

## Waterwise Response to Water Industry Commission for Scotland's Consultation on

### Putting customers at the centre of the price review process

September 2010

*Waterwise is an independent, not-for-profit, non-governmental organisation focused on decreasing water consumption in the UK and building the evidence base for large-scale water efficiency. Waterwise is the leading authority on water efficiency in the UK.*

#### **Context**

Water efficiency is an essential tool in tackling climate change and adapting to it, and will need to play an important role in the price review process in the future.

8% of energy use in Scotland comes from hot water use, and Scottish Water is the biggest energy consumer in Scotland, representing 2% of electricity demand – wasting less hot and cold water in homes and business will reduce carbon emissions, on both levels. As the Scottish Government points out in its consultation on energy efficiency, “Conserve and Save”, in October 2009, “Two aspects of water efficiency affect energy consumption: the energy used to produce drinking water and to treat it; and how much energy is used to heat the water we use in our homes and businesses” and “As building standards for energy improve, the proportion of the energy used in new homes to heat water is much higher. It also grows as standards improve, compared to existing homes”. Heating water in UK homes accounts for approx 1/3 of the average annual gas bill - around £200 - and Waterwise estimates that if all UK homes reduced their hot water use by 5%, this would save one and a half times the carbon dioxide of all homes in Edinburgh.

In addition, despite a popular view that Scotland has plenty of water at all times, a Drought Order was granted in Dundee in 2004, and Scottish Water was in the process of submitting an application for a Drought Order for Dumfries and Galloway in July 2010 – one of only two areas in the whole of the UK to reach this stage during summer 2010. The Met Office has said that the first six months of 2010 in Scotland were the driest in 70 years, and there have been only four drier equivalent periods since records began in 1910. But water consumption in Scotland is rising, and the population growing. So less water will need to go further in coming years, through large-scale water efficiency in homes and businesses – both through the use of water-efficient fixtures and fittings, and through behaviour change. Waterwatch Scotland states on its website that Scotland has a water deficit, with 44% of Scots living in zones with a supply-demand balance deficit – whereby in drought, supply would be inadequate to meet demand at current abstraction levels.

The Scottish Parliament recognised this and Scottish Water now has a water efficiency duty as a result of the Climate Change (Scotland) Act 2009. It will be vital for water efficiency to form part of the price review process, and of the engagement of Scottish Water and others with customers to help them waste less water.

### **Consultation response**

Waterwise welcomes the focus on more long-term planning in the consultation document, and the commitment to make improvements, and their price impact, relevant to the customer experience. This latter will be particularly challenging, and it will be important to guard against too reductive a process in reflecting the complex long-term impacts of climate change and rising demand and population on water availability in a discussion of customer willingness to pay higher prices for the next few years.

Waterwise would like to see the metering trial test the impact on consumer behaviour of linking the GB-wide programme to fit a smart energy meter in every home by 2020, with a smart water meter. It would also be useful to undertake a project as part of the metering trial to link it with retrofitting, giving customers the opportunity to better manage their metered bills. Metering is a key part of the basket of measures that will be needed on demand management as climate change bites further, and both population and water consumption in Scotland increase, in coming years and decades. Linking Scottish Water's new water efficiency duty, with metering, would be a strategic approach to addressing these challenges, and would also help Scottish Water and Scotland as a whole reduce carbon emissions. More widely, it will be extremely important, as the consultation suggests, to involve customers in the debate about how Scottish Water delivers its water efficiency duty, through retrofitting water-efficient devices and helping customers change their behaviour. The regulatory framework for water could also link to that for other sectors, such as energy and water, through retrofitting programmes and housing standards, to ensure that customers receive an integrated approach.

Waterwise looks forward to continuing to work with WICS on the costs and benefits of water efficiency measures, through our Evidence Base for Large-scale Water Efficiency, as well as on the domestic metering trial and how this might tie in with water efficiency. Waterwise is also developing a knowledge and evidence base on customer engagement, with specific reference to water efficiency, and looks forward to working with WICS on this. Finally, Waterwise will continue to work with WICS and other partners to develop policy and regulatory solutions and practical projects to the issues outlined above, through the Saving Water in Scotland Network, which it founded in 2006 and now co-convenes with Waterwatch Scotland.

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