

2017 WET10 DEBATE

"THIS HOUSE believes that the water utility of 2030 will have to be unrecognisable from the water utility of today to survive."

Date: The Eve of World Water Day on Tuesday 21st March 2017

Venue: Guildhall Members Club, 3rd Floor, Aldermanbury

Speakers:

The Speakers were leading water industry figures from Anglian Water, Arup , Costain and PwC . The Debate was conducted under Chatham House Rules.

Introduction

Keith Tozzi, Master of the Water Conservators, opened the event by welcoming everyone present to the WET10 debate. He explained the WET10 group was formed to encourage dialogue between Livery Companies who are involved in the supply or use of water. He thanked Mark Lane, Walbrook Warden and Ralph Riley, Clerk of the Water Conservators Company for organising the event, and also thanked the four sponsors of the event, Arup, Anglian Water, Costain Group and PWC. Keith then introduced the four speakers, two in support of the motion and two opposing it.

The Debate

The key emphasis in support of the motion was that we were entering a period of unrepresented change with a perfect storm of challenges including rising costs, environmental regulations, and a digital revolution. Only innovative water utilities that put customers at the heart of improved service delivery would survive. Water efficiency would be a key factor as utilities could not meet future growth solely with new infrastructure, leading to new integrated water management solutions with new stakeholders. Water infrastructure maintenance would become more intelligent, telling us what needs replacing and when, so that assets perform closer to optimum. Water companies will become power companies due to initiatives such as energy from waste and solar power. Also the ability to manage customers through variable tariffs will change behaviours.

In opposing the motion, although significant change was recognised, the key factor was whether the companies would be unrecognisable within 13 years into the future. The underlying characteristics would remain the same, i.e. the assets were formed over a long period and were incredibly expensive to replace, the structure would remain managed around the river basin concept, and debt finance was based long term stable returns. Care

was therefore needed with regard to any radical change to the current underlying structure. Over the last 13 years there has been a huge amount of change but the current companies were still recognisable compared to those 13 years before.



Questions

Question - Will water utilities become multi-utilities trading in water, energy and waste?

Response – Current structure enables water companies to work with other stakeholders. Retail arm may change but wholesale arm likely to remain similar.

Question – Will customers still recognise the wholesale water utilities as customers start to buy multi services on line through other companies?

Response – Domestic competition is not planned until 2025 at the earliest and most customers will still want to know who their wholesale provider is. The transformation will be in delivering services to the customers.

Question – How will the digital revolution affect service delivery?

Response – The digital revolution will not only affect retail services. Operation and maintenance will also be transformed and are a huge part of service delivery. However, in the past many assets have become remotely operated but this has not led to the companies becoming unrecognisable.

Question – Current companies are founded on a monopoly structure, should this change?

Response – The water industry is different to marketing phones and TVs. It needs reliability. The water industry provides a vital service and relies on stable investment from pension companies etc., important that competition does not disrupt this. However, technology will change water companies helping them to understand asset condition and performance.

Question – What will be the influence of key factors such as the aging infrastructure, increased need for water security and stability for investment?

Response - There is a huge opportunity to innovate around the existing asset base. There are opportunities for unrecognisable change in customer interaction.

Question – How will Brexit affect the importance of EU directives in driving water and wastewater quality initiatives?

Response – There is no appetite to reduce the current environmental standards. The emphasis will be to continue working with the current EU directives.



Question – Will competition reduce the number of water utilities from 20 down to 2 or 3?

Response – There are significant barriers to mergers of major water companies. A recent conference of water company leaders thought that the number of water companies would remain roughly the same into the foreseeable future.

Also there was a discussion around the timescale for change.

Summary

In summing up both sides agreed that there were probably more points on which they were agreed than disagreed. The emphasis of the debate was based on whether there would be evolution or revolution.

A vote was then held and the motion was lost with 21 votes for the motion and 46 against.

Keith Tozzi then thanked the speakers who were applauded by all and invited everyone to join him for drinks and canapes in an adjacent room. He also invited everyone to visit the poster exhibition prepared by post graduate students sponsored by the Water Conservation Trust, the charitable arm of the Water Conservators Company

RJ Casey

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