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Water Privatisation the UK Model

Water Privatisation the UK Model

- Organisation of the UK Water Industry & the shape of regulation
- The financial drivers
- Benchmarking performance

Organisation in the UK Water Industry & the shape of regulation

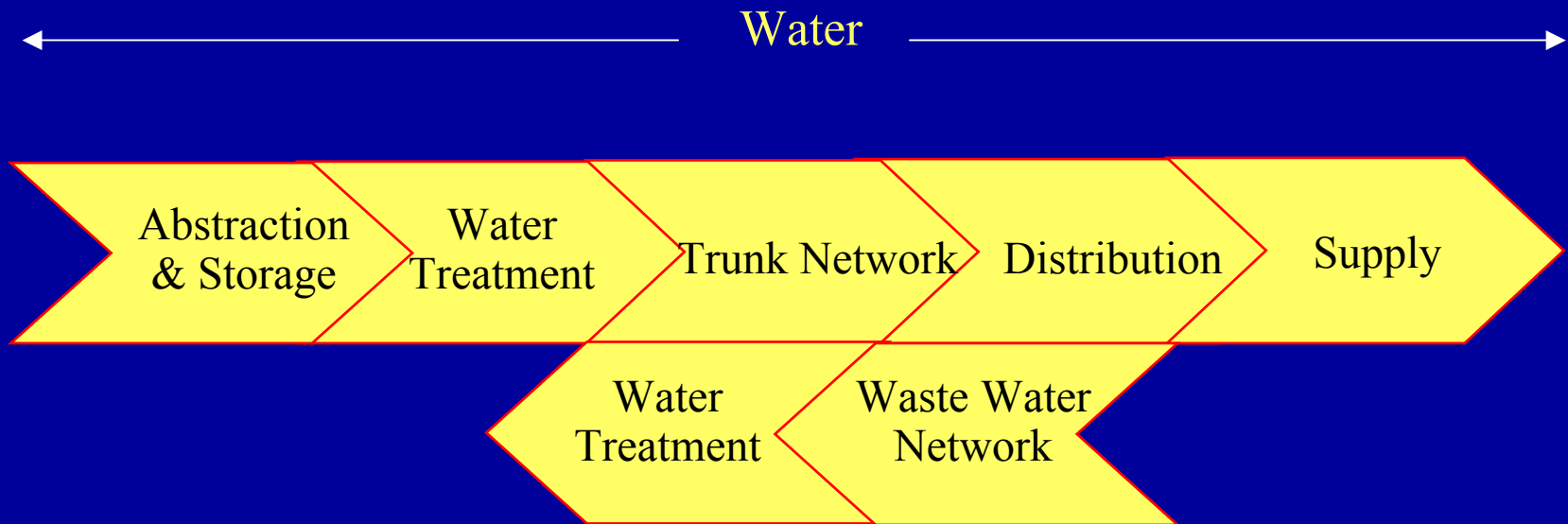
Shape of the UK Water Industry

- Overall framework of EU Directives
- EU Directives embodied in UK legislation
- Private sector companies responsible for operations, maintenance and delivery
- Heavy emphasis on public sector regulation

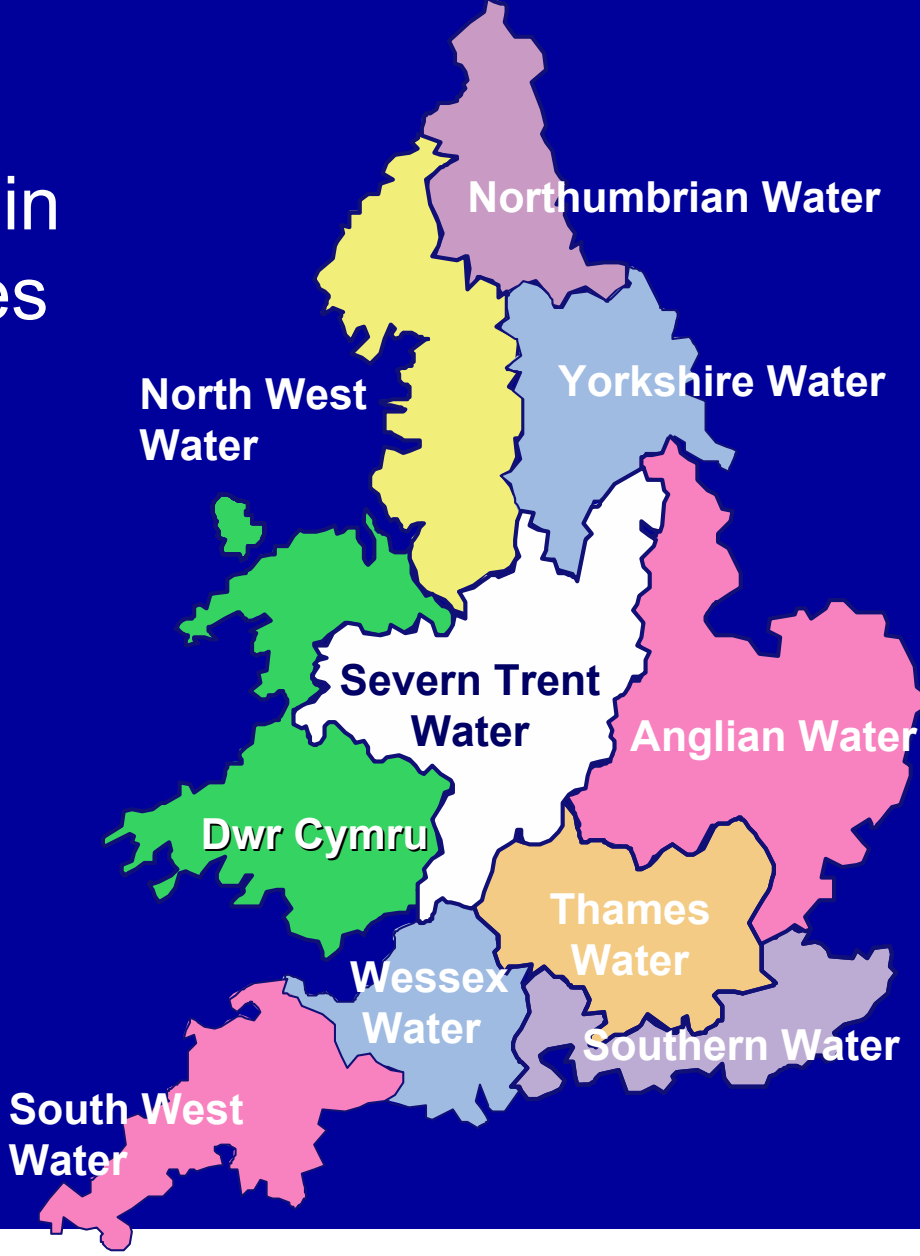
The UK Water Industry

- Privatised in 1989 (primary legislation 1989 Water Act)
- Equity Model: Stock Market Floatation
- Funding
 - “Green Dowry”
 - Charges RPI+k (1989-2000)
 - Borrowing (“money markets”)

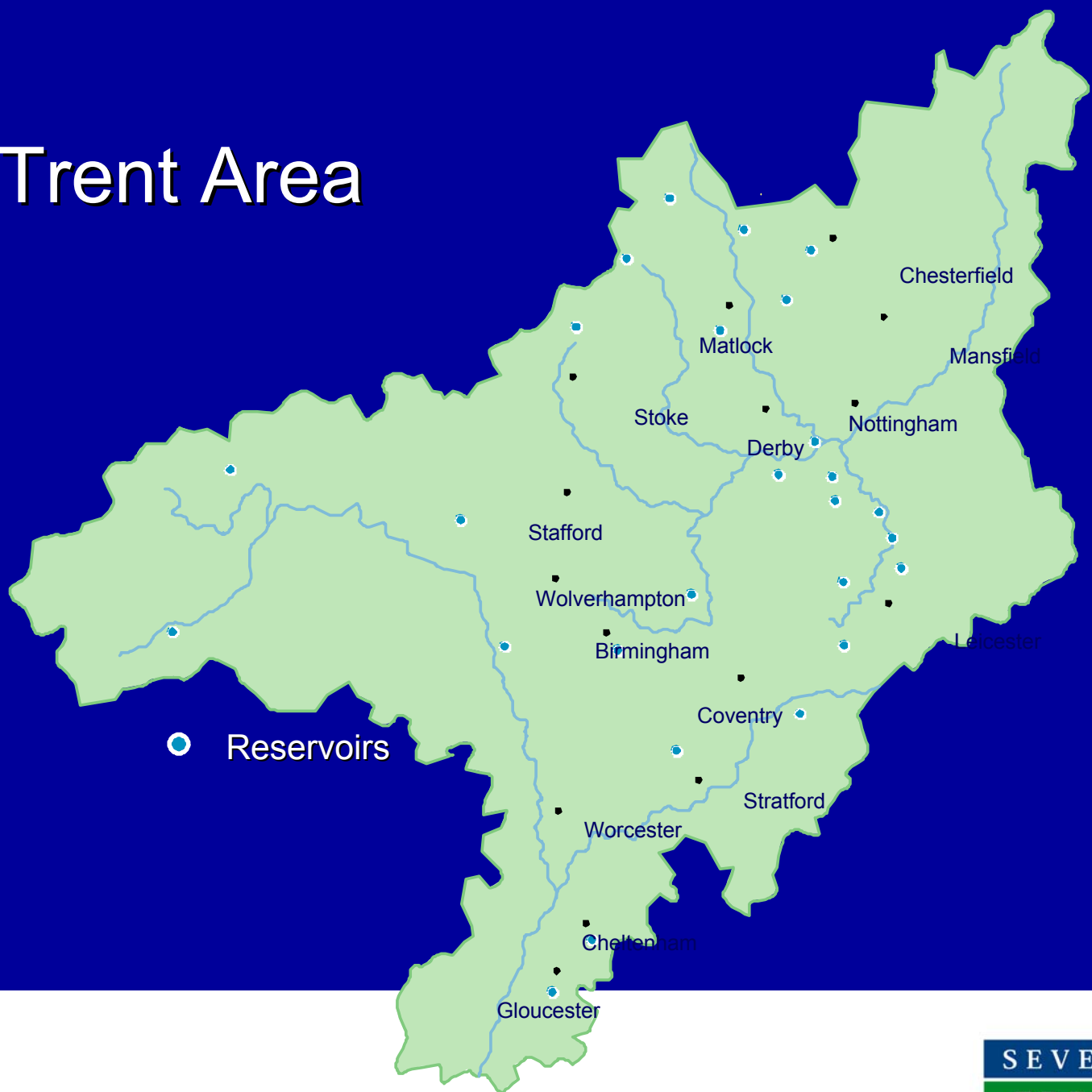
The UK Water Value Chain



Water companies in England and Wales



Severn Trent Area



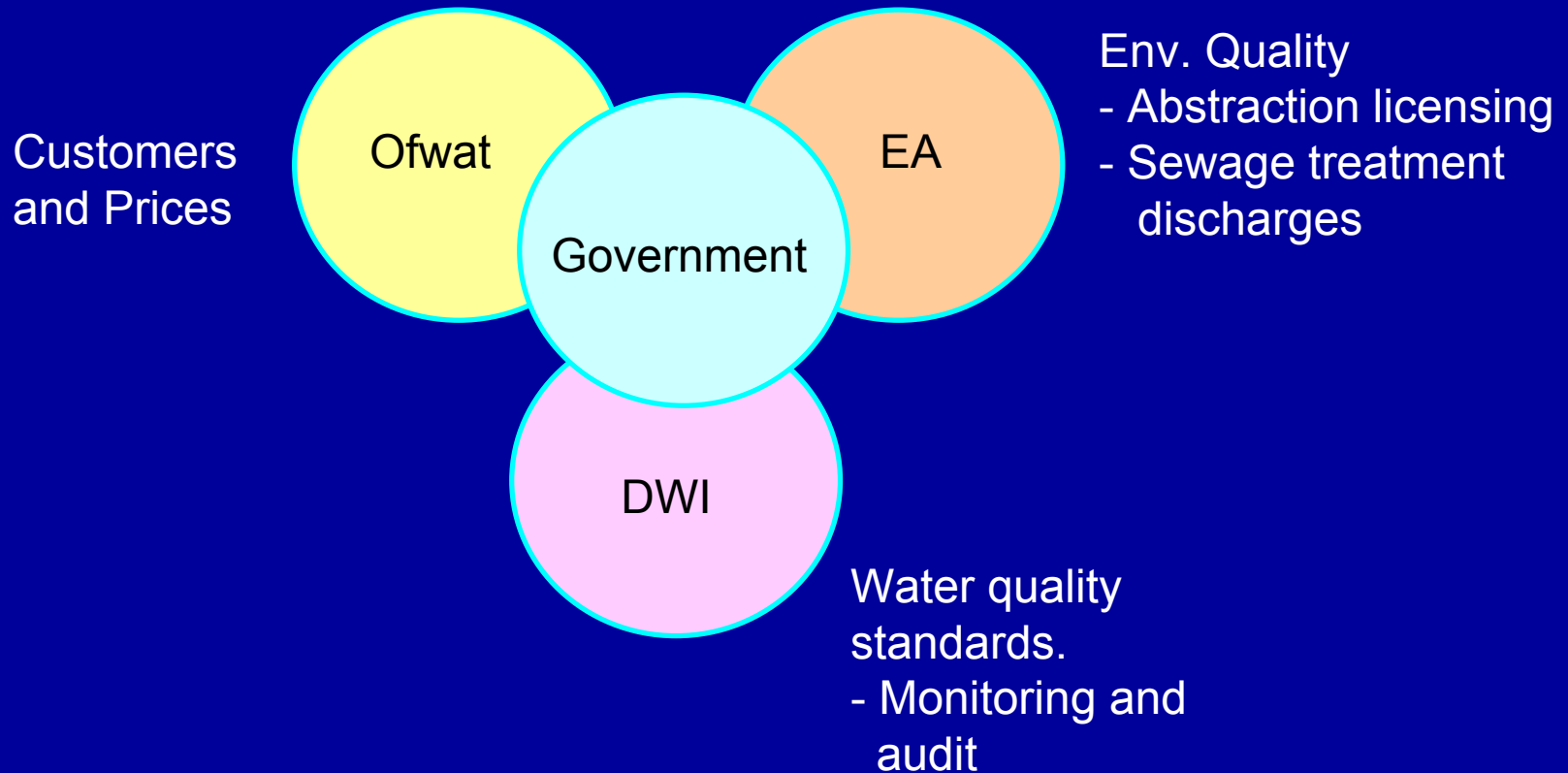
Severn Trent Water

- 2000/01 sales £884m (USD\$1255m)
- Water Services
 - 7.4m customers
 - 3.2m properties
 - delivering 1900 MI/d (420m/g/d)
 - 43,000km water mains
- Sewage Services
 - treating 2700MI/d (600m/g/d)
 - 8.3m customers
 - 3.5m properties
 - 53,000km Sewers

“our 96,000km of pipes will go twice round the world”

Public Sector Regulation in the UK

Regulation: All in public sector, responsible to UK Government



Public Vs Private

Government Regulation

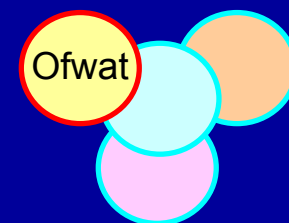
- Abstraction
- Drinking water
- Sewage treatment
- Prices
- Customer service levels

Public Sector Opportunities

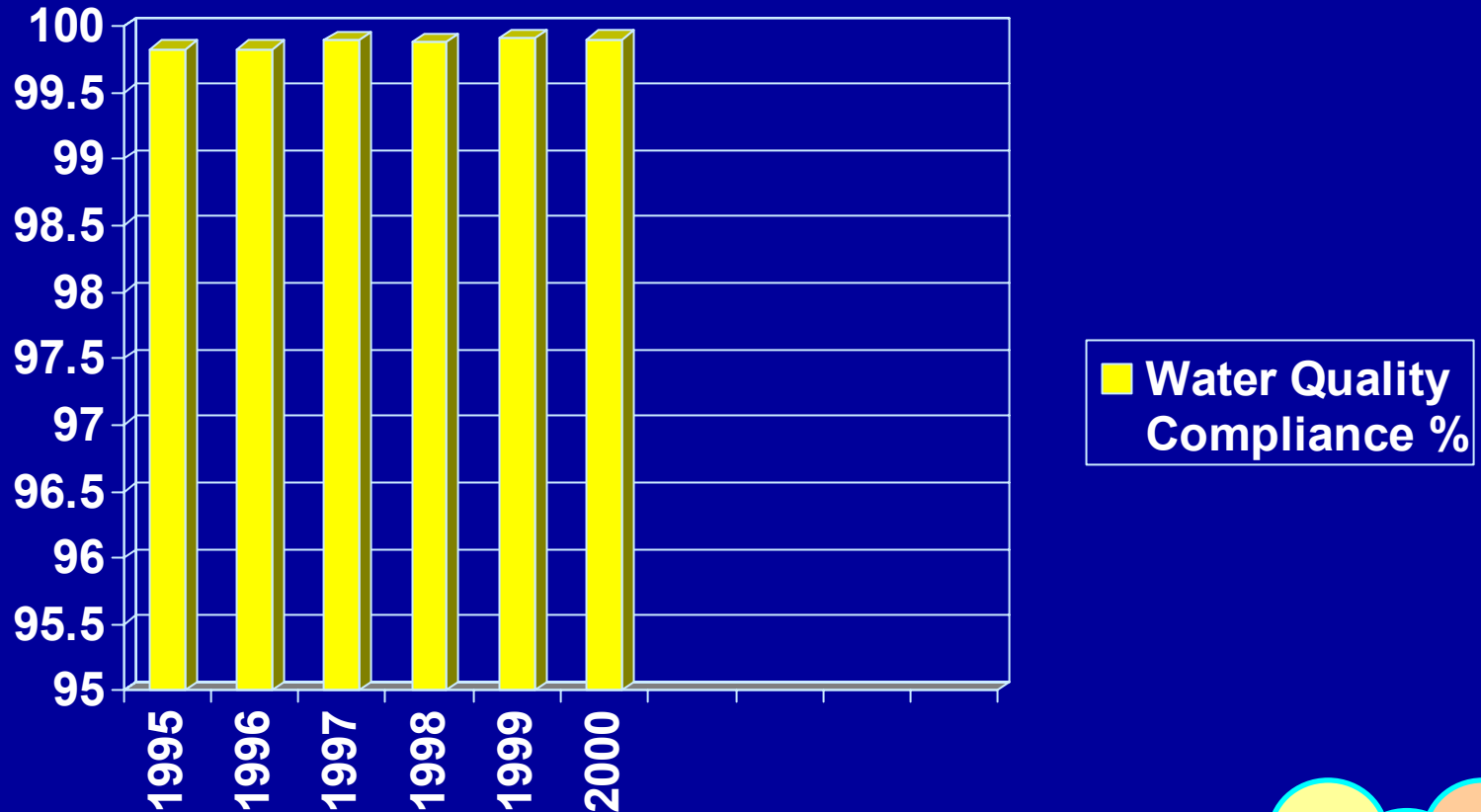
- Running plant
- Asset maintenance and renewal
- O & M of Plant
- Customer Services

Office of Water Services

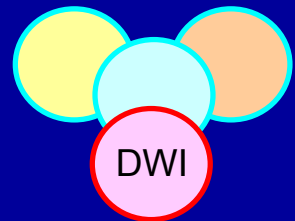
- promoting economy and efficiency
- competition
- limiting charges
- guaranteed standards scheme
- customer service committees



The Drinking Water Inspectorate



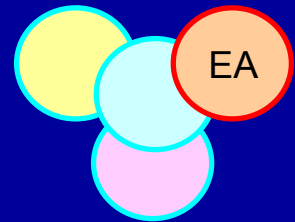
>99.9% Compliance



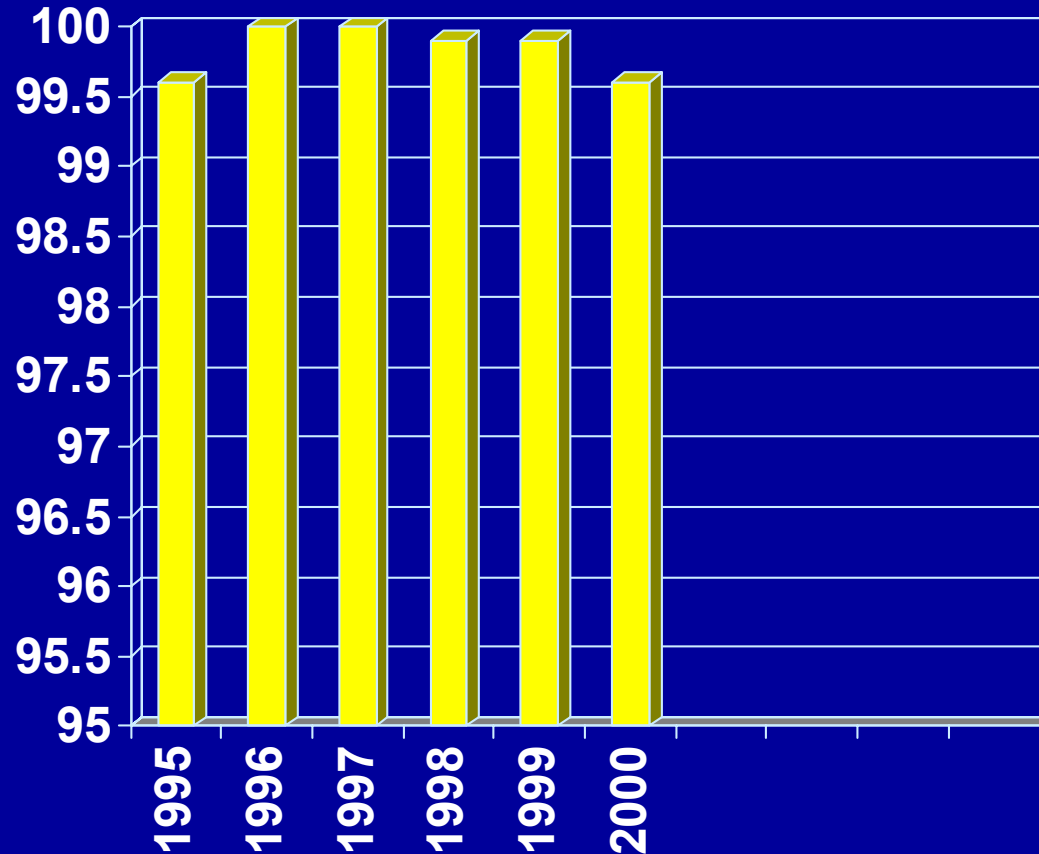
Data for STW

The Environment Agency

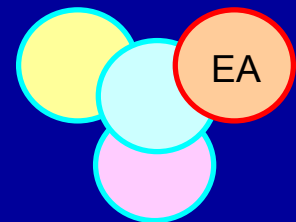
- addressing climate change
- managing water resources
- integrated river basin management
 - monitoring sewage effluents



Sewage Treatment Works Compliance



■ Proportion of sewage treatment works compliant with numeric consents

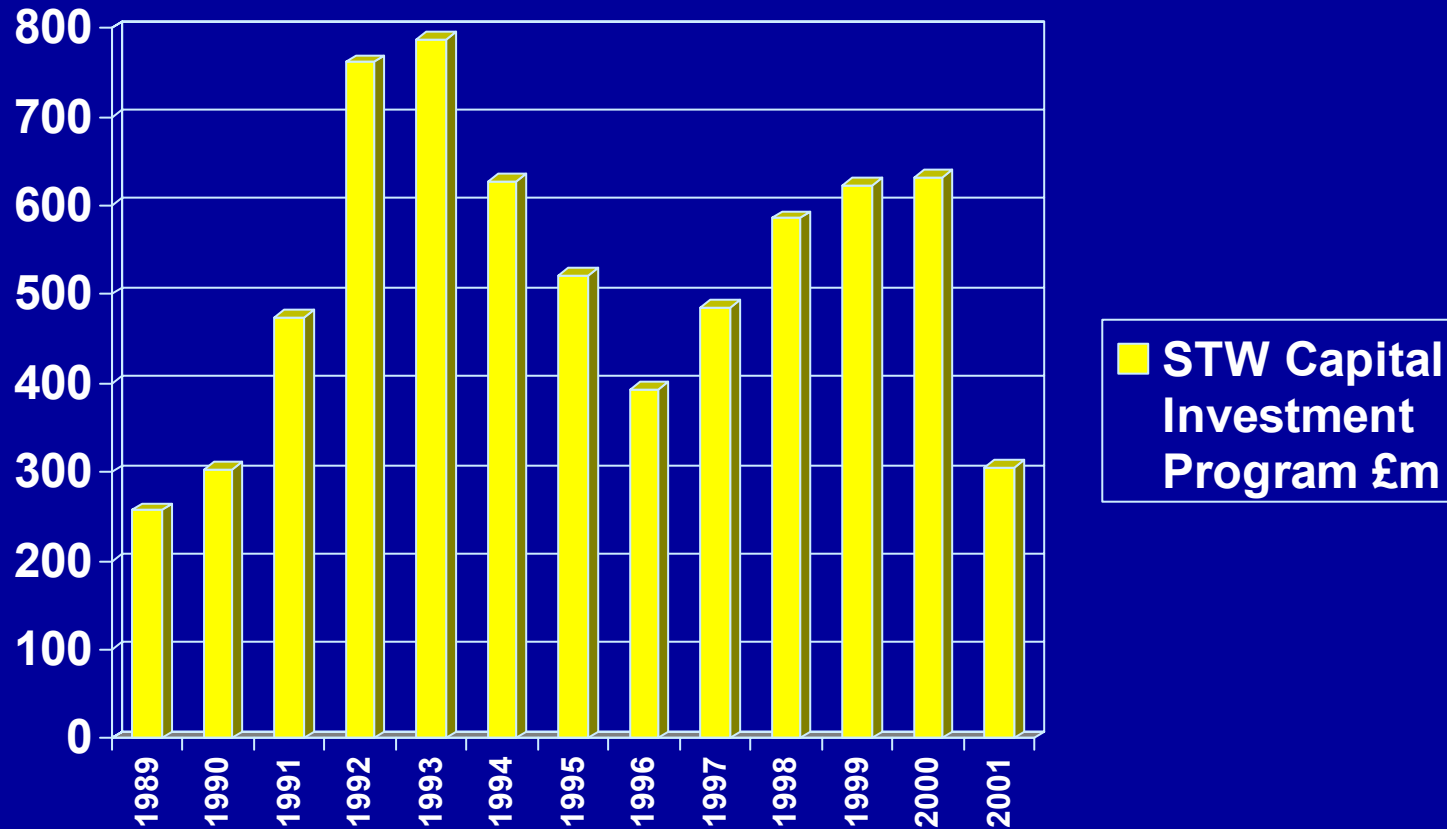


Data for STW

>99.8% Compliance

The financial drivers

Investment



Data for STW
00/01pb

Average £520m pa (USD\$740m pa)

Benchmarking performance ("The Power of Publication")

Summary