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MPA submission to Defra publication- Making the Most of Every Drop: Consultation on Reforming the Water Abstraction Management System

Thank you for informing the Minerals Products Association of the Defra consultation “Making the Most of Every Drop: Consultation on Reforming the Water Abstraction Management System”.

The Mineral Products Association (MPA) is the trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries. With the recent addition of The British Precast Concrete Federation (BPCF) and the British Association of Reinforcement (BAR), it has a growing membership of 450 companies and is the sectoral voice for mineral products. MPA membership is made up of the vast majority of independent SME companies throughout the UK, as well as the 9 major international and global companies. It covers 100% of GB cement production, 90% of aggregates production and 95% of asphalt and ready-mixed concrete production and 70% of precast concrete production. Each year the industry supplies £9 billion of materials and services to the £120 billion construction and other sectors. Industry production represents the largest materials flow in the UK economy and is also one of the largest manufacturing sectors.

The MPA recognises that the abstraction licensing system in England is outdated and requires modernising to ensure that water can be provided for the environment, industry and public water supply as required. The sustainable use of water is essential to preserve water resources for present and future generations. Equally, aggregate extraction is essential to the economy and our way of life. The management of water is a critical element of quarry development, which can only take place where the minerals lie.

For many of our members dewatering is an essential part of their operations, without dewatering many quarries would cease to operate, thereby jeopardising the steady and

adequate supply of minerals. It should also be noted that even if aggregate is able to be extracted before dewatering is required it is likely that the site would not be financially viable due to the costs involved of developing a minerals site. The essentiality of an adequate and steady supply of minerals is recognised by the government in the National Planning Policy Framework (NPPF). Paragraph 142 states:

“142. Minerals are essential to support sustainable economic growth and our quality of life. It is therefore important that there is a sufficient supply of material to provide the infrastructure, buildings, energy and goods that the country needs. However, since minerals are a finite natural resource, and can only be worked where they are found, it is important to make best use of them to secure their long-term conservation.”

The ability to dewater is vital to secure the future supply of aggregates construction materials, upon which the whole construction industry depends. What is at stake is the ability of operators to have certainty about their longer term ability to extract, particularly when the life of the quarry is planned (and permitted) for longer than the life of the water transfer and abstraction licence. This raises investment risks, which can not be quantified.

As we are still awaiting the removal of the dewatering exemptions under the Water Act 2003 it is difficult to envisage how mineral sites will be permitted moving forward. It is equally difficult to understand how the removal of the exemptions will fit with the reform of the abstraction licensing system.

Description of Quarry Activities

Brief explanations on the activities undertaken by our operations are provided here.

The management of groundwater is an integral part of quarrying activity. Dependent on the location of the quarry and the climatic conditions, quarries may continually manage the presence of excess water by abstracting and transferring to either the same aquifer or a source (either surface or groundwater) nearby.

Currently the industry takes water from ground and surface waters in two ways. 1. For specific consumptive uses such as washing mineral or making concrete we hold many conventional abstraction licences, and 2. By dewatering quarries in order to safely access minerals in dry excavations. This latter activity is historically exempt from licensing and deals with the pumping - but not the consumption - of large quantities of water.

While we await the implementation of Transfer Licensing we have major concerns as to how this "abstraction" will be dealt with under Reform proposals.

Key Comments

- We are extremely concerned that due to the delay in implementing the removal of the dewatering exemptions that the minerals industry will be entering into any new scheme as “new entrants”. Under the shares option in particular it is difficult to understand how shares will be allocated, especially if the minerals sector is not licensed or has not got a history of recorded abstraction/ transfer quantities.
- Through the various consultations on removal of the dewatering exemptions, serious damage and our activity on the Abstraction Advisory Group we would have hoped to see some reference to quarry dewatering in the consultation, for example pg50 5.3 in the examples listed.

- We have concerns that the reliance on historic data will not take into account abstraction volumes post consultation. Also, given the time between the consultation and implementation this represents significant business risk to abstractors. We would also strongly consider that the quantity of head room on a given licence should be reviewed on a case by case bases. For example a currently mothballed quarry could not be using its' abstraction licence but if the licence was to be removed it would effectively sterilise the permitted mineral.
- We are encouraged to see the link between abstraction and returning water. Quarry dewatering often only results in the movement of water directly from one source to another, or returned to the same source during the process.
- There may be some situations where a quarry void could be used to store water for release during times of low flow. This would have to be considered on a site by site basis. Equally the minerals development may be able to assist in moving water from ground to surface systems to help improve supply resilience.
- We agree with the proposals to strengthen the link between the amount the abstractor will pay and the amount used. Discussions between regulator and industry will be required to agree on the most cost effective method of recording volumes abstracted and returned to calculate the net use.

Specific comments on the Proposals

- It is not made clear under either proposal if transfer licenses will remain in existence moving forward.
- Pg27 4.2- Under Current System Plus, would existing HoFs (Hands off Flows) continue? And if so would they be for ground water and surface water abstractions? As Defra indicate, ground water is more consistent in terms of it's' link to drought and flood conditions so a more graduated system with less severe limits should be developed.
- Pg28 4.2.1 i) Does the HoF proposals apply to basic catchments or just enhanced catchments? It should be on all catchments and both types of water resource.
- Pg30 4.2.2- How will groundwater levels be related to availability? What timescales are being considered for the monitoring and proposed changes to abstraction volumes?
- Pg32 4.3- What is the definition of "immediately" as applied to the return of water to rivers? E.g. Would it take into account the time required for water to flow through a silt lagoon system? Also, "waste water" is an interesting, misleading and potentially concerning term.
- Pg33 4.3- The summary appears to imply that the annual charge will be based on the net consumption of abstracted water (i.e. excluding the proportion discharged). Will there be a requirement to record the proportion discharged? On a complex minerals site it may be very difficult to accurately measure all abstraction and discharges on and off site.

- Pg43- What is the definition of “unacceptable environmental risk”? How does this relate to “serious damage”?

Questions

- 1) What are your views on the proposal to convert seasonal licences into abstraction permissions based on water availability?

In principal MPA agrees with this proposal. As water availability does not always vary in accordance with the seasons it makes sense to convert seasonal licenses to abstraction permissions based on water availability. However, it is not straight forward to assess how this will impact on the minerals industry. Although during times of low surface flow it is likely that the groundwater level may have dropped it may not have dropped enough to enable the quarry to be worked dry. It is therefore essential, that the ability to dewater is not lost as the “availability” of water decreases during times of low flow. It should be considered how mineral developments can assist with providing surface flow through dewatering activities.

- 2) What do you think about the different proposed approaches to linking abstraction to water availability for surface water and groundwater abstractions?

The consultation document does not provide enough detail as to how groundwater and surface water would be linked as a resource. Although in an ideal world we would want to measure surface water availability at great detail (as proposed in the water shares option) this would be a lot of work for the regulator and potentially not provide enough certainty to industry. It would be interesting to understand what uptake there would be of the various “share” options available throughout the various sectors.

In terms of how this may affect the minerals industry, unless the minerals site has the potential to store water for use (by themselves or for use by another abstractor) at a later date, we can not see that this will assist us. Currently the majority of sites will not have suitable voids to store water as most sites will be in continuity with the groundwater or may be prevented due to planning constraints.

- 3) Would it be helpful if abstraction conditions required abstractors to gradually reduce their abstraction at low flows before stopping, rather than being just on or off?

We would agree that a gradual reduction (if required) would be beneficial rather than just being on and off for both the enhanced and basic catchments. However, this needs to be considered carefully if it is to provide a useful mechanism for industry to understand water availability and to manage their operations accordingly. A few days’ notice should also be provided before HoFs are initiated for operational reasons.

- 4) Do you think the proposal to protect the environment using a regulatory minimum level at very low flows is reasonable? If not, how do you think we should protect the environment at very low flows?

We would expect the regulatory minimum level required to support the environment to be transparently reported to all abstractors in a catchment. It is also unclear how this proposal will relate to the current system of drought orders and drought permits.

- 5) What do you think of the proposal to require abstractors who discharge water close to where they take it from to continue to discharge a proportion in line with their current pattern?

Through the Environmental Impact Assessment and planning requirements mineral sites are already required to demonstrate the link between the discharge and abstraction on a site and in general the effect of dewatering on the environment. We agree that a closer link between abstraction and discharge needs to be established in the EPP regime.

More detail on definitions such as “immediately” returned to the river, discharge “close to” abstraction point and “proportion” of abstraction returned to abstraction source is needed. Clarification is required on how this proposal relates to groundwater abstraction with subsequent discharge to watercourses (i.e. the typical situation at dewatered quarries). In the minerals industry the discharge and abstraction points can move around the site, how will this be considered in the proposals?

Through work on a draft MPA Water Strategy it has been demonstrated that measuring and metering water usage on mineral sites could be very complex. Discussions between industry and the regulator will be required before net usage on a minerals site can be fully understood.

- 6) How best do you think water company discharges should be regulated to provide reliable water for downstream abstraction without impacting on water quality objectives or constraining flexibility in water management?

The discharge from mineral sites should also be considered along with water company discharges as in some cases they may also be able to support abstractors downstream. We consider that it is important to understand the impact of cross-catchment transfers of water on water resources available for other abstractors in the catchments involved.

- 7) If you are an abstractor, how would these charging proposals affect your business?

As the proposals mainly apply to surface water it is difficult to understand how they will affect our industry. As quarry dewatering is currently exempt it can be expected that there will be an increased cost to abstract and transfer water. Only water actually consumed should be chargeable; not what is actually abstracted. Under both regimes it seems likely that for those abstractors who are unable to invest in storage will have to pay more than those who can.

- 8) To what extent would a system that charges abstractors partly on permitted volumes and partly on actual usage (ie a two part tariff) encourage abstractors to use less water?

We agree that charging for actual usage would encourage abstractors to use less water. However, accurate metering, which could be very expensive, would be required. Where there are multiple abstraction/ discharge points the cost could be considered to be excessive compared to the reduction in water usage.

- 9) Would quicker and easier water trading benefit abstractors now? How beneficial do you think it would be to abstractors in the future?

We understand that trading may be beneficial in some circumstances. If a quarry is dormant or has a license granted before extraction starts or the extraction stops before the license, trading may be appropriate. We would also be interested in understanding more about utilising quarry voids to store water to increase surface flow when required. At this time we would need to see further information on the trading proposals before commenting more fully.

- 10) To what extent do you see additional benefits in the wider range of trades that can happen under the Water Shares option, compared to the Current System Plus option?

Obviously it would be beneficial to be able to trade “up-stream” as in the Water Shares option. However, it is still unclear why this cannot take place in the Current System Plus option.

- 11) Do you agree that participation in abstraction trading should initially be limited to those with a direct interest in abstracting water?

Yes, but not just initially and we expect further consultation on how trading would happen. Obviously there is a great risk that the market could be dominated by financial investors and spectators.

- 12) Do you support our proposals for a more consistent approach to making changes to abstraction conditions? If not how would you improve the proposals?

We agree that a more consistent approach is needed for changes to abstraction conditions.

- 13) What notice periods do you think would best balance the needs of abstractors and the environment?

The notice period to some extent will depend on what is required of the abstractor. If a small reduction in abstraction for a short period of time is required a shorter notice period should be appropriate. However, if the regulator plans to remove the majority of an abstraction license a much longer period will be required (6 years plus). If notice periods are to be given a transparent procedure must be put in place so that the operator can understand why and when the review and change of conditions may happen.

It should also be considered that without an abstraction or transfer license for the duration of the minerals development (as agreed at the planning stage) in most situations the minerals development will not be viable.

- 14) Do you support the proposal to remove the payment of compensation for changes to abstraction conditions and to phase out the collection of the Environmental Improvement Unit Charge through abstraction charges?

We strongly disagree with any proposals to remove compensation payable in respect to the removal of the existing exemptions under the Water Act 2003.

Moving forward into a new system that does not affect compensation under the Water Act 2003, we do agree as it means that the majority of sustainable abstractors do not subsidise the minority of unsustainable abstractors. However, this could lead to greater uncertainty for operators where compensation would no longer be payable where the EA request a license change.

- 15) Do you agree it is important to take measures when moving licences into the new system that would protect the environment from risks of deterioration?

It is our understanding that the current EA “Restoring Sustainable Abstraction” programme should have identified those licenses that required measures to be put in place to prevent risk to the environment.

Moving over to the new regime the measures should be taken on a case by case basis. For example in the minerals industry a site may not be using the full quota of its' abstraction license. However, as the site deepens the full quota will be required. We are concerned to note that Defra is "not considering... a case by case assessment of individual abstractor's future possible needs".

- 16) Would you prefer us to consider the risks in each catchment when designing the rules for moving licences into a new system, or should we treat all abstractors in the same way regardless of water availability?

We would consider that the risks in each catchment should be considered when designing the rules for moving licenses into the new system

- 17) What would be the most effective method to calculate the new annual limits to be transferred into the new system (for example average annual, average peak or a combination of actual and licensed volumes)? And what assessment period should be used to calculate them?

For quarries with existing abstraction licenses we would look to the historic usage, taking account of economic conditions, along with the planning permission of the site to calculate the annual limits to be transferred to the new system.

For sites transferring and abstracting water under an exemption it is difficult to respond without knowing what the licenses will look like. Without knowing the conditions and annual limits we cannot begin to assess what the most effective method would be for these abstractions.

As outlined in the planning conditions for a minerals development the amount of water required to be abstracted is the amount needed to lower the water sufficiently to allow extraction.

It is essential that a minerals site can abstract water to allow the site to be worked dry for the duration of the life of the quarry. This means that when considering the licence conditions it should be expected that the site will be required to dewater more as the site deepens. Equally, some sites may not need to dewater till a given depth is reached. As this is outlined in the planning conditions for the site we would want to see join up between the planning permission and the abstraction/ dewatering license.

- 18) Do you support the establishment of a water reserve to support economic growth?

Yes, in principle. However, we would want to know how the unused quantities of water would be recovered from licenses, if it would be voluntary or compulsory and what would be the basis of deciding whether the water is unused? As Defra acknowledge, the reserve will run out so what happens then?

One consideration could be to place a time limit on allocations taken from the reserve to enable abstractors to seek other sources, for example, by trading or building storage. The allocation can then be returned to the reserve.

I hope you find our comments constructive, please do let me know if I can be of further assistance.

Yours sincerely,

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