

Ms Stella McArdle

Committee for Agriculture and Rural
Development
Parliament Buildings
Ballymiscaw
Stormont
BT4 3XX

Our Ref: W007/CARD/JBM/1014

Date: 20 February 2014

By email

Dear Ms McArdle,

The Reservoirs Bill

Dear Ms McArdle

Thank-you for your letter to Jo Aston dated 21 January 2014 asking the Utility Regulator to provide written evidence to the Committee for Agriculture and Rural Development in respect of the Reservoirs Bill which is currently progressing through the Assembly.

The Utility Regulator welcomes the Reservoirs Bill which will provide a statutory framework for managing the risk of flooding from major reservoirs. Our comments are related to our statutory duties as the economic regulator of the water, electricity and gas sectors in Northern Ireland. The principal impact of the Bill in respect of our statutory duties is the impact on NI Water which owns and operates a significant stock of impounding reservoirs and service reservoirs with a volume greater than the 10,000 m³ threshold included in the legislation.

We understand that the effect of the Reservoirs Bill is similar to legislation which is already in place in GB. We understand that NI Water has followed the principles of that legislation as best practice including ten yearly inspections of its reservoirs by independent engineers. The company's recent Price Controls, PC10 and PC13, have included investment to carry out works arising from these inspections and this work continues. In view of this, we take comfort that NI Water has already taken steps to secure the safety of its major reservoirs and that this will minimise the cost of implementing the new legislation. That is not to say that emerging risks will not be identified and future funding required.

We expect NI Water to make the necessary provision for reservoir safety within its PC15 Business Plan which will cover the period 2015-21. In view of the long (6-year) duration of this Price Control, we have made provision for a 'mid-term review' which will allow us to refresh the investment programme to take account of further investigations and studies carried out during the first half of PC15. This will allow us to accommodate any necessary works which are identified when initial inspections carried out under the new statutory framework.

We note that the wording of Article 6(2) and Article 6(3) are slightly different. Article 6(2) includes the wording "or any part of a controlled reservoir", Article 6(3) omits this wording.

The explanatory and financial memorandum explains that this is because the wording of Article 6(3) is directed at the sewerage undertaker in respect of tanks containing effluent (in effect, in respect of their work as a sewerage undertaker) and therefore it would be inappropriate to have a another manager for these reservoirs. We note that it is implicit in Article 6(3) that it applies to only those reservoirs which relate to the sewerage functions of a sewerage undertaker.

We welcome the opportunity to respond to the Committee on this matter. We would be pleased to provide further briefing or discuss any matters arising if that would be helpful.

Yours sincerely



John Mills
Network Regulation Manager (Water)

cc: Jo Aston (UR)
Tanya Headley (UR)