



Customer Advisory Panel – Part 2

Focus group

November 2022

Section 1: Welcome and introductions!



BLUE MARBLE

Selini



Introductions

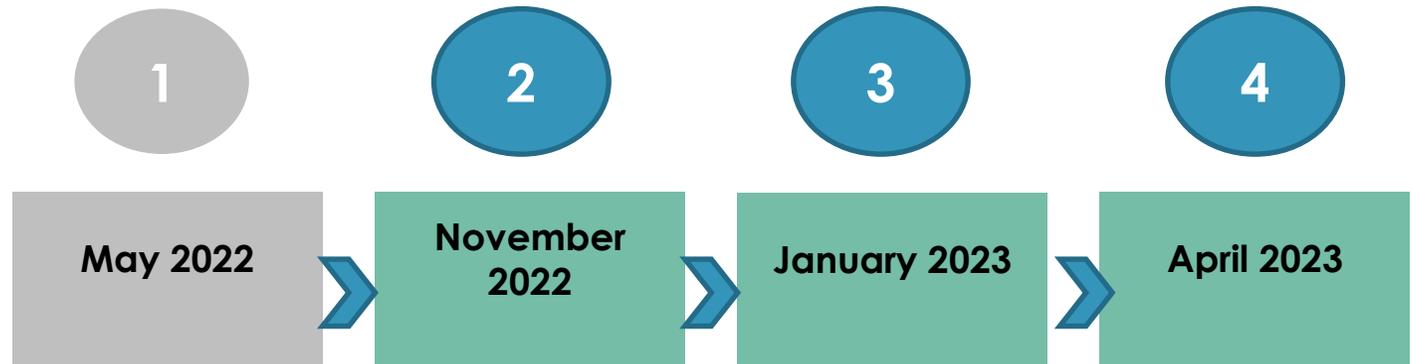
- *first name*
- *where you live*
- *who you live with (if you're living with anyone at the moment)*
- *the one thing that stood out to you from the previous conversation we had about Portsmouth Water and their plans*

About the Customer Advisory Panel

Portsmouth Water's **Customer Advisory Panel** of customers and future customers

Main objective: help Portsmouth Water make good decisions as it plans future investments

The panel will convene for a **total of 4 times** over the following months:



Long term strategy: 2050

Short term 5-year business plans

Section 2: Recap on outcomes from CAP 1

WHY

**DOES
PORTSMOUTH
WATER NEED TO
THINK ABOUT THE
LONG TERM
FUTURE?**

HOW

**PORTSMOUTH
WATER IS GOING
TO ACHIEVE ITS
PLANS**

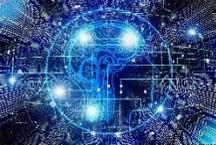
WHAT

**SPECIFICALLY IS
PORTSMOUTH
WATER GOING
TO DO TO
ACHIEVE EACH
OF THESE PLANS**

Section 2: Recap on outcomes from CAP 1



Recap on outcomes from CAP1

<u>Short-term plans</u>	<u>Ongoing plans</u>	<u>Long-term plans</u>
 <p>Eradicating lead pipes</p>	 <p>Increasing asset reliability and robustness</p>	 <p>Havant Thicket reservoir</p>
 <p>No household in water poverty</p>	 <p>Using smart technology to reduce leaks in network</p>	 <p>Reducing reliance on power and chemicals</p>
 <p>Working with the community / water dispensers</p>	 <p>Partnering with renewable energy providers</p>	
 <p>Providing customers with water meters</p>	 <p>Not passing the burden to the next generation</p>	
 <p>Enabling digital customer interactions</p>		
 <p>Working with landowners and farmers</p>		



Section 3: Exploring options for Portsmouth Water's plans



Leakage reduction

Portsmouth Water has one of the **lowest leakage levels** in the country, after significant investment over the past 5 years.

From where it was in 2018, Portsmouth Water and all water companies have committed to a **33% reduction by 2030**, and **50% by 2050**.

Leakage reduction is crucial to maintaining **water/supply balance**.

The investment required to **keep leakage levels as they are now** would be £73m.



Portsmouth Water's long-term vision: reduce 50% of leakage by 2040, 10 years ahead of its industry commitment.

Section 3: Exploring options for Portsmouth Water's plans



Leakage reduction

Low option



50% reduction by 2050.

Total cost over 25 years
= **£104m.**

Average annual bill
increase from 2025 -
2030 = **c.£0.27.**

Medium option



50% reduction by 2040
then remain at 50%
reduction until 2050.

Total cost over 25 years
= **£129m.**

Average annual bill
increase from 2025 -
2030 = **c.£0.66.**

High option



50% reduction by 2030
then remain at 50%
reduction until 2050.

Total cost over 25 years
= **£137m.**

Average annual bill
increase from 2025 -
2030 = **c.£1.70.**

Section 3: Exploring options for Portsmouth Water's plans



Lead pipe replacement

Lead pipes that were used before 1970 are **corrosive**, and can have an impact on the health and development of **babies** and **young children**.

This mainly involves pipes that **belong to customers** (within their properties) – so we need to agree to replacement which won't cost customers, but can be disruptive.

There is **no safe level of lead**, and chemical dosing is too expensive, and not sustainable financially.



Portsmouth Water's long-term vision: All schools and homes to have access to water with no exposure to lead by 2050.

Section 3: Exploring options for Portsmouth Water's plans



Lead pipe replacement

Low option



Increase programme to ensure no exposure to lead for all schools and homes by **2070**.

Additional cost **over 45** years = **£256m**.

Average annual bill increase from 2025 – 2030= **c.£0.71**.

Medium option



Increase programme to ensure no exposure to lead for all schools and homes by **2050**.

Additional cost **over 25** years = **£256m**.

Average annual bill increase from 2025 – 2030= **c.£1.28**.

High option



Increase programme to ensure no exposure to lead for all schools and homes by **2040**.

Additional cost **over 15** years = **£256m**.

Average annual bill increase from 2025 – 2030= **c.£2.13**.

Section 3: Exploring options for Portsmouth Water's plans



Smart metering

30% of Portsmouth Water's customers currently have a meter, one of the **lowest proportions in the country.**

Portsmouth Water is now a **designated area of serious water stress**, and is allowed to meter all customers.

Based on forecasts, Portsmouth Water **will not have enough water to supply customers in a severe drought.**

Further new water is required, or reductions in customer usage.

Research/modelling completed at a regional level indicates that **reducing customer demand** through the **introduction of smart metering is the cheapest and most environmental option.**



Portsmouth Water's long-term vision: Support customers to reduce personal water usage by 25%. Deliver universal domestic smart metering by 2040. No customers will experience restrictions on their water use, even in a severe drought.

Section 3: Exploring options for Portsmouth Water's plans



Smart metering

Low option

Dumb metering by 2035 with **significant risk of restrictions of water use** in severe drought from 2035 onwards.

Additional cost of **£125m** over next **15 years** for smart metering.

Average annual bill increase from 2025 – 2030= **c.£1.57**.

Medium option

Smart metering by 2035 to **ensure no restrictions of water use** in severe drought.

Additional cost of **£125m** over next **10 years** for smart metering.

Average annual bill increase from 2025 – 2030= **c.£3.23**.

High option

Smart metering by 2030 to **ensure no restrictions of water use** in severe drought and **enhance flows in our rivers and chalk streams**.

Additional cost of **£125m** over next **5 years** for smart metering.

Average annual bill increase from 2025 – 2030= **c.£12.14**.

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Net-zero carbon emissions

The water industry has set itself a target of **net-zero operational carbon emissions by 2030**, and **net zero for all carbon emissions by 2050**.

Operational carbon is associated with **electricity, gas and other fuels** we use, but not carbon related to manufacturing and infrastructure.



Portsmouth Water's long-term vision: To become fully carbon neutral by 2050.

Section 3: Exploring options for Portsmouth Water's plans



Net-zero carbon emissions

Low option



To become **fully carbon neutral by 2050**, including net-zero operational carbon by 2030 will cost **£10m**.

Average annual bill increase from 2025 – 2030= **c.£0.62**.

Medium option



To become **fully carbon neutral by 2040**, including net-zero operational carbon by 2030 will cost **£50m**.

Average annual bill increase from 2025 – 2030= **c.£2.22**.

High option



To become **fully carbon neutral by 2030**, including net-zero operational carbon by 2030, will cost **£300m**.

Average annual bill increase from 2025 – 2030= **c.£12.20**.

Section 3: Exploring options for Portsmouth Water's plans



Enhancing biodiversity

The water industry is currently considering the correct level of ambition for biodiversity, but it is expected to be that **water companies must show environmental net gain on all key sites they own** – meaning that their approach to land management, leaves the environment in a measurably better state than it was beforehand.

Our current level of biodiversity is assessed as **100% of sites** we own as deemed in **good status**.



Portsmouth Water's long-term vision: Enhance biodiversity on all the sites we own.

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Enhancing biodiversity

Low option



Maintain **current level of biodiversity** for sites we own until 2030 **at no additional cost**.

Average annual bill increase from 2025 – 2030= **c.£0**.

Medium option



Environmental net gain at **key sites** we own by 2030, at additional cost of **£150k per year**.

Average annual bill increase from 2025 – 2030= **c.£0.10**.

High option



Environmental net gain at **all the sites** we own by 2030, at additional cost of **£185k per year**.

Average annual bill increase from 2025 – 2030= **c.£0.12**.

Section 3: Exploring options for Portsmouth Water's plans



Customer interruptions

We currently have **leading industry performance**, with the **lowest level of supply interruptions over 3 hours**.

However, to continue to be industry leading, we will need to **increase network resilience** to offset effects of climate change, and to achieve no interruptions over 3 hours will require significant improvement in mains renewal rates.



Portsmouth Water's long-term vision: Maintain best interruption performance in the industry.

Section 3: Exploring options for Portsmouth Water's plans



Customer interruptions

Low option

Drop back to industry average in this area, at no additional cost.

Average annual bill increase from 2025 – 2030= **c.£0**.

Medium option

Maintain best interruption performance, with additional cost of **£1.96m** to replace key infrastructure.

Average annual bill increase from 2025 – 2030= **c.£0.11**.

High option

Zero interruptions of 3 hours by 2050, with additional cost to **fast-track mains renewal programme of £6.25m** and additional cost of **£1.96m** to replace key infrastructure.

Average annual bill increase from 2025 – 2030= **c.£0.26**.



A 50% leakage reduction



B No exposure to lead for all schools and homes



C Universal domestic metering



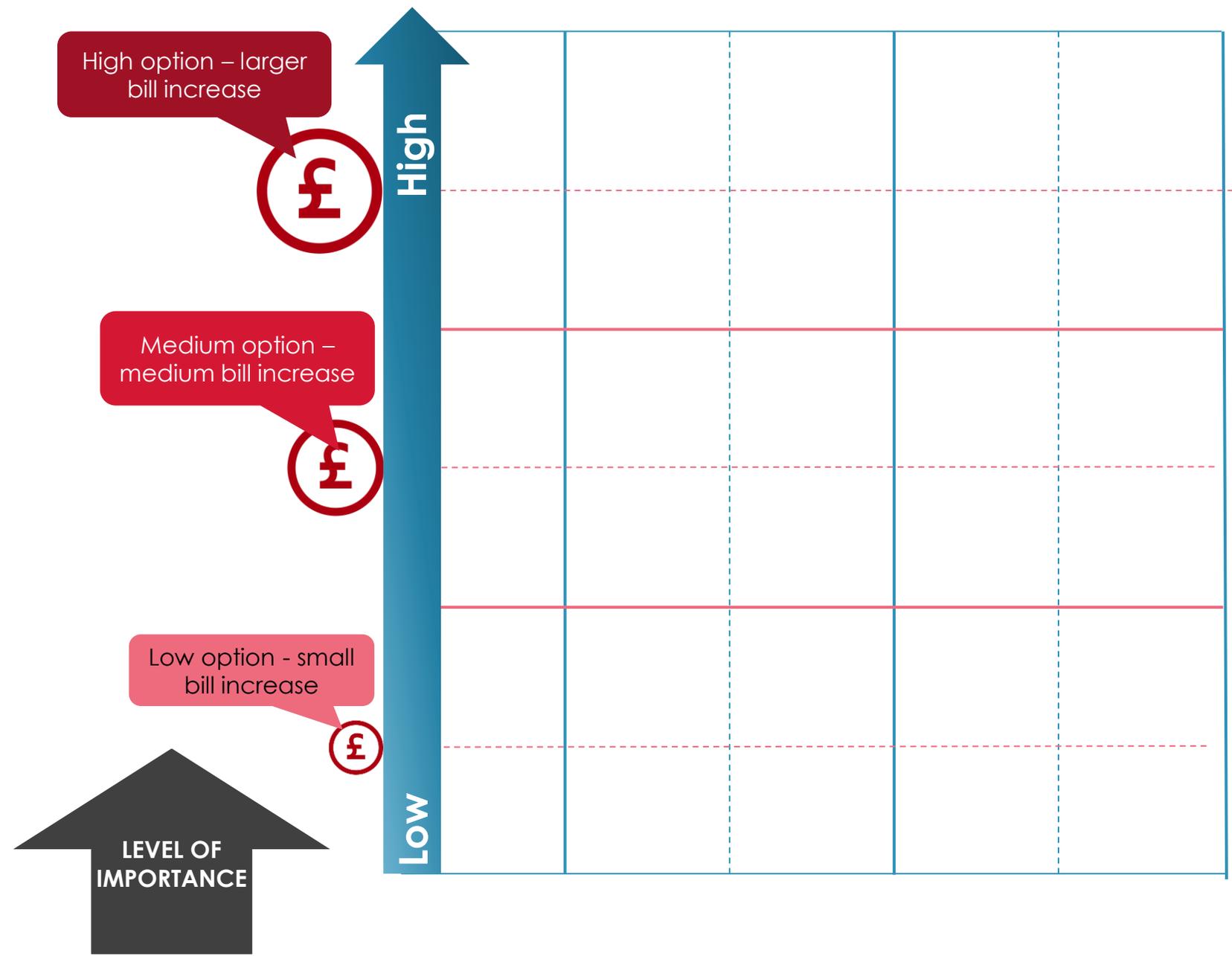
D Becoming fully carbon neutral



E Enhancing biodiversity on all sites



F Maintaining best interruption performance in industry



Wrap-up



- What **questions or concerns** do you have based on everything we have discussed today?
- Is there **anything else** you would like to say to Portsmouth Water?



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