

A large circular graphic composed of various white line-art icons on a teal background. The icons include a person with a headset, a cloud with circuit lines, a "net zero" label with a leaf, a checkmark in a circle, a target, a person at a presentation board, a hand holding a water drop, a person with an upward arrow, a leaf, a person, a water drop with a checkmark, a glass of water, and a person with a water drop above their head. The central text is overlaid on a white circle within this graphic.

APPENDIX
SES038
REBECCA POW MP
– LETTER AND
RESPONSE

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A. Rebecca Pow MP Letter - 15 March 2023



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Ian Cain
Chief Executive
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15 March 2023

Dear Ian,

Increasing smart metering to manage demand and supply of water

You will know that climate change and population growth are significantly increasing pressure on our water resources. The latest regional water resources plans suggest we will need an additional 4,000 million litres of water a day by 2050. Half of this will need to come from reducing demand for water. We have committed to a statutory water demand target set under the Environment Act 2021 to help address this gap, by reducing demand for water from public water supply per head of population in England by 20% by 2037/38.

The Environmental Improvement Plan outlines how we will achieve this target through various policies and our expectations of water companies on consumption and leakage. This includes “increased smart metering for households and businesses through accelerated investment between 2020 and 2030”.

Recognising the significant benefits of smart metering on usage of water including identification of leaks **we expect water companies to consider how to rapidly increase installation of meters for household and non-household customers (even where they cannot charge by metered volume). We also expect companies to quickly move towards all new and replacement meters being ‘smart’, where this is the best value for customers and the environment.**

You will also be aware that smart meters can be installed without the need to change billing procedures. This does not change our metering policy set out in the 2021 Written Ministerial Statement on Reducing Demand¹.

Yours sincerely,

REBECCA POW MP

¹ [Written statements – Reducing demand for water \(July 2021\)](#)



B. SES Water Response Letter – 13 June 2023



13 June 2023

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Dear Rebecca

Re: Increasing smart metering to manage demand and supply of water

I write following the receipt of your letter of 15 March 2023. The reason for our delay in responding has been to ensure that we provided you with the most up-to-date information relating to our strategy for the management of water resources in the long-term. This work has progressed significantly over the course of the last few months as part of our five-yearly water resource management plan (WRMP) update.

Firstly, I would like to thank you for your letter, and the expectations it contains, which we wholeheartedly support. Towards the end of last year, I wrote to Ranil Jayawardena MP – in his capacity of Secretary of State for Environment, Food and Rural Affairs – calling upon the Government to make water metering mandatory across the UK and for smart metering to be mandatory in areas of significant water stress. The area my company serves is one of those.

Turning to the two points you raise in your letter, I set out our position on both, below.

Metering of household and non-household customers

In 2020, we commenced the latest stage of our work to increase the proportion of our customer base that have a water meter fitted. This takes the form of a compulsory meter fitting programme, which committed to increasing the level of customers fitted with and billed via a meter to levels equivalent to the highest seen elsewhere in the UK water sector.

At present, around 74% of our household customers and around 86% of our non-household customers have a meter fitted. We are targeting both to be around 90% by April 2025. Within this timeframe, we are targeting that at least 10% of our customer base is fitted with advanced metering infrastructure (AMI, or 'smart' meters). Our roll-out of smart metering commences later this year.

Smart upgrades

As summarised at the beginning of this letter, I indicated that the development of our WRMP process, alongside the work we have been progressing as part of the periodic review (PR24) process with our key regulators, we are proposing an upgrade from our current metering stock to AMI, with most of this work being completed by 2030.

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Earlier in the year, following the publication for consultation of our draft WRMP, we had proposed a 12-year smart meter roll-out. For our revised draft WRMP, which we hope will be accepted by key regulators and become our final and therefore published plan later this year, we have shortened this period to seven years.

Fundamental to this decision for accelerated roll-out has been the detailed assessments of smart benefits – both in terms of household and non-household consumption reduction, alongside the ability to target customer-side leakage far more quickly than currently. We are now of the opinion that the collective demand-side benefits of smart – in part proven by the work being led by both Anglian and Thames Water – outweigh the increased costs due to a faster roll-out of smart metering.

A key residual risk associated with accelerate smart roll-out – not just with us, but as a sector overall – is the resilience and capacity of the smart meter supply chain. The commencement of our AMI roll-out has already been impacted by challenges in the supply chain due to the post-Covid global semiconductor shortages. With large parts of the UK water sector now accelerating smart meter roll-out, we believe this challenge will remain for some time.

With this in mind, we are currently in the process of gathering the necessary customer and stakeholder support for an accelerated roll-out of smart. We are grateful for your assumed support for this decision.

Finally, I would like to take this opportunity to thank your department for the ongoing support, strategic direction, and necessary challenge, most recently evidenced via the publication in April of the *Plan for Water*, which we consider to be a comprehensive and hugely important intervention, and one that we align squarely behind as an organisation and ethos.

I hope this response provides you with the assurance sought and thank you for your patience whilst we took the necessary time to gather the additional data, we needed to be confident around an accelerated programme of smart upgrades.

Yours sincerely,



Ian Cain
CEO