

## **Neighbouring water company and water trading contact plan**

Southern water used two approaches to contact neighbouring water companies and potential water traders: publication of a statement of need on the company website along with a OJEA publication; and by writing letters directly to neighbouring water companies and large abstraction licence holders in the area.

### **1) Statement of need and OJEU Publication**

In order to comply with appendix 12 of the WRMP guidelines this states that a water company should consider all options to;

- (1) Share resource(s) with another water company(ies) (neighbouring or not) in the form of —bulk supply contracts and shared asset ownership
- (2) Share, trade or transfer water with non-water company providers or users of water.

Southern Water published a Periodic indicative notice (PIN)<sup>1</sup> with call for competition on the 28th September 2012 seeking the services listed below;

- (1) A supply of raw or treated water in bulk to Southern Water Services Limited.
- (2) The supply and delivery of raw or treated water in bulk to Southern Water.

The invitation for potential suppliers to express an interest for the OJEU notice expired on the 31st October 2012.

At the expiry of the deadline, two companies, namely, P & K Transport and FGS Agri had expressed an interest in the OJEU. Southern Water is currently in liaison with FGS Agri Ltd to establish the viability of their proposal. Unfortunately P&K Transport did not respond to the OJEU with sufficient supporting information to allow Southern Water assess the viability of their proposal.

In addition to the publication of the OJEU notice Southern Water had the obligation of complying with appendix 13 of the guidelines, which state that, ‘a water company should investigate possible options and solutions by third parties’.

In September 2012, Southern Water published a statement – known as its ‘view of need’ on its website<sup>2</sup>, which summarised indicative supply demand balances for each of its ten water resource zones highlighting deficits which Southern Water might experience over the next 25 years during “dry years”.

Southern Water invited potential suppliers with the ability to provide water to the company’s supply network to submit proposals for options that could be included in the company’s options appraisal process.

Unfortunately, at the expiry of the deadline for the submission of the proposals at the end of October, Southern Water did not receive any interest.

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<sup>1</sup> <http://ted.europa.eu/udl?uri=TED:NOTICE:308209-2012:TEXT:EN:HTML>

<sup>2</sup> [www.southernwater.co.uk/wateropportunities](http://www.southernwater.co.uk/wateropportunities)

## **2) Letters to neighbouring water companies and large abstraction holders**

Following the publication of the statement of need a letter was sent to each of our neighbouring water companies, to notify them that this statement had been published, and inviting them to contact us to discuss development of potential supplies to our WRZs, and to discuss potential exports from our WRZs which have an indicative surplus through the planning period.

Letters were sent to Southern Water's seven neighbouring water companies: South East Water, Sutton and East Surrey Water, Affinity Water, Portsmouth Water Thames Water, Sembcorp Bournemouth, and Wessex Water.

No response to the letters was received, however with the exception of Wessex Water and Sembcorp Bournemouth, we work with our neighbouring water companies as part of the Water Resources in the South East group which also aims to highlight any potential new transfers between the companies.

In addition to contacting neighbouring water companies, Southern Water also contacted large abstraction licence holders within the region. An initial list of large abstraction licence holders was provided to the company by local Environment Agency teams. For the purposes of this WRMP a large abstraction licence was defined as greater than 1MI/d.

From this list five suitable licences were identified based on factors such as the size of the abstraction licence and proximity to existing treatment works and mains. The five licence holders identified were: Tarmac Limited, LaFarge Cement, Kimberley-Clark Limited, Grovehurst Energy Limited, The Property Manager.

Letters were sent to these companies which referred them to the statement of need on our website and invited the companies to contact Southern Water if they were willing to trade some or all of their abstraction license. Southern water would then consider the viability and cost effectiveness of the scheme in comparison to the other options in the WRMP.

No response to these letters was received although the company has included an option for purchasing the Sittingbourne licence as it has not been utilised for a number of years and the licence will expire in the next AMP period.