

To: Defra, Environment Agency and Ofwat

Draft Drainage and Wastewater Management Plan (DWMP)

I'm pleased to present our draft DWMP which is now available for review and comment. We have made this available to your organisations via your preferred routes.

United Utilities Water (UJW) has a strong track record of delivering for customers and the environment and our draft DWMP builds on this position by identifying an adaptive planning framework that can ensure our investment proposals are rooted within a longer term understanding of future risks and opportunities.

To this end, our draft DWMP forecasts that almost £3.6 billion of investment is needed for the 2025–2050 period to meet DWMP planning objectives and shorter term WINEP needs, based on a very early view of the latter.

Our provisional view is that a potential further £18 billion may be needed to meet the Government's Storm Overflow Discharge Reduction Plan requirements, based on our understanding of them as they are currently set out in the consultation.

We welcome and support the new proposed environmental ambition, and the step change in outcomes this will bring. But the approach and pace of delivery needs to be considered in tandem with the economic conditions of the North West and the very high impact on customer bills. The North West is particularly impacted by storm overflow reduction plans due to high levels of combined sewers, high propensity for storms and high run-off from industrialised catchments. There are also some specific catchment issues around the Upper Mersey and Liverpool which could drive significant investment between 2025 and 2035. Our initial assessment is that 63% of the total cost associated with the new storm overflow proposals nationally will be borne by just 22% of English water customers in the north of the country.

We are keen to support the regulators in considering how these ambitious environmental outcomes can be achieved whilst ensuring this is done equitably and sustainably. The timing of requirements will be particularly important in allowing for an affordable phasing of investment – currently much of the investment needs for the North West fall between 2025 and 2035.

It is also important to note that a step change in environmental ambition also requires a step change in wider enabling actions. We believe the following are key, and must be implemented in parallel with the new environmental targets:

- Regulatory support needs to be implemented rapidly, including removing the 'right to connect' to sewer networks and clarifying the new powers for water companies to disconnect surface water connections;
- Nature based, catchment and partnership solutions must be the priority, focusing on delivering the right environmental outcomes and removing the issues upstream;

- The timing of improvements must provide flexibility for the long lead time for delivering nature based solutions;
- A broader understanding of the impact of urban diffuse and agricultural pollution must be developed to create a catchment scale plan for the water environment, which can be endorsed by all of the catchment stakeholders; and
- There is a need to better understand additional policy levers that can contribute to managing the combination of very substantial environmental ambition and concerns about affordability.

In conclusion, UUW believes the draft DWMP is of high quality and has met all the guidance requirements – we have tested this through internal, external and Board assurance. However, there remain some areas of considerable uncertainty within the DWMP process. We would draw your attention to the significant and ongoing changes from the last four months of the DWMP process, notably around storm overflows and WINEP guidance – further iteration between draft and final plans will be needed as greater clarity on these matters emerges.

The combination of new environmental ambitions and the first tranche of DWMP's is a unique opportunity to deliver catchment level drainage performance that enhances nature and communities. We look forward to receiving your feedback on our draft plan and stand ready to work with partners and regulators to realise the opportunities.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'SMogford', is positioned below the text 'Yours sincerely'.

Steve Mogford - Chief Executive Officer