

# Komiti Ngā Wai Hangarua Wellington Water Committee

08 July 2021

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Report no: WWC2021/3/173

## Wellington Water Limited - Approach to Regulation

### Purpose of Report

1. To brief members on Wellington Water Limited's progress with preparations to meet Taumata Arowai regulatory requirements

### Recommendations:

That the Committee:

- (1) notes that Wellington Water Limited has been proactive in preparation for regulation;
- (2) notes that Wellington Water Limited is building its regulatory maturity ahead of full compliance from 1 April 2022; and
- (3) notes that the Water Services Bill will carry risks for Wellington Water Limited and for Council asset owners who make decisions on investments in drinking water assets.

### Background

2. Wellington Water Limited has established a regulatory function to prepare the business to meet the performance requirements in the Water Services Bill, which is expected to be enacted early in 2022.
3. The approach is to understand the gaps between current capability and what is needed for Wellington Water Limited to become a best practice water services provider. We now have a good sense of what is required and a workplan to realise our strategy is in play which is attached as Appendix 1 to the report.

### Key messages

4. Wellington Water Limited is on target to meet regulatory requirements from April 2022.

5. A new duty of care regarding safe drinking water applies to Wellington Water Limited and other drinking water suppliers from 1 July 2021.
6. Because councils are the owners of drinking water assets, the Water Services Bill is likely to carry risks for them that are independent from the regulatory risks on Wellington Water Limited, as operator.

### Appendices

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# Wellington Water – Approach to Regulation

Water Committee Presentation – July 2021



## Priority 1 – Drinking water safety

From July 2021

- Duty of Care applies – Taumata Arowai
  - Provide safe drinking water
  - Meet drinking water standards
  - Officers exercise due diligence
  - Notify Taumata Arowai as required
  - Monitoring starts under draft rules & standards

From April 2022

- Full compliance under Water Services Bill
  - Performance standards active
  - Enforcement is active
  - Reporting starts

## Priority 2 – Waste and Storm water requirements

From July 2022 – Depends on Water Services Bill, due August 2021

## The transition opportunity

While we are responsible, we need to consider transitioning towards being a **best practice** regulated water services provider. The change will be a multi-year process.

We will have 3 work streams running in parallel from July 2022:

1. Drinking water regulation
2. Wastewater & stormwater regulation
3. Preparing for transition

Regulatory Services adopting a principled approach:

- Adopt best practice [vs invent]
- Complete self-assessment audit [where are the gaps]
- Analyse risks and impacts [how do the gaps impact compliance & performance]
- Prioritise activities [regulatory priorities first]
- Target delivery [focus resources & activate delivery]

## Water Services Bill requirements

Duties of drinking water suppliers clearly set out in Part 2 of the Bill. Part 3 non-compliance offences are either infringement [some] or criminal [most].

- Regulatory Services has assessed in detail where the gaps are between Wellington Water capability and Taumata Arowai best practice regulation
- Tranche 1 focus is on lifting process and people capability. We have a detailed work programme underway to improve Wellington Water operating model and meet compliance requirements from April 2022.
- Tranche 2 focus is on improvements to monitoring & reporting capability - will be scoped once we see the Water Services Bill in August 2021
- Together these improvements will provide us with a regulatory performance system and an improved operating model to meet regulation requirements

## Asset owner risks

Water Services Bill includes compliance and reporting requirements on both operator of water services (Wellington Water) and on the owners of water services assets (our Councils).

We submitted to the Select Committee on this issue and asked for greater clarity with definitions and the inclusion of 'due diligence' obligations on, and between, both asset owner and operator under the Wellington Water model.

Our recommendation is that the final Bill needs to remove any doubt on just who an operator is and what the responsibilities and risks of asset owners.

There are a number of clauses in Parts 2 and 3 of the draft Bill that, if unchanged, suggest that legal agreements between the council owners and Wellington Water will be needed to overcome any residual ambiguity about which party is accountable for regulatory performance under the final Bill.

We are looking into how those agreements could be set up but at a minimum we consider that clauses 23, 30, 55, 168, of the Bill could be clearer.

## Water supplier monitoring requirements (2022)

Draft Operational Compliance rules set out the minimum performance requirements that we must meet in the supply of safe drinking water.

- Source water monitoring (these are all new)
  - Bacterial
  - Physico-chemical
  - Radiological
- Treatment plant (some are new)
  - Bacterial & Protozoa
  - Chemical
  - Cyanobacteria
- Distribution system monitoring
  - Free Chlorine (FAC) & pH sampling
  - Disinfection by-products
  - Plumbosolvent metals
  - Microbiological sampling

These metrics are to be reported on a periodic basis (near real time through to annual).

Some are full data and others by exception. All are digital only and are officer certified.



## Annual assurance rules (2022/23)

These are a new requirement. Annual disclosures by Wellington Water to demonstrate its activities contribute to provision of safe drinking water.

- Rules are yet to be defined but expected to include:
  - Backflow planning
  - Water sampling planning
  - Source water risk management
  - Water safety planning
  - Others to be confirmed

These assurance reports must be provided to Taumata Arowai by 14 July each year.

Compliance with assurance rules may be the subject of audits during the year.

### SWDC - SUMMARY DISCLOSURES Q4 2021

Treatment Plant	Protozoa/UV compliance Rules					Bacterial compliance Rules			
	T3.10	T3.11	T3.12	T3.13	T3.14	T3.20	T3.30	T3.40	T3.50
<b>Featherston</b>									
Apr-21	0.0%	0	0.0%	0	0.0%	0.0%	0	0.0%	0
May-21	0.0%	0	0.0%	0	0.0%	0.0%	0	0.3%	0
Jun-21	0.0%	0	0.0%	0	0.0%	0.0%	0	0.0%	0
<b>Martinborough</b>									
Apr-21	0.0%	0	0.0%	0	0.0%	0.0%	0	0.0%	0
May-21	0.0%	0	0.0%	0	0.0%	0.0%	0	0.3%	0
Jun-21	0.0%	0	0.0%	0	0.0%	0.0%	0	0.0%	0
<b>Greytown (periodic)</b>									
Apr-21	0.0%	0	0.0%	0	0.0%	0.0%	0	0.0%	-
May-21	0.0%	0	0.0%	0	0.0%	0.0%	0	0.0%	-
Jun-21	0.0%	0	0.0%	0	0.0%	0.0%	0	0.0%	-

Note: these are actual results from Q4 water treatment monitoring at SWDC

