

THE WORSHIPFUL COMPANY OF WATER CONSERVATORS

RESPONSE TO THE OFWAT CONSULTATION ON ENVIRONMENTAL PERFORMANCE METHODOLOGY

DECEMBER 2025

1 The Worshipful Company of Water Conservators ('WCWC') is a City of London Livery Company focussed on the long-term health of our water resources and the broader environment. Our members include senior professionals from water, environmental and related industries and regulators, along with others who share our concern for water and the environment. Our experience and knowledge ranges from the complexities of environmental sciences, through the application of engineering to deliver the goals identified by those sciences, and the subsequent management of the assets created. The WCWC's purpose is *promoting a diverse and sustainable environment*.

2 As part of that purpose, the WCWC has been responding to relevant consultations particularly on matters relating to water conservation. These are archived on its website over the last three years.

<https://waterconservators.org/policies-and-practices/>

PROLOGUE

3 The Ofwat annual performance reporting metrics for water companies includes

- total pollution incidents.
- serious pollution incidents; and
- discharge permit compliance.

This consultation invites views on proposed changes by Ofwat following updates to the Environmental Performance Assessment (EPA) methodology used by the Environment Agency and Natural Resources Wales (the Environmental Regulators).

<https://www.ofwat.gov.uk/consultation/consultation-on-changes-to-three-pr24-environmental-performance-commitments/>

4 As set out in the PR24 final determinations by Ofwat, these common performance commitments reference version 11 of the EPA methodology which was released in February 2024. The Environmental Regulators published an updated EPA methodology (version A) on 15 October 2025.

Environment Agency Environmental Performance Assessment methodology version A - Ofwat

5 This methodology applies to 2026 to 2030 data reporting in England and Wales. The Environment Agency has also set out accompanying guidance for reporting and assessing water industry regulation incidents (WIRI) which applies to England only. In the PR24 final determinations, Ofwat said that:

- *if the EPA methodology were updated during the 2025-30 period, it would consider the impact of those changes on the performance commitments; and*

- *if it considered there was sufficient reason to do so, it would propose changes to those performance commitments, including, but not limited to, performance commitment levels (PCLs), outcome delivery incentives (ODIs) and risk protections, in accordance with our change control process.*

6 This consultation explains how Ofwat has considered resetting relevant aspects of the affected performance commitments, to take account of updates to the EPA methodology and WIRI guidance.

SUMMARY

7 The WCWC draws attention to other initiatives by Defra and the Environment Agency which are relevant to the notions of compliance with permits. It suggests that since the commitment to amend preceded other changes, including any arising from implementation of the recommendations of the Independent Commission on Water, these changes should be suspended.

8 The purpose of compliance metrics must not only be to provide published data but also to stimulate action at the highest corporate levels. There are many reasons why the data may include events beyond the control of water companies (as described in the Submission on penalties). What is most important is the action taken by the EA through legal processes and that must be compelling information driving actions at board levels. The WCWC submits that number of successful legal actions is a much more useful metric. It also suggests that that set of metrics should be included in an EA compliance Code of Practice and a revised Defra integrated water Regulatory Position Statement, as set out in its response to the consultation on penalties for water companies.

<https://waterconservators.org/wp-content/uploads/filr/4043/NOV-25-REGULATION-Response-to-Defra-consultation-on-Water-Company-penalties.pdf>

9 Even with these caveats, the WCWC suggests that it would have been helpful to see the full set of compliance metrics rather than just the amendments and the WCWC provided detailed comments on the proposals. For example, suggesting that the change on reporting periods for treated sewage effluents will make comparisons more difficult and querying the reference to water works discharges.

RESPONSE

10 The WCWC does not express any views yet on the amalgamation of environmental and economic regulation. It awaits the White Paper following the Final Report of the Independent Commission on Water. It has repeatedly said that there is not enough coordination of these two sets of regulations, and that regulatory evolution often takes place in silos. It has also observed that economic regulation has become focussed on a great deal of detail and perhaps not addressed the big picture enough.

11 The WCWC recognises that these proposals are an evolution of past reporting but notes that the reporting commitments were made before the Commission report was published. Furthermore, it notes that at the same time the Environment Agency (EA) through Defra is also making proposals for change which will impact these metrics. For example:

<https://waterconservators.org/wp-content/uploads/filr/3999/OCT-25-WATER-REGULATION-Response-to-Defra-on-permitting-of-small-sewage-discharges-fin.pdf>

<https://waterconservators.org/wp-content/uploads/filr/4043/NOV-25-REGULATION-Response-to-Defra-consultation-on-Water-Company-penalties.pdf>

12 In both of these responses, the WCWC advocates a much clearer view of what non-compliance means. In this context it recommends that the modification to these metrics should take account of any changes arising from these other initiatives and should wait until these are complete. It suggests that the methodology has become too complex. It would be useful to see the full set of revised metrics rather than just the adjustments to current metrics. It would also so be to have one set of metrics used by all regulators.

13 An example of how practical details can get set aside is in the section dealing with discharge permit compliance and serious pollution incidents. The consultation states *that Discharge permit compliance is referred to in the updated EPA methodology as 'Discharge permit compliance with numeric conditions'* The methodology implements five changes to this metric:

- *inclusion of rolling year look-up table compliance, instead of reporting calendar year look-up table compliance;*
- *inclusion of rolling year compliance with annual average limits, instead of reporting calendar year annual average compliance;*
- *inclusion of permit conditions covering failure to collect the required number of operator self-monitoring samples;*
- *inclusion of discharges smaller than 20m³ per day from WTW; and*
- *use of number of permits instead of number of sites in the compliance calculation.*

14 The WCWC observes that whilst the compliance of Look Up tables is on a rolling annual basis, the annual performance of water companies is based on the calendry year. It is essential that all metrics are comparable, so, for example investments and compliance should be comparable. The implications of the change on which year will be used as the basis of reporting is not clear. And the reference to water treatment works discharging less than 20 m³/d must refer to compliance according to Standard Rules, and the submission made by the WCWC on small sewage treatment works has already highlighted some of the problems.

15 So, the WCWC has not answered the questions as it submits that this change should be suspended until there is more clarity on the way forward and all the initiatives are brought together into a consistent integrated whole, such as new integrated water Regulatory Position Statement and a Compliance Code of Practice.

16 Surely, a metric which reflects all of the relevant circumstances would be the number of successful legal actions taken by the Environmental Regulators. This would be more compelling than the current complexity and be used as a prime motivator at the highest corporate levels.