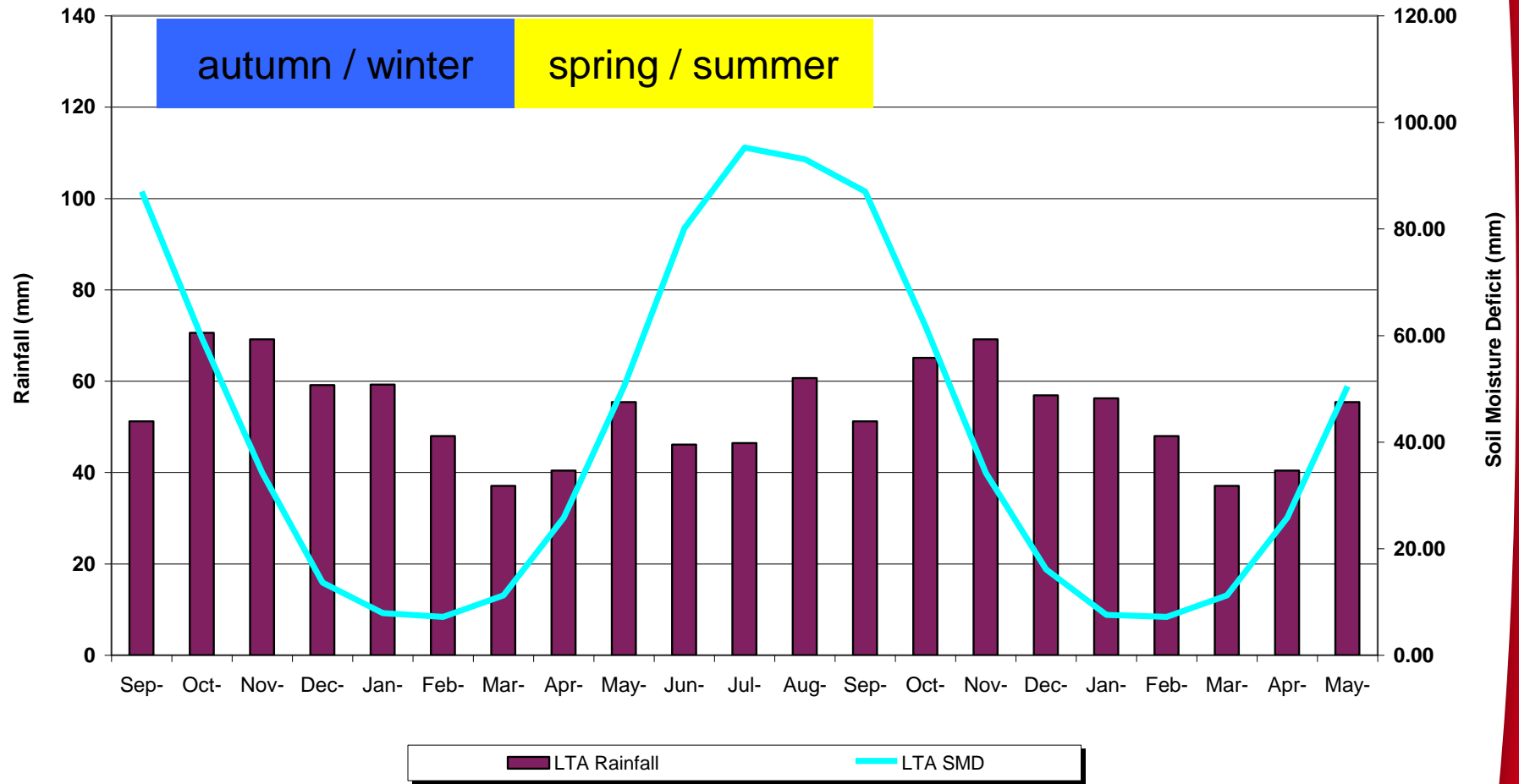
Groundwater drought triggers



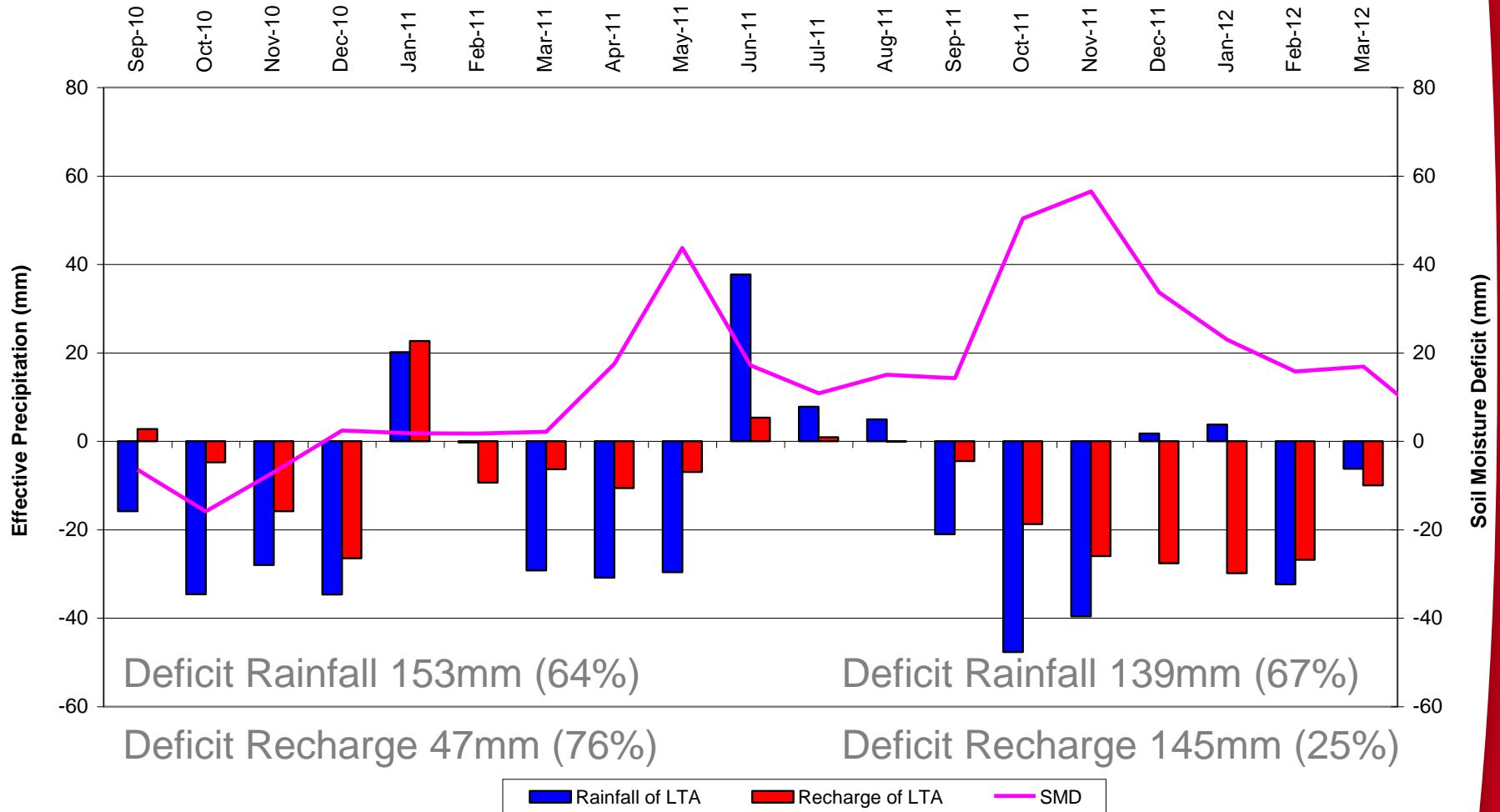
Groundwater Drought Triggers



Long term average rainfall and SMD



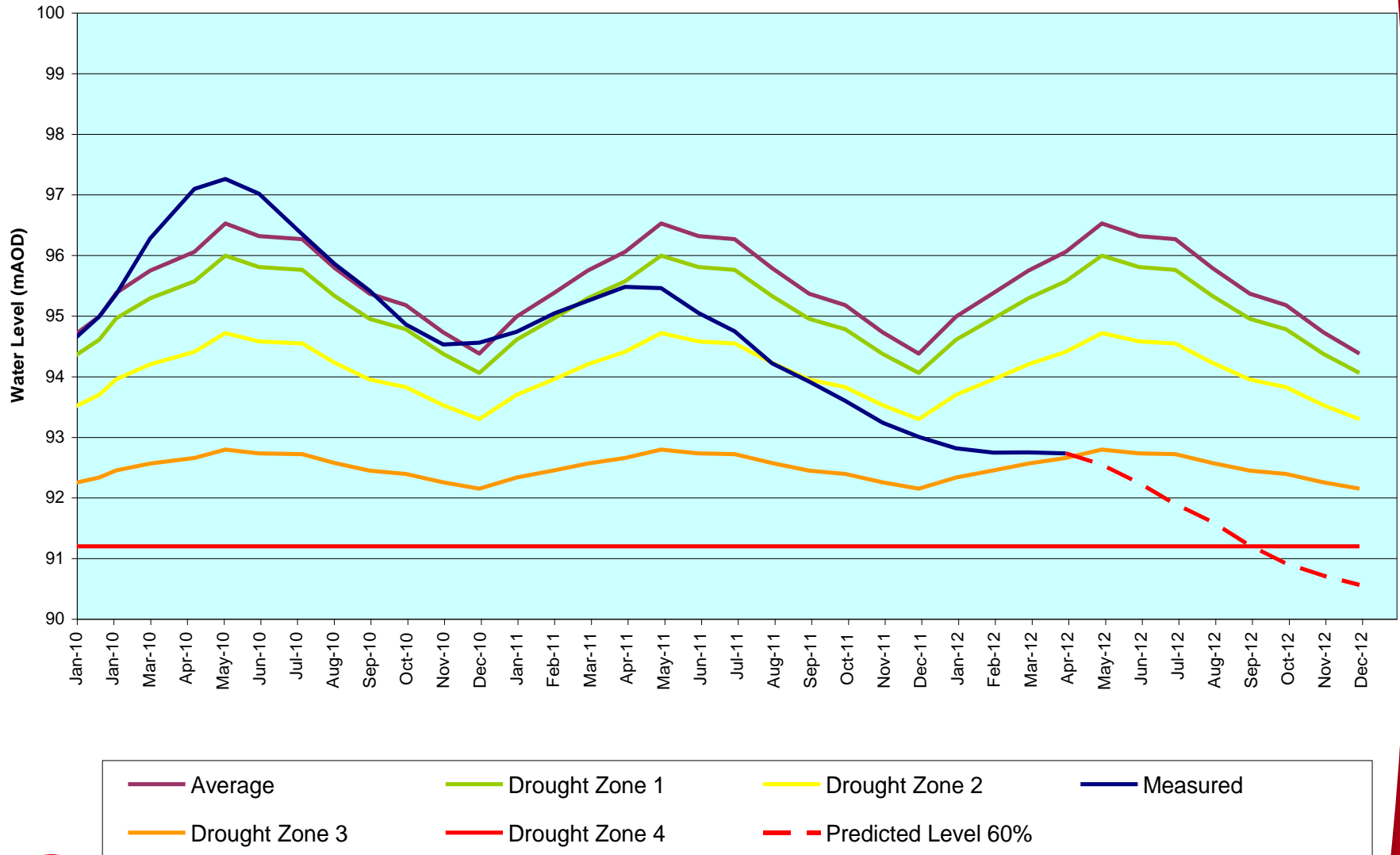
Rainfall and Recharge compared to LTA



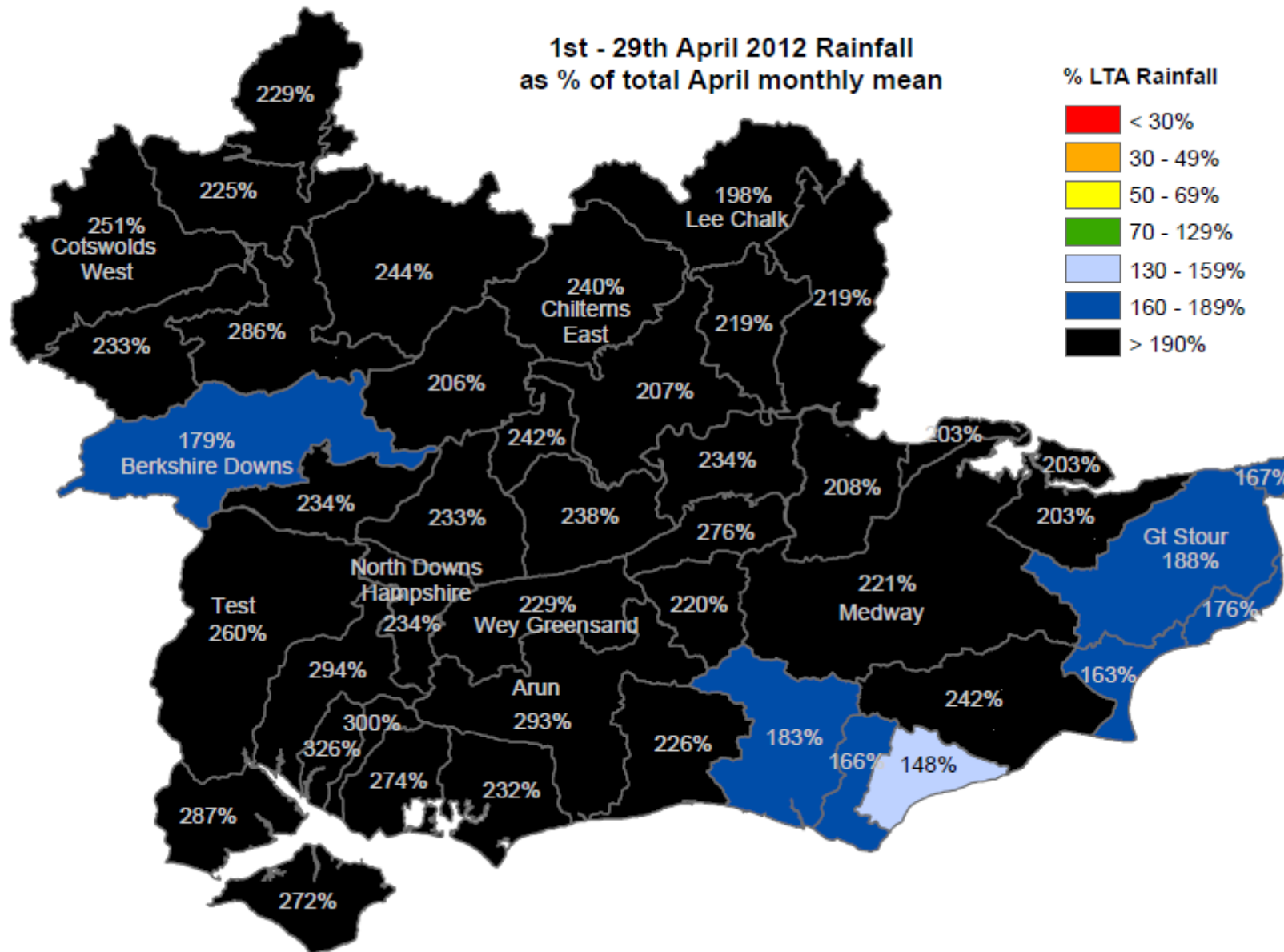
Drought Trigger Predictions March 2012



Groundwater Drought Triggers



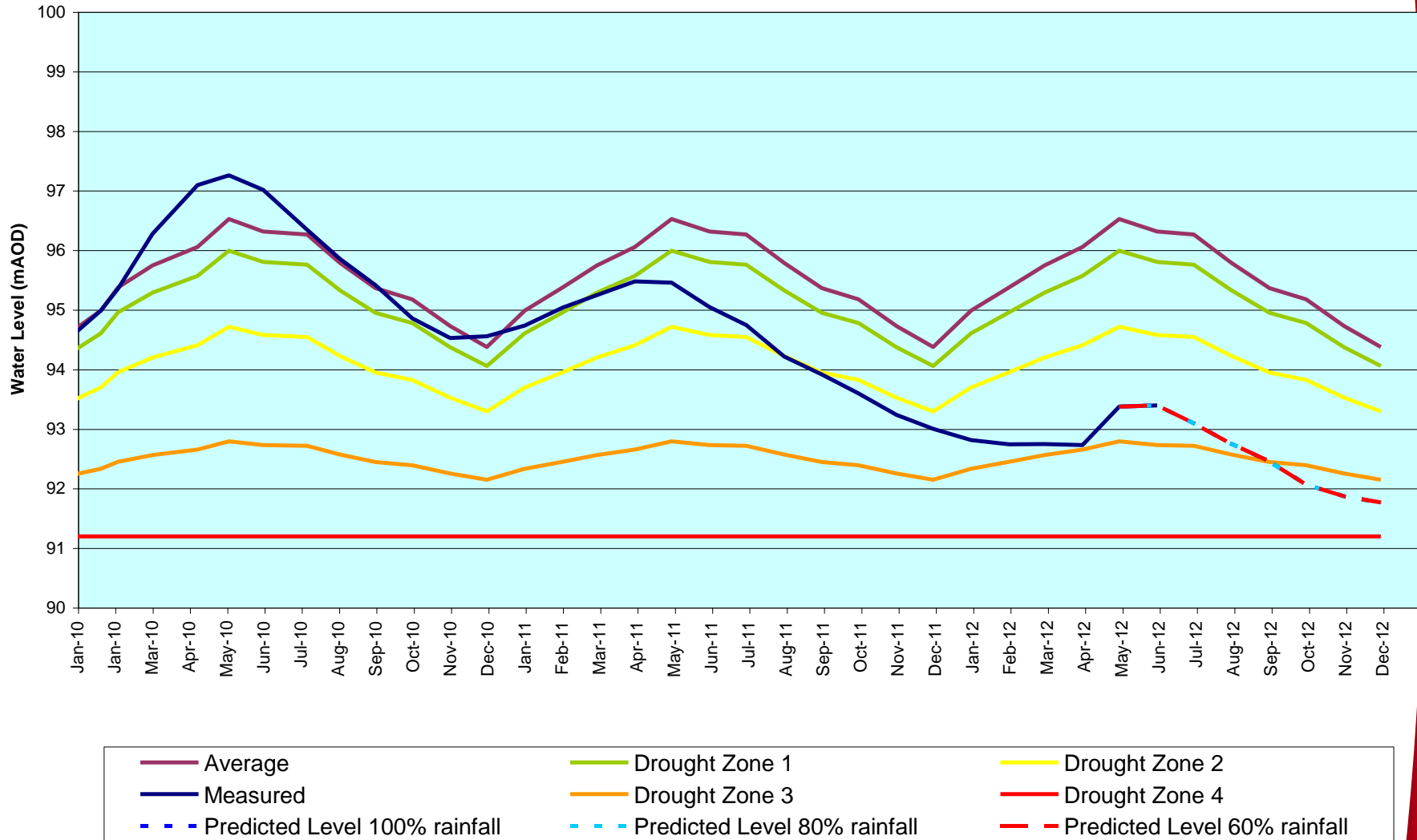
April Rainfall



Drought Trigger Predictions May



Groundwater Drought Triggers



Current Activities

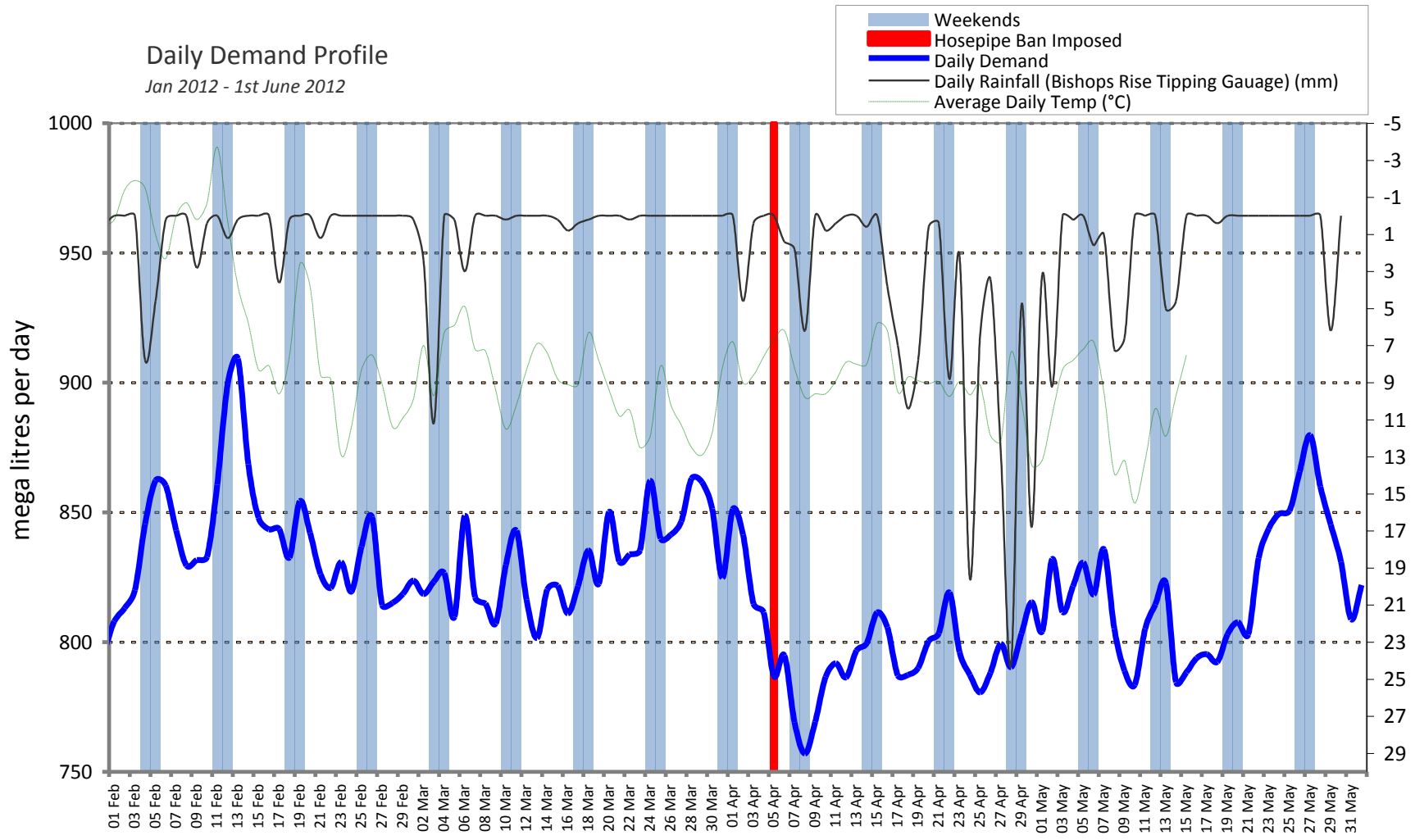
- Following our Drought Management Plan
- Introduced Temporary Use Ban from 5 April
- Radio, press and communications with key stakeholders
- Managing over a 5% increase in calls from our customers relating to the drought
- Abstracting more surface water and importing more water from Grafham
- Driven down leakage, now 15% below Ofwat target
- Increased promotion of water efficiency
- Now producing 100MI/d less than last year and less than 70MI/d (9%) than a typical year

Demand 2012



Daily Demand Profile

Jan 2012 - 1st June 2012

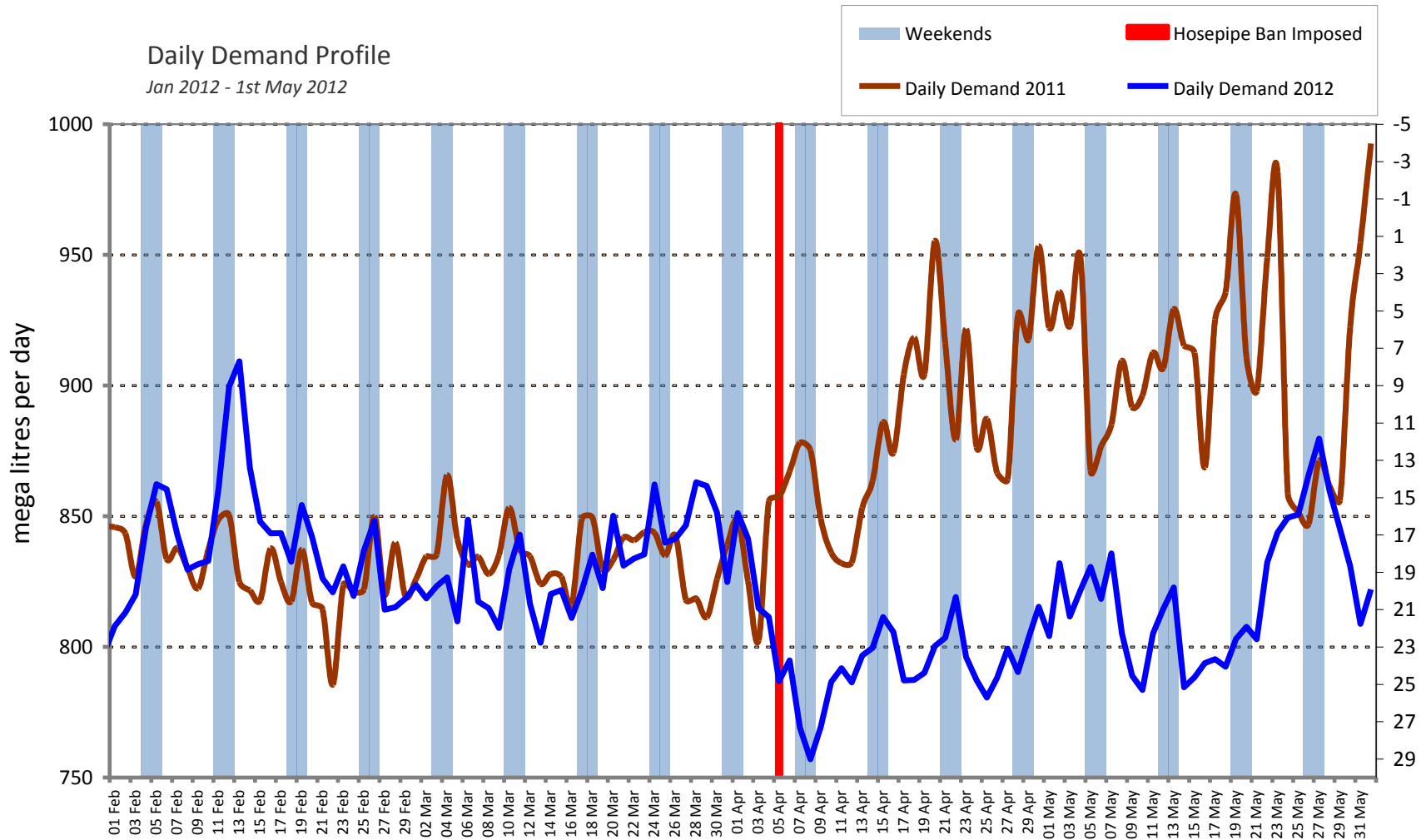


Demand 2012 v 2011



Daily Demand Profile

Jan 2012 - 1st May 2012



Planning for 2013 and beyond

- Focus is on a third dry winter
- Reviewing source outputs under very low water level conditions
- Looking at innovative sources of water
- Undertaking network modelling
- Future concerns with pollution of sources and sustainability reductions

Conclusions

- Droughts pose a significant impact on water companies, their customers and the environment
- We still have a legal responsibility to supply to customers
- Different water companies will have different responses which are linked to their water resource availability
- Droughts are planned for as part of routine business, but are exceptional events that vary in their level of severity
- Uncertainty in water availability is managed through a structured analysis of historic source performance and the hydrogeological environment of the source
- Planned demand restrictions are imposed on customers are to ensure there is an adequate supply of water for essential purposes



Thank you
Any questions?

