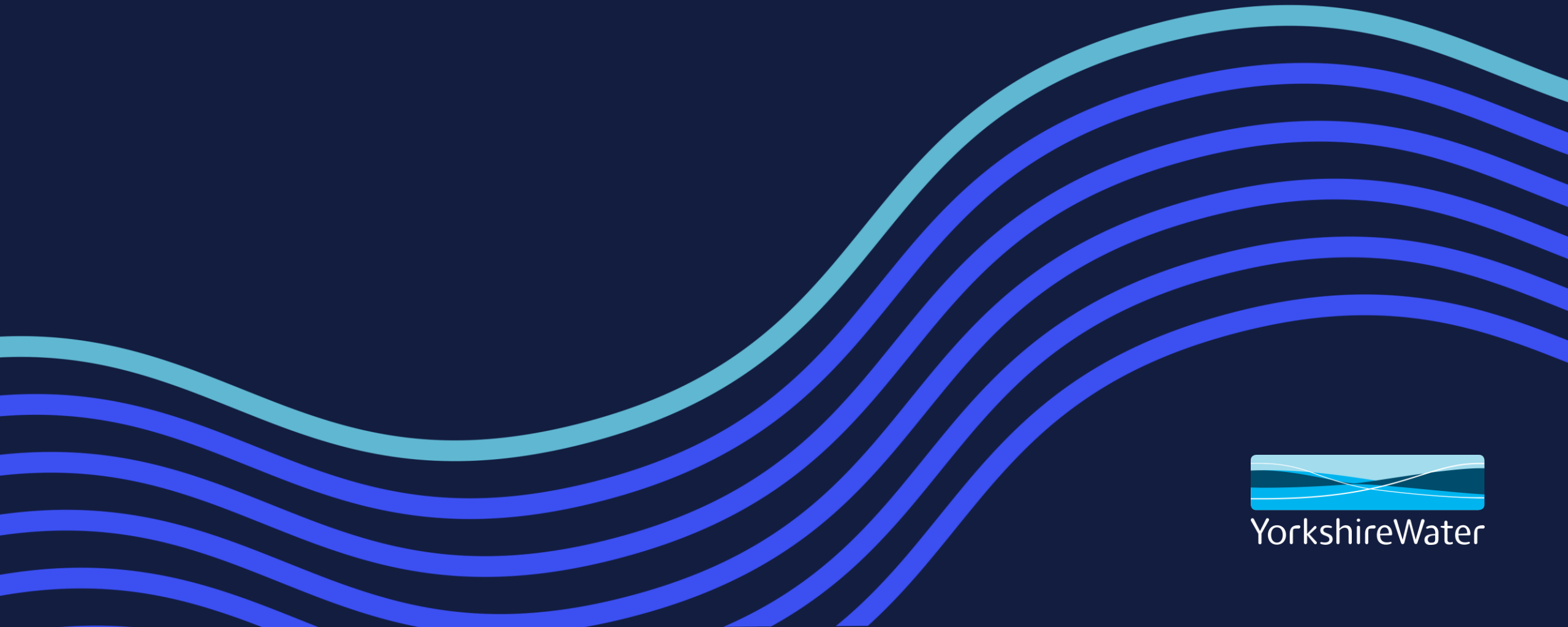
FWA: Yorkshire Water Liaison

March ‘24

Yorkshire Water

Overview and who's who at Yorkshire Water



1 billion
litres a day collected, treated and returned

5 million
customers

140,000
businesses

4000+
colleagues

£1 billion
revenue in yearly water bills

658
treatment works

£1 million
invested per day to maintain and enhance network

85,000
km of pipes and sewers

72,000 acres
of reservoirs and countryside

CEO
Nicola Shaw
nicola..l.shaw@yorkshirewater.co.uk

Director of Wastewater
Ben Roche
ben..roche@yorkshirewater.co.uk

Director of Water
Dave Kaye
dave.kaye@yorkshirewater.co.uk

CFO
Paul Inman
paul.inman@yorkshirewater.co.uk

Director of Asset Delivery
Richard Stuart
richard.stuart@yorkshirewater.co.uk

Director of IT
Richard Heighington
richard.heighington@yorkshirewater.co.uk

Director of HSE
Peter Jacques
peter.jacques@yorkshirewater.co.uk

Director of Regulation
John Thomas
john.thomas@yorkshirewater.co.uk

Director of Customer Exp
Imran Patel
imran.patel@yorkshirewater.co.uk

* Selected Directors

Head of Bioresources
Daniel Oldfield
daniel.oldfield1@yorkshirewater.co.uk

Head of Process & Pumping
Tom Reeves
tom.reeves@yorkshirewater.co.uk

Head of Waste Network
James Harrison
james.w.s.harrison@yorkshirewater.co.uk

KR

Head of River Health
Kevin Reardon
kevin.reardon@yorkshirewater.co.uk

Head of Water Network
Joe Hands
joe.hands@yorkshirewater.co.uk

Head of Water Asset Management and Water Quality
Martyn Hattersley
martyn.hattersley@yorkshirewater.co.uk

Head of Water Production
Andy Shaw
andy.shaw@yorkshirewater.co.uk

Head of Capital Delivery
Rachael Fox
rachael.fox@yorkshirewater.co.uk

Head of Storm Overflow Delivery
Jon Stokes
jonathan.stokes@yorkshirewater.co.uk

Head of Commercial
Andy Clark
andy.clark@yorkshirewater.co.uk

YorkshireWater

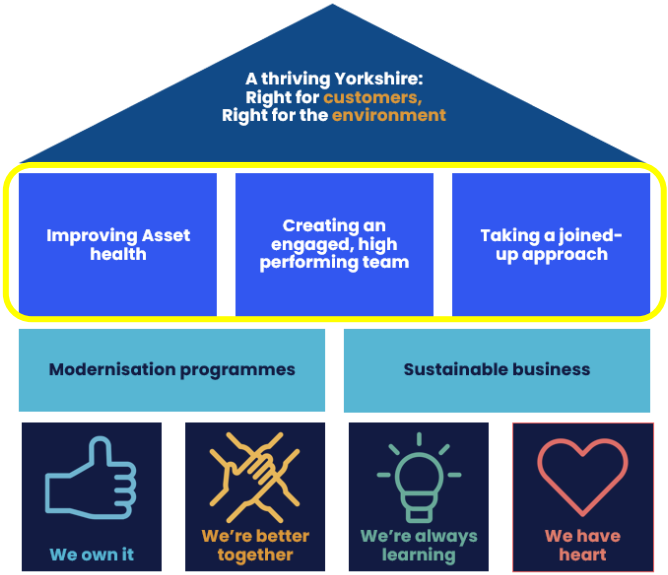
* Selected Department Leads

Yorkshire Water

CHALLENGES IN THE FINAL PERIOD OF AMP7

YorkshireWater

Water



Improving Asset Health

- Continuing to hit the AMP7 Leakage target, getting to 15% by 2025 is stretching
- Continuing to improve WQ customer contacts at last year's rate, reduced by 1 per 10000
- Improving supply interruptions which has plateaued in the last 3 years at c.9mins, influenced by large single events and trunk mains
- Reducing WQ compliance risks at WTWs and service reservoirs

Creating an engaged, high performing team

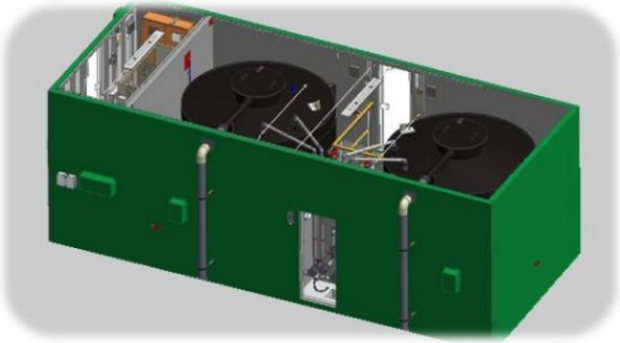
- A smaller, resilient and technically competent reactive team
- A larger proactive team fully focussed on asset and network maintenance to break the reactive cycle
- A dedicated Customer facing team to deliver sector leading service
- Consolidation of tasks by complexity to enable better delivery and a systems led approach to workforce management.
- A partnership approach to Metering and Leakage to enable flexibility and drive efficiency
- Natural progression through network roles, with functional expertise balanced with the flexibility required to ensure resilience and deal with variation in demand

Taking a joined-up approach

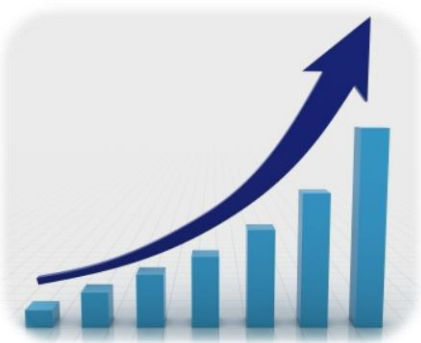
- Getting our business processes ready (systems & outcomes) for 1.5m Smart Meters in AMP8 to maximise service, consumption and leakage benefits
- Delivering regulatory compliance dates for DWI WQ schemes and EA reservoir safety schemes

Wastewater

Back ended programme



Supply chain issues



Significant ramp up in our chem consumption

Programme affordability

Environment Agency

Greater regulatory scrutiny

AMP8 Readiness

YorkshireWater

Yorkshire Water

PLANS AND DELIVERY CHALLENGES FOR AMP8

YorkshireWater

What we need to deliver

£7bn Programme

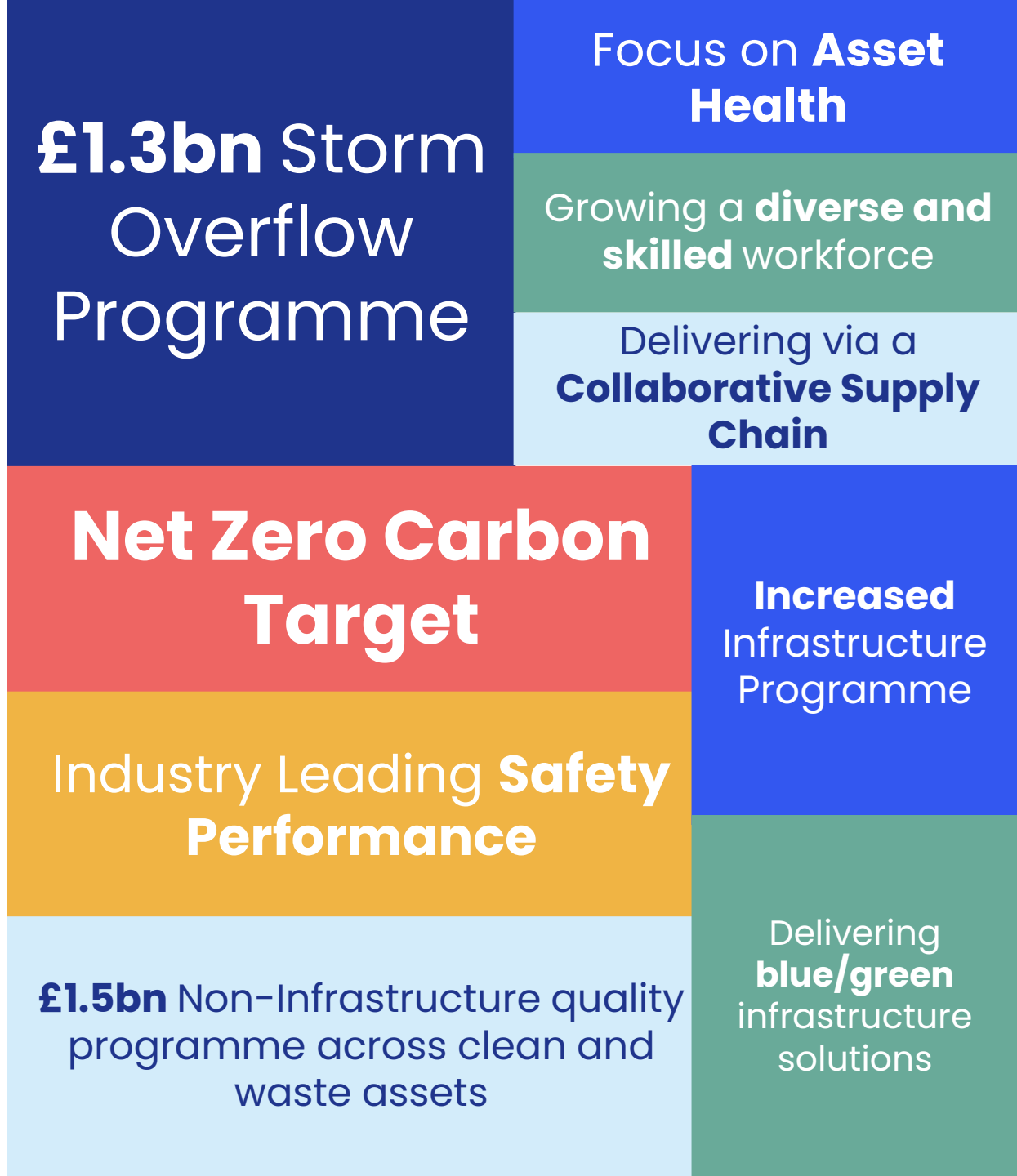
- c.40% step up from AMP7

Significant investments into

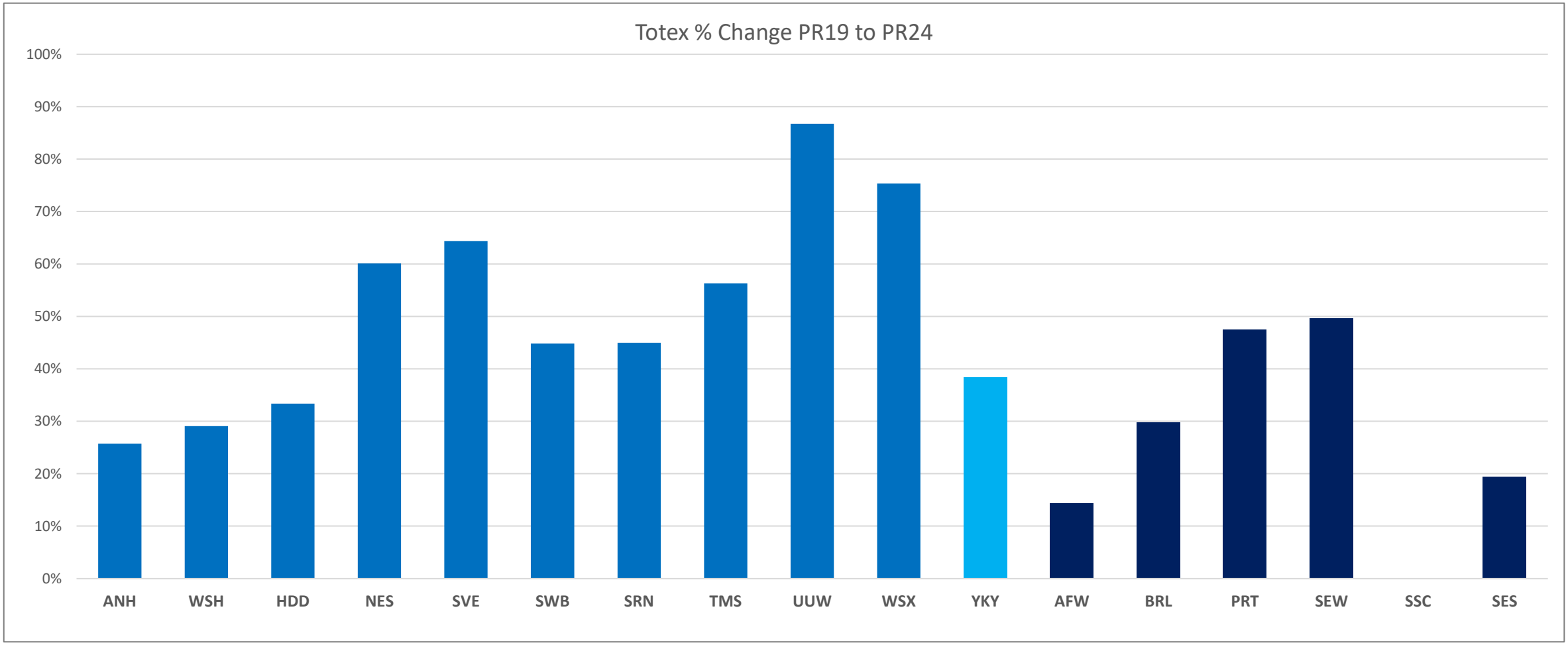
- Smart Metering
- WINEP
- Storm Overflows
- River Water Quality
- DWI Programme
- WRMP

Our first DPC programme

- 2 WTWs – Elvington and Chellow
- Discreet batch of the largest Storm overflow storage solutions



PR24 proposed Totex increase



This graph indicates the % Totex difference between companies' final submitted plans at PR19 and the PR24 submissions. Excludes DPC costs.

Note: Numbers should be considered indicative.

Delivery Goals and challenges

What we need to achieve

- To deliver quality outputs, safely, within the planned cost and time allowances
- To achieve the regulatory commitments and price control deliverables
- To achieve the planned savings/efficiencies
- To define and deliver sustainable solutions which are optimised for carbon, totex and achieve YW's nature first commitments
- To deliver predictable volumes of spend on an annual basis

Challenges we are facing

- Uncertainty of PR24 outcome
- Continued media focus and political uncertainty
- Risk of resource availability due to industry wide ramp-up in workload
- Readiness to deliver from day 1 of AMP 8
- The time and dependency on others required to make nature-first a success
- The need to make savings and deliver at pace concurrently

Commercial considerations

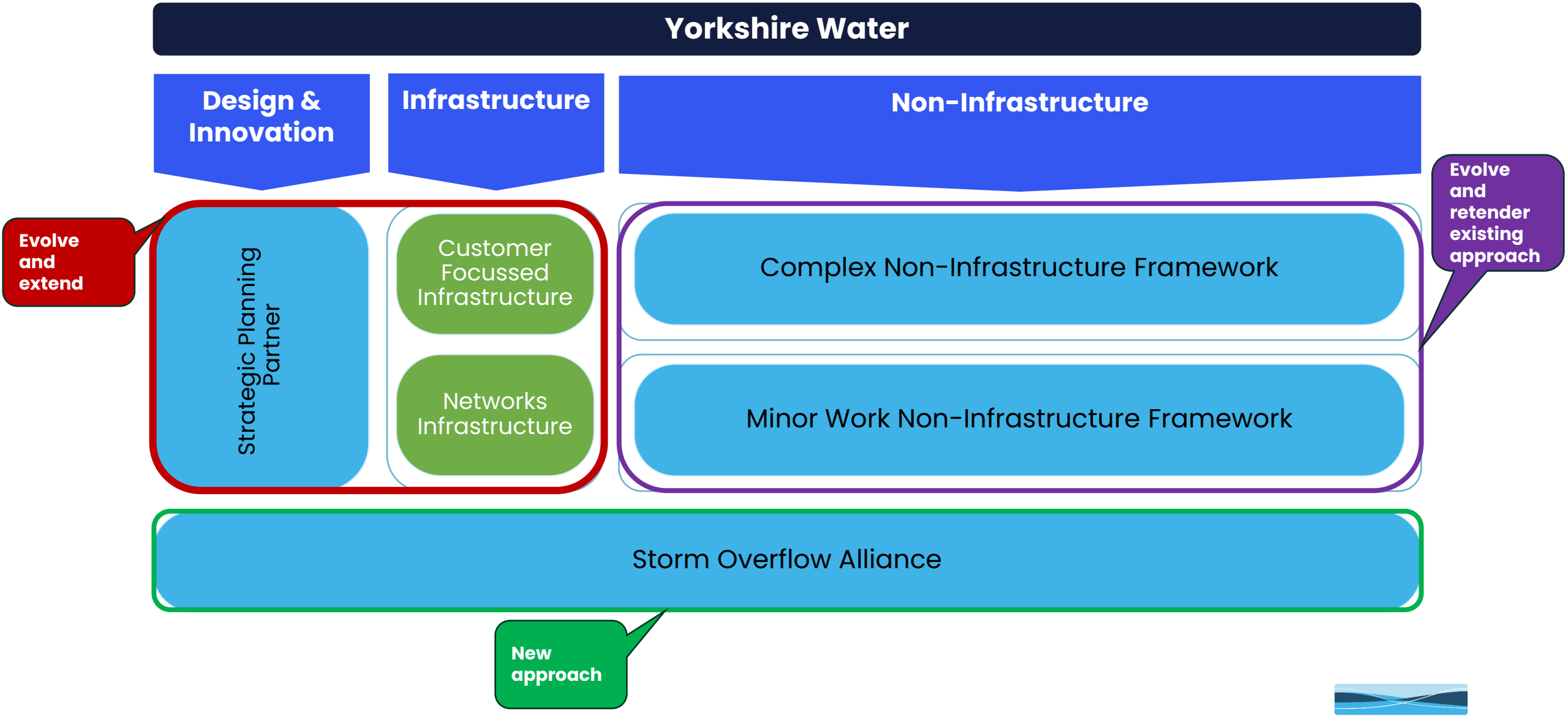
- The right commercial model for the right area of the programme
  - Understood solutions, low complexity, high volume
  - Partially understood solutions, moderate complexity, low volume
  - Solutions unclear, high complexity, low volume

- Ensure arrangements match commercial complexity with risk, supplier type and contract method

- Evolve past arrangements, not rip it up every 5 years

- Desire to follow best practice and deploy an Alliance, but where it fits best
  - Known programme with low volatility
  - Clear outcomes and strategic aims
  - Where there are a range of solutions possible and not client defined

AMP8 Framework Overview



YorkshireWater

Yorkshire Water

AMP8 PROGRAMME AND CAPACITY CHALLENGES

YorkshireWater

Delivery Goals and challenges

Critical Part of the Programme

- Significant Storm Overflow programme
- Continued WINEP Programme
- YW's nature first commitments

Capacity challenges we are facing

- Delivering the largest capital programme the industry has ever seen
- Risk of resource availability due to industry wide ramp-up
- Ability to retain the supply chain through AMP7 Year 5 in order to hit the ground running in AMP8
- The time and dependency on others required to make nature-first a success
- Increasing lead times
- MCC, Systems Integration
- WINEP P Removal - Chemical dosing, TSR
- Continuing to influence customers on sewer misuse

MCC Capacity & lead Times


Storm Overflow & Spill Reduction


Chemical Dosing Demand

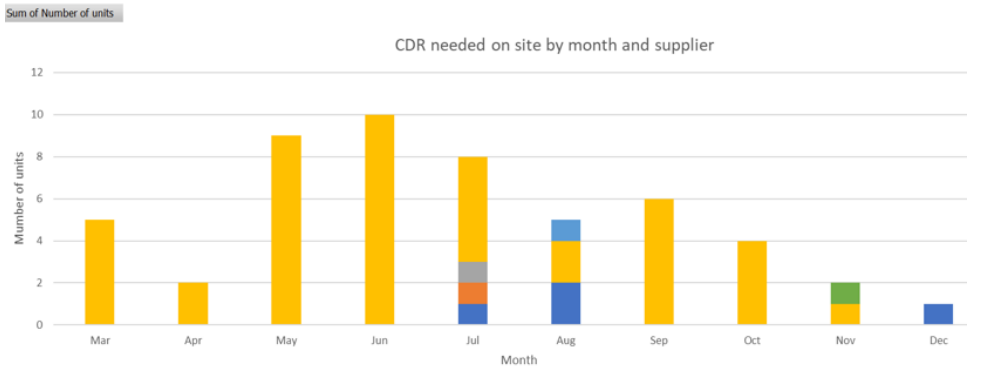
YorkshireWater

Delivery Goals and challenges

Supporting Capacity Concerns

- Client resource ramp up
- Improved focus on effective demand forecasting
- Standardised designs
- Infrastructure roll over & programme allocation
- Strategic Planning Partner programme optimisation
- Increased focus on partnerships
- Improved early engagement with key supply chain during value engineering

Focus on driving improved demand forecasting down to supplier level




Driving nature based solutions


Collaborative Value Engineering

YorkshireWater

Yorkshire Water

INNOVATION, CURRENT AND FUTURE PROJECTS

YorkshireWater

Water Industry Innovation Needs.....

"Global Water Intelligence estimates that meeting the UN Sustainable Development Goals for water and sanitation between 2018 and 2030 will cost $1,785 billion for rehabilitation and $4,056 billion for new infrastructure. Activity on this scale will require significant innovation and forward thinking."

Affinity Water · love every drop anglian water · Bristol Water · Dŵr Cymru Welsh Water · South West Water · South Staffs Water · ses WATER · Thames Water · Hafren Dyfrdwy · northern ireland water · NWG living water · Portsmouth Water · United Utilities Water for the North West · Wessex Water YTL Group For You. For Life. · YorkshireWater · Scottish Water · Severn Trent · Water for Life Southern Water · south east water · UKWIR · Water UK

YorkshireWater

Water Industry Innovation Needs.....

THE WATER SECTOR'S VISION:

"To create open collaboration opportunities across the water sector to drive transformational change through innovation that delivers greater value for customers and the environment."

"Collaborative innovation will support the water sector in meeting ambitions for customers; improving social and environmental value in the long term."

Ofwat
£200 million
Ofwat additional funding available for innovation

YorkshireWater

Water Innovation Ecosystem

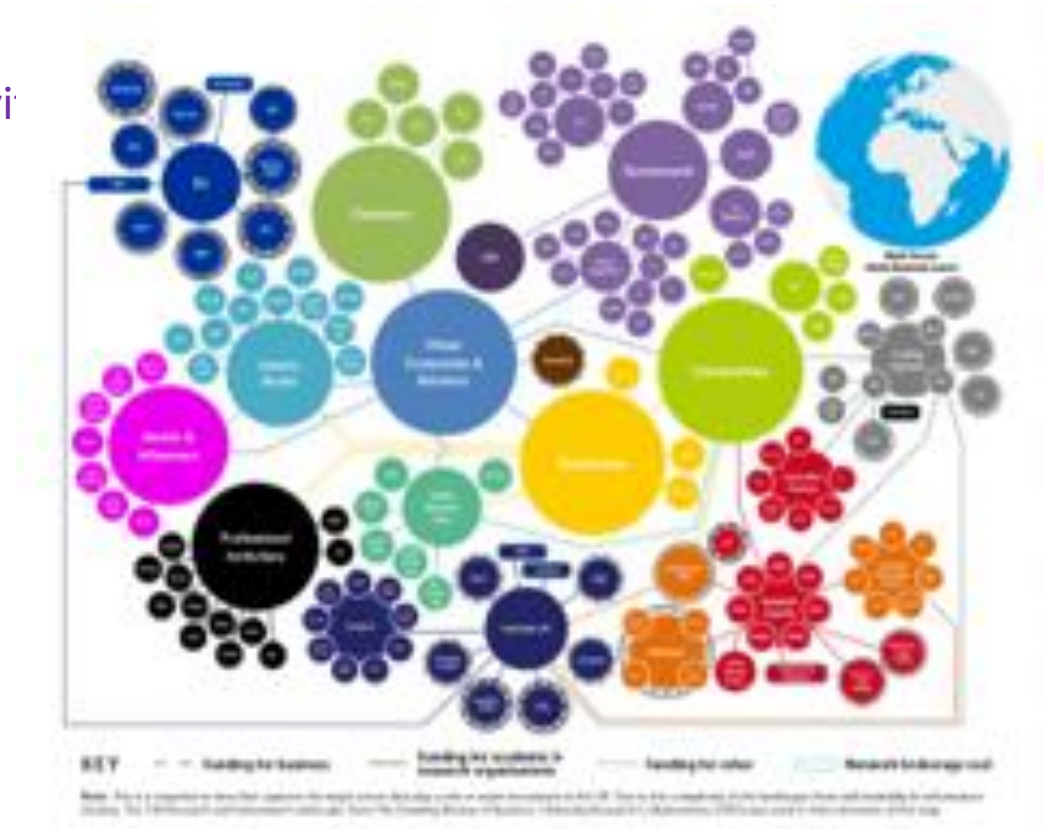
Innovation is a complex, non-linear process, so the water innovation ecosystem is similarly complex.

Map of the key actors that play a role in water innovation activi to:

- Identifying the gaps
- Establishing relationships between different actors,
- Developing collective understanding over time
- Making collaboration with, and innovation within, the water sector easier.

Cross-sector collaboration is central to addressing some of society's biggest challenges:

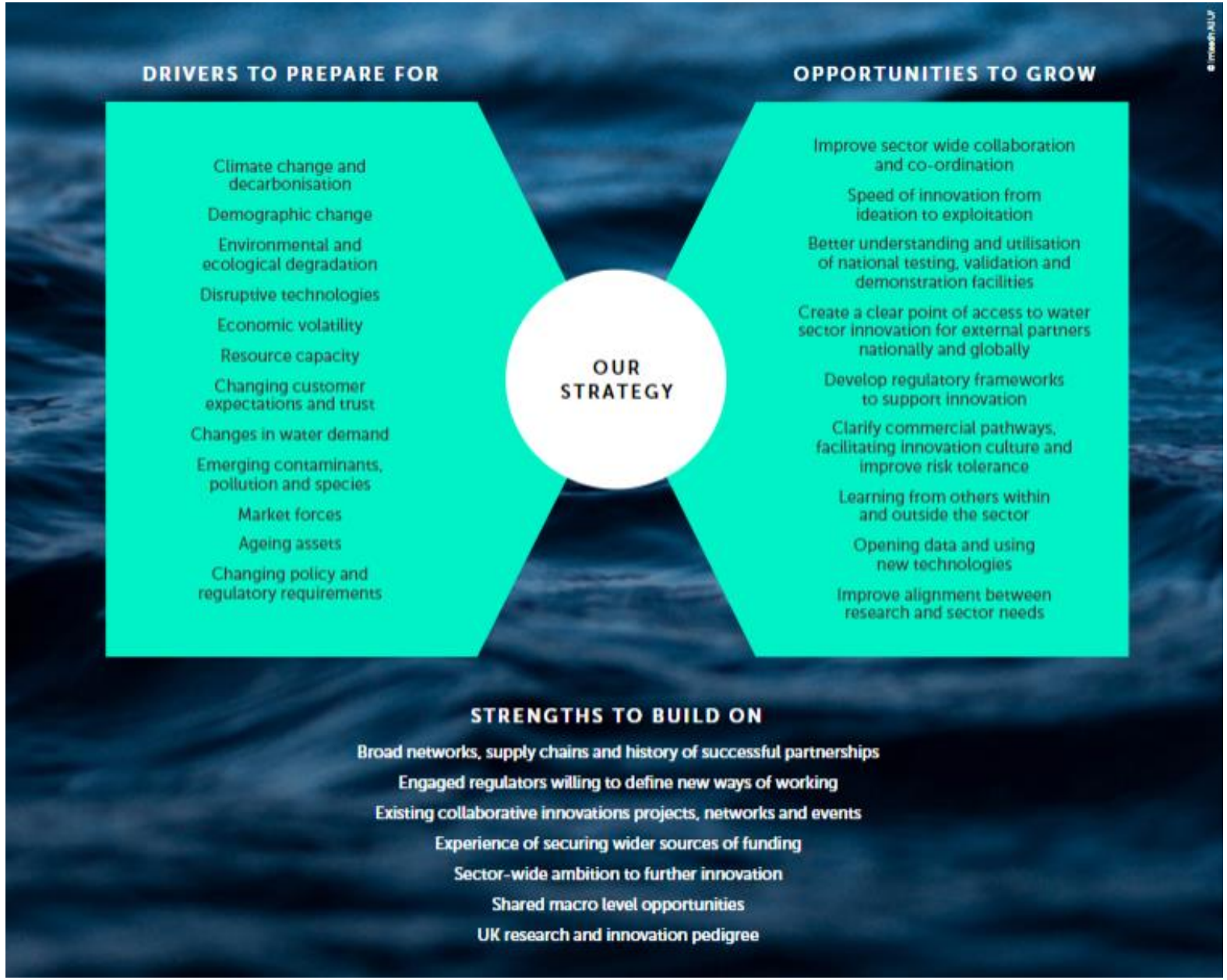
- Carrying out research
- Developing innovative technologies
- Driving behavioural change
- Implementing policy frameworks



"Working together ensures there is the right engagement and support to create a successful ecosystem that is more than the sum of its constituent parts."

Drivers and Opportunities

- Climate change and decarbonisation
- Demographic change
- Environmental and ecological degradation
- Disruptive technologies
- Economic volatility
- Resource capacity
- Changing customer expectations and trust
- Changes in water demand
- Emerging contaminants, pollution and species
- Market forces
- Ageing assets
- Changing policy and regulatory requirements



Themes at a glance

PROVIDING THE SERVICES SOCIETY NEEDS, EXPECTS AND VALUES

AMBITIONS FOR 2050

Customers have trust and confidence in the service that the water sector provides

Water services are accessible, affordable for all, protect vulnerable customers and lead to zero customers in water poverty by 2030

Service provision is transparent, and customers and communities work with water companies to improve service and decision making

PROVIDING CLEAN WATER FOR ALL

AMBITIONS FOR 2050

Drinking water supply is low impact and sustainable

UK water supply is reliable with zero interruptions

We provide enough water for all across the UK

PROTECTING AND ENHANCING NATURAL SYSTEMS

AMBITIONS FOR 2050

Wastewater services are environmentally sustainable

We work with customers to halve freshwater abstractions, leaving more water in the environment

Water companies work in collaboration with customers and communities to have zero uncontrolled discharges from sewers

Emerging contaminants and lead are dealt with effectively causing zero harm for people and the environment

We have developed, protected and enhanced our natural environment

We have used natural solutions to improve our resilience to current and future challenges

DELIVERING RESILIENT INFRASTRUCTURE SYSTEMS

AMBITIONS FOR 2050

We work with customers to develop resilient human, physical and digital systems which can adapt to known and unknown future challenges

Our assets are maintained for the long term providing economic, social and environmental value

ACHIEVING NET ZERO CARBON

AMBITIONS FOR 2050

We have achieved operational and value chain carbon negativity

We have implemented carbon sequestration across the water sector

Customers, communities, water companies and the supply chain work together to achieve carbon neutrality across the value chain

TAKING A WHOLE LIFE APPROACH TO RESPONSIBLE CONSUMPTION AND PRODUCTION

AMBITIONS FOR 2050

We have maximised the recovery and reuse of resources to support sufficient resource availability for nature and society and achieved zero waste

We have sustainably achieved zero leakage

ENABLING DIVERSE FUTURE-READY PEOPLE AND PARTNERSHIP WORKING

AMBITIONS FOR 2050

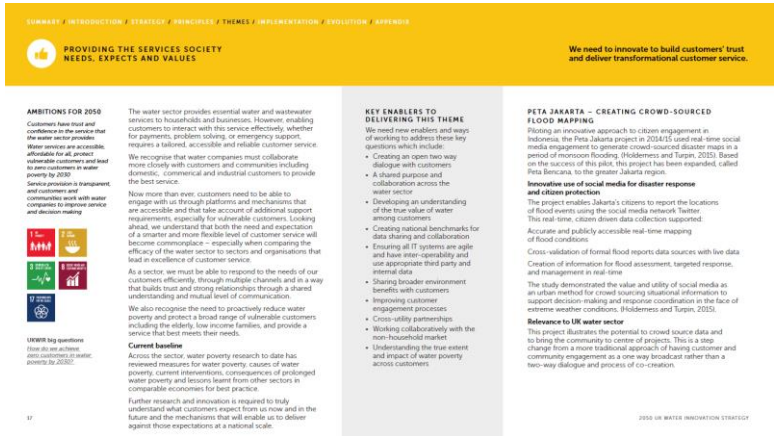
We have a shared innovation culture which improves customer experience

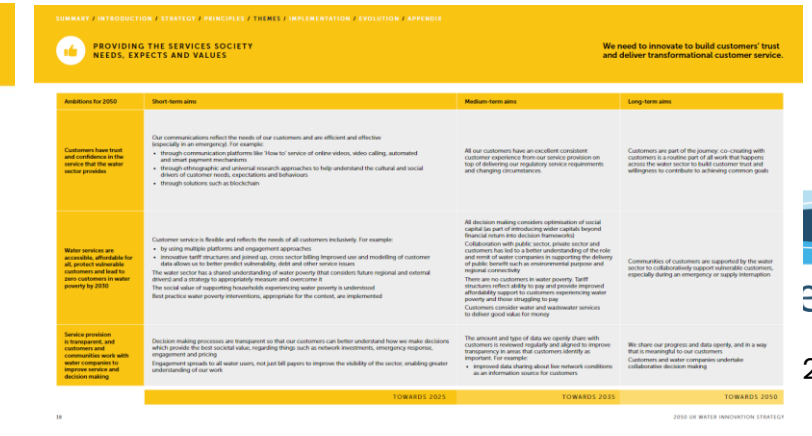
Collaboration pathways are paved between water companies, regulators, supply chains, SMEs, start-ups, academia, customers and other innovators to allow innovation to work

The whole sector's workforce has the skills and diversity of thought to take an active approach to prepare for and address emerging challenges

The UK regulatory framework has evolved to incentivise innovation to benefit customers and the environment

Short- 2025),
Medium- (2035)
Long-term (2050) aims





Ofwat Innovation Fund

£200 million Innovation Fund – funded by Water Company Customers

"***to grow the water sector's capacity to innovate, enabling it to better meet the evolving needs of customers, society and the environment***."

Split into 2 competitions:

- **Water Discovery Challenge (for Suppliers): c.£4 million** "competition for bold and ingenious innovation up to **£500,000.**
  - WDC1 winners announced in Feb.2024

- **Water Breakthough Challenge:**
  - **Catalyst Stream: c.£10 million** fund for projects between **£150,000 – £2 million**.
  - **Transform Stream: c.£30 million** for initiatives between **£2 million – £10 million+**.
  - Judging of WBC4 entries is ongoing – Winners to be announced in May 2024

About the Fund: **Ofwat Innovation Fund (challenges.org)**
Email: **waterinnovation@challengeworks.org**

Consultation on **significant!** Increase in the Innovation Fund in AMP8

YorkshireWater

Innovation in Yorkshire Water

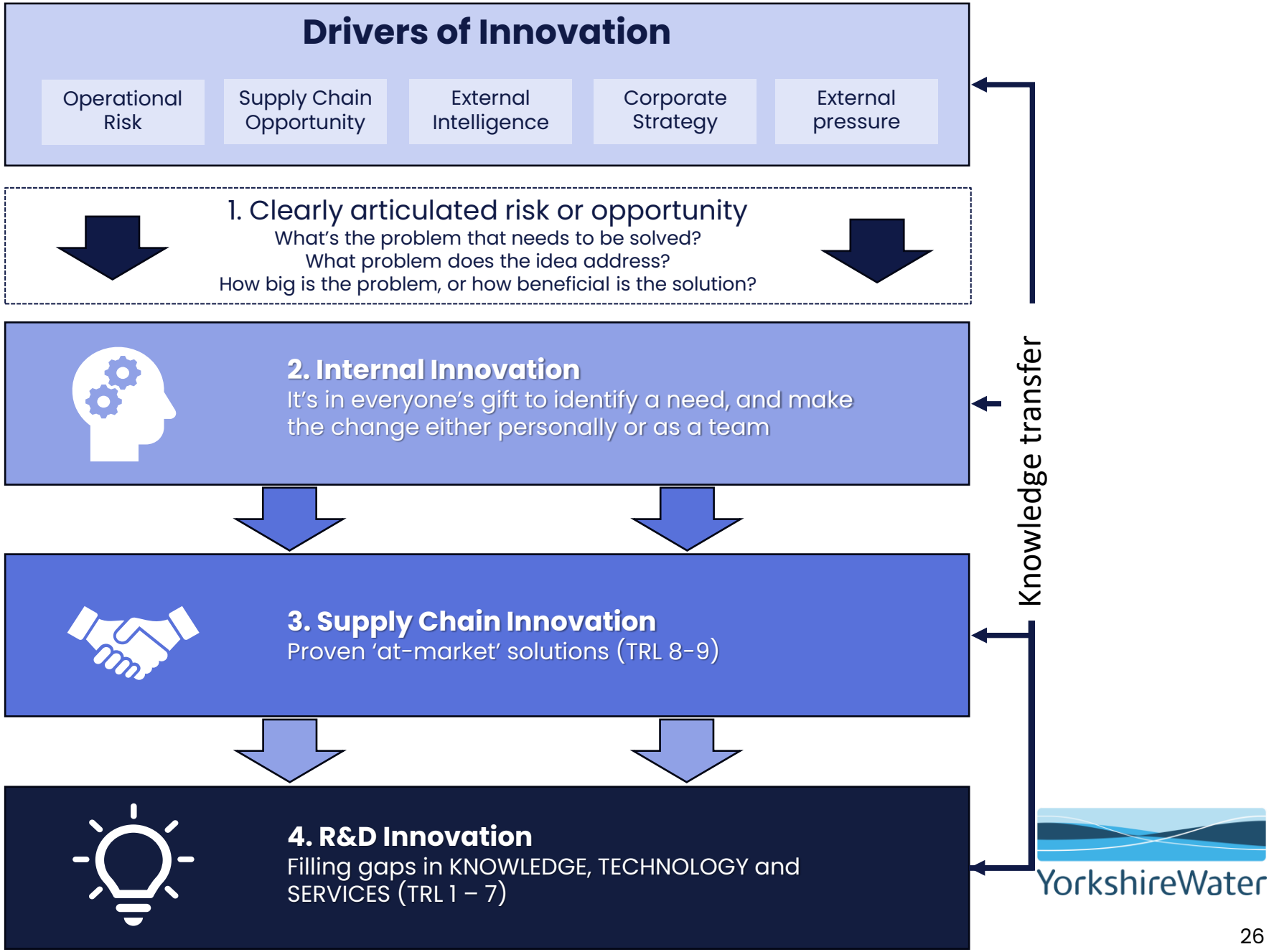
R&D innovation Team's role is to accelerate and de-risk the adoption of new solutions that:

- Improve **service** performance,
- Mitigate emerging risks and improve **resilience**,
- Realise operational **efficiency**
- Enable business **growth**

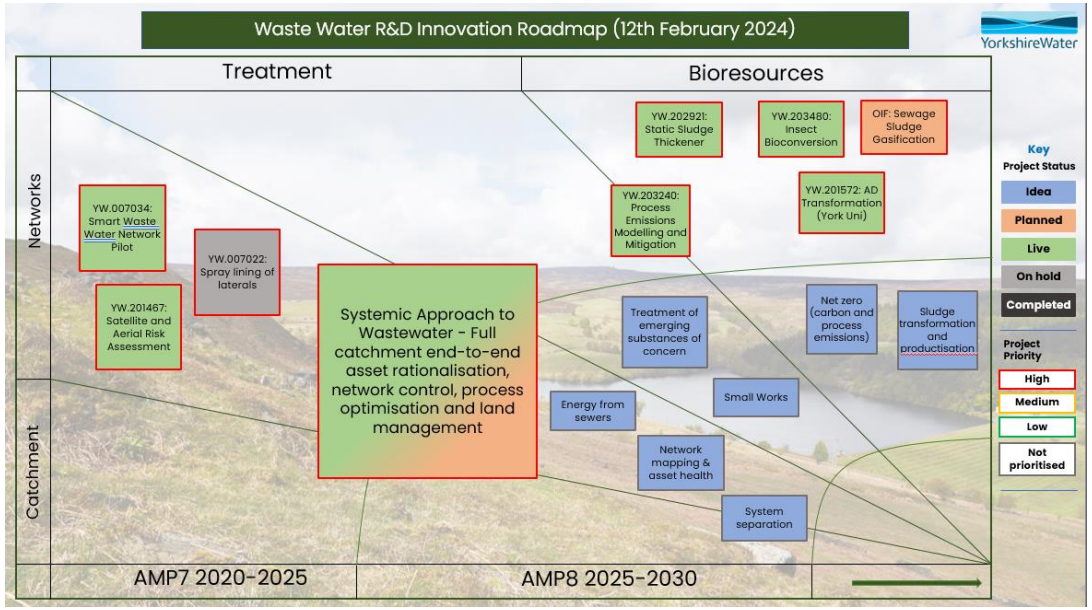
"The deliver a Transformational and Incremental Innovation programme, in order to **fill gaps in KNOWLEDGE, TECHNOLOGY and SERVICES**" (e.g. TRL 1-7)

YorkshireWater

How we do ‘Innovation’ at YW



R&D Innovation Programme

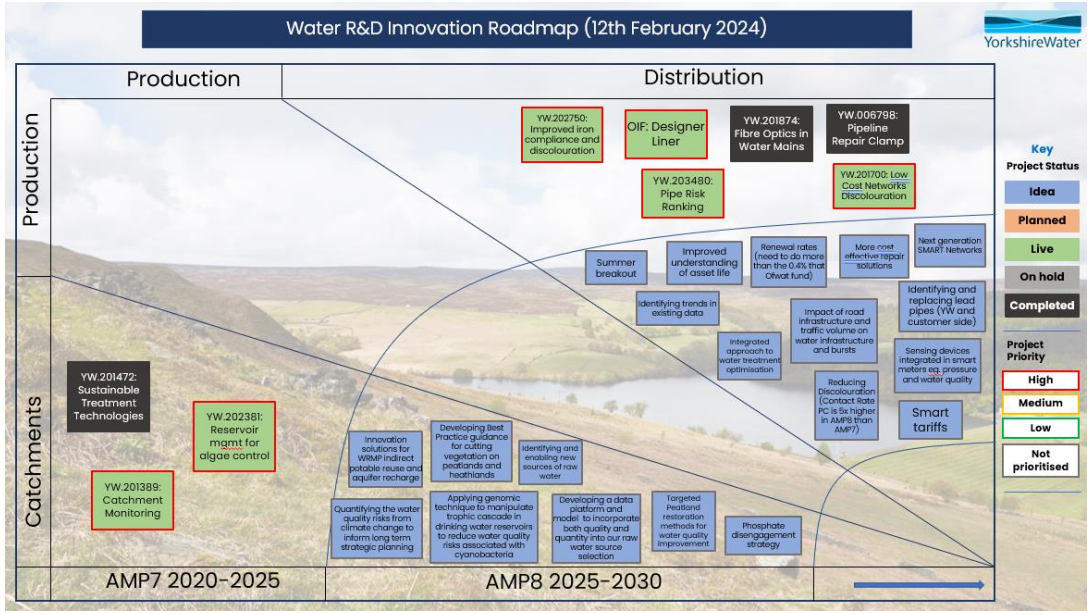


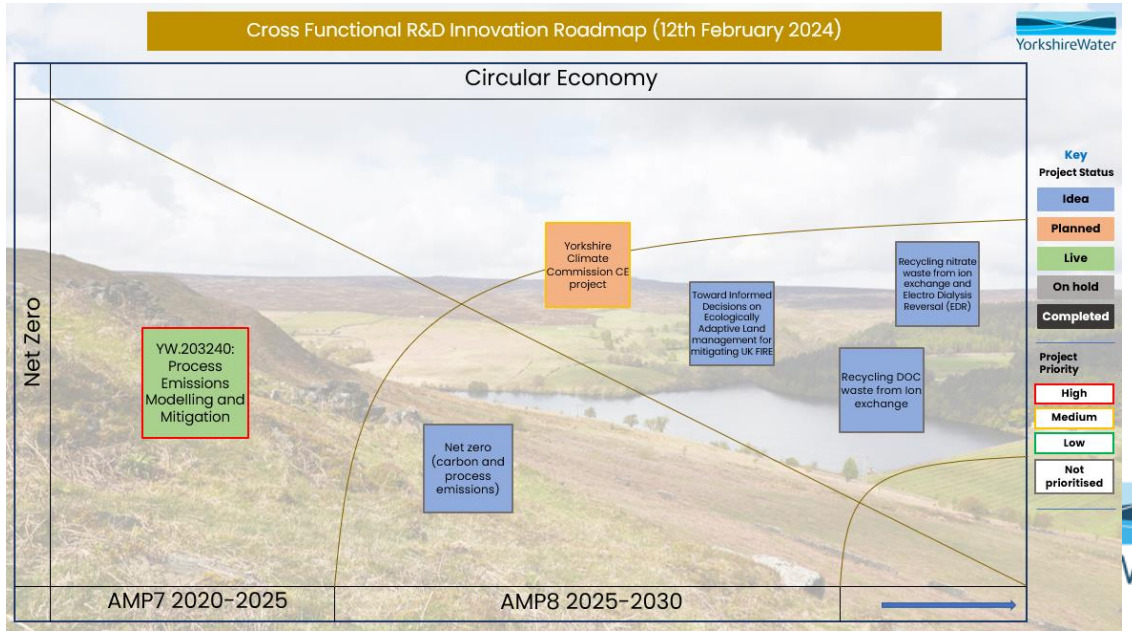
Innovation Programme

- AMP7: £11m + third party leverage (>£20m to date)
- AMP8 Plan: £18m + >£18m third party leverage

3 Roadmaps

- Water
- Wastewater
- Cross-Functional
- *To be made available on the YW Innovation website*





R&D Innovation – ‘Key areas of focus’ in AMP8

Water Catchments and Production

- Drinking Water Quality
- Water Resources
- Raw Water Catchment Management

Wastewater Networks

- Storm Overflows / Pollution
- Internal and External Sewer Flooding

Water Distribution

- Asset Health and Resilience
- Leakage, Demand Management, Bursts

Wastewater Treatment and Bioresources

- Wastewater Treatment Works Compliance
- Sludge treatment and disposal

Cross Functional

- “Smart” technology
- Resource recovery and reuse
- Net Zero
- Capex and Opex Efficiency

Yorkshire Water

WORKING WITH THE SUPPLY CHAIN

YorkshireWater

At Yorkshire Water, there are a number of different ways we engage with suppliers and stakeholders when approaching a tender process to ensure the best outcome for all

Our focus has been about speeding up the tender process and making sure we provide quality and insightful feedback to suppliers along with a transparent process.

1 Notice Publishing

- Yorkshire Water publish major tenders either through a Contract Notice on Find a Tender, or we use Achilles UVDB
- The route chosen depends on whether there is a suitable supply market present on Achilles as this reduces administration for both suppliers and YW

2 Data Sharing

- A main part of our approach is to increase the granularity and transparency of cost data in a tender and what should be provided post-tender
- Bidders need to be prepared and ready to engage with detailed commercial and technical submissions

3 Health & Safety

- Achilles Verify will start to be used to cover off the Health & Safety vetting during the tender process

4 Tender Scope Improvements

- We are planning to increase the availability of frameworks to the business, covering a wider scope – this will be built into how we advertise and award tenders
- We are also increasing our focus on sustainability through the tender evaluation process

5 Supplier Portal

- We are setting up an improved supplier website/portal where info on tenders will be available and innovative ideas can be submitted for consideration – aiming to collaborate better with the wider market
- Currently under internal development with aim to publish within next quarter

The next phase will be increasing speed and reducing effort to tender, e.g. through single-day commercial rounds, eAuctions and more flexible choice of procedures

YorkshireWater

Yorkshire Water has a Commercial Business Partner model with key contacts leading to connect suppliers to internal colleagues

Directs
James Carr
james.carr@yorkshirewater.co.uk

Networks
Daniel McDonough
daniel.mcdonough@yorkshirewater.co.uk

Capital Delivery – Main Frameworks
Mark Doherty
mark.m.doherty@yorkshirewater.co.uk

Capital Delivery – Enabling Frameworks
Angela Danby
angela.danby@yorkshirewater.co.uk

Indirects
Dale Priestley
dale.priestley@yorkshirewater.co.uk

YorkshireWater

Sustainability focus on a page

Themes
YW's Priorities

- **Carbon and GHG Emissions**
- **Local Economic Impacts**
- **Environmental Health & Pollution**

Key Targets
Our Commitments

- Achieve net zero operational carbon emissions for the sector by 2030
- Operational Carbon - 12% reduction from 2020 to 2025
- Deliver an energy efficiency programme to reduce electricity use by 28% by 2030
- All vans and cars will be electric by 2030
- Reduce capital emissions by 23% by 2025
- Length of river improved - 741.6km river improved by 2025
- Leakage - 15% reduction by 2025 and 50% by 2050
- Plant a million trees by 2028
- Prevent the equivalent of 4 billion plastic bottles ending up as waste by 2030

Categories
Spend areas which can address the priorities

- **Capital Delivery**
- **Chemicals**
- **Corporate Services**
- **Energy & Fuel**
- **IT & Telecoms**
- **Infrastructure Repair & Maintenance**
- **Operational Assets**
- **Recycling & Waste**

Commercial Levers
Approaches we can deploy

- **Governance and Accountability**
- **KPIs and Measures**
- **Training**
- **Tendering**
- **Supplier Relationship Management**