
NES NARRATIVE DISCLOSURE ON MARKET ACTIVITY

INTRODUCTION

This narrative accompanies our 2019/20 Bioresources Market Information publication on our website.

ASSURANCE

Our approach to independent assurance of our Bioresources Market Information is consistent with that adopted for other regulatory publications, notably the Annual Performance Report (APR) and Cost Assessment publication. Our Internal Audit team have performed a review of the information provided by our Bioresources team for the purpose of providing assurance to the Directors and the Audit Committee Chairman that the data to be published has been produced in accordance with the guidance provided by Ofwat.

Based on the results of their review our Internal Audit team have confirmed that no exceptions or issues were noted. The data reported in all of the tables has been reconciled to supporting documentation and to data taken from our corporate systems. The data is also consistent with that used in the preparation of our APR and Cost Assessment submissions, the assurance for which is detailed in our 2019/219 Data Assurance Summary document. Where an estimated approach has been adopted our Internal Audit team have confirmed that the assumptions made are appropriate and in line with the guidance.

BIDDING ACTIVITY

Our service continues to be provided by our own in-house Bioresources business, this having being recognized as the most efficient in terms of operational expenditure of all the water companies operating in England.

We continue to review current processes to make sure they are economic and meet our regulatory requirements within the Bioresources price control.

MARKET SHARE

In 2019/20 we have continued our 2 AAD (CAMBI) operations at Bran Sands and Howdon Sludge Treatment Centres.

Veolia is contracted to provide a dedicated Biosolids Agricultural service; to locate and agree agricultural sites for the spreading of the AAD product – BAS accredited Biosolids. The transit of this product occurs in-house via NWGrow fleet of branded vehicles.

Raw sludge movements (both inter and intra sites) are provided by NWL dedicated fleet of vehicles and drivers and managed by the Bioresources logistics team

We also have extended our contract with 3R Solutions for logistical services when we require assistance in transportation due to time, volumes or agricultural need.

We continue to maintain a strong working relationship with our neighbours at Yorkshire Water, United Utilities and Scottish Water

RISKS, ISSUES AND BARRIERS

We are committed to developing our market share and will continue to highlight any risks, issues or barriers.

Complex and differing organic recycling legislation continues to be a hurdle to future competition within the organic recycling arena. The trading and treatment of other organic waste through our existing Bioresources business would mean potential regulatory confusion, added financial and administrative burden until further alignment and a common regulatory framework could be understood and implemented.

We are committed to full compliance with the Biosolids Assurance Scheme (BAS). This could potentially be the vehicle utilized to deliver a common legislative approach in the future as BAS greatly values the land-bank in maintaining healthy soils and actively engages with a wide variety of agricultural stakeholders and customers to ensure best agricultural practice and legislative compliance

We recognize that the EA produced their **Sludge Strategy** document in March 2020, and are committed to working with them to align best legislative, environmental and agricultural practice in any revised legislative arrangement. There will be a series of working groups, workshops and discussion forums that NWL are committed to by part of and engage with to aid the EA and the wider Water Industry in the delivery and implementation by 2023

ENGAGEMENT ACTIVITIES/INITIATIVES

We continue to investigate the potential for long-term treatment contracts for bioresources arising from neighbouring water companies; both as emergency mutual aid support and a longer term contractual position

We have, when treatment capacity allows, continued to support neighbouring WASCs with treatment of sludge and will continue, in conjunction with our Commercial team, to look for and explore innovative, resilient and specialised transport, treatment and recycling opportunities within the bioresources and larger organic waste industry

We also continually look for other opportunities, such as in fleet management services, continuing to optimise our current bioresources service and looking for additional options to recover energy. We now have the Standard National Open Operators License (O license) and are able to actively look to operate and manage for hire and reward using our bioresources logistics fleet.