

News Release
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RECORD WATER AND SEWAGE INVESTMENT IN THE PIPELINE

A record £3.1 billion programme of investment to improve water and sewerage services over the next five years has been unveiled by Thames Water.

Following the conclusion of a review of water prices by the industry regulator Ofwat, Thames Water's planned improvements will focus on modernising Victorian water mains and sewers across the company's 5,000-square-mile supply area.

Thames Water's average bill for water and waste water services will rise by £51 (24 per cent) to £261 over the five years. The increase in 2005/06 will be 14 per cent (to £246) to allow major engineering schemes, such as water mains replacement, to progress as soon as possible.

The company says the work is essential to help maintain services to customers in the face of climate change and rapid population growth forecast for London and the south east.

The programme, effective from 1 April 2005, includes:

Replacing over 850 miles (1,300 km) more water mains in London, where a third of the network is over 150 years old, a key contributory factor to the capital's higher leakage rate. The pipes to be laid would be enough to stretch round the M25 more than seven times. A continuation of a programme started two years ago, the rolling programme of new work will focus on the boroughs of Camden, Islington, Kensington & Chelsea, Brent and Westminster. Precise streets affected will be announced following discussions with the boroughs concerned and Transport For London.

An accelerated programme to reduce the risk of sewer flooding to customers' properties. The target is to reduce the list of vulnerable properties by more than 10,000 by 2010. Thames Water will work with the water industry consumer watchdog WaterVoice to ensure priority is given to those properties at greatest risk.

Investment totalling over £40 million to alleviate odour, principally at Mogden Sewage Treatment Works, in Hounslow.

Construction of the mainland UK's first desalination plant, treating salty water from the tidal Thames in Newham, for public supply; a planning application for this plant is pending.

Two new extensions to the record-breaking, 50-mile (80km) Thames Water Ring Main in London - one connecting it to Coppermills Water Treatment Works in Walthamstow, via Stoke Newington and Islington, the other feeding extra water into the Brixton area for storage at Honor Oak, in Southwark.

A 30 per cent increase (to £1.1 billion) in routine maintenance of water mains sewers and treatment plants.

Further work to maintain long-term water supply to customers. This will include detailed planning for a major new reservoir in Oxfordshire.

Werner Boettcher, Managing Director (Designate) of Thames Water Utilities, said: "The programme we have agreed with Ofwat centres on the need to make sure our ageing Victorian water and sewerage networks are able to cope with the demands of the 21st Century, including emerging factors, such as climate change and the dramatic population growth forecast for London and the south east over the next decade.

"Ofwat has limited our planned investment to £3.1 billion, which is less than the £4 billion we originally requested. As a result of this shortfall, some schemes we wanted to take forward will have to be deferred, but the investment programme ahead of us is still the biggest we have ever had to deliver.

"The terms we have agreed also represent a major shift from Ofwat's Draft Determination, which limited investment to only £2.7 billion.

"It's satisfying that Ofwat has clearly listened to our case for modernising the basic water and sewer networks before it is too late.

"Historically they have taken second place in the investment queue, behind work to improve drinking water quality and sewage treatment processes, but with London alone set to grow by 800,000 people by 2016, it would have been irresponsible to once again overlook the pipes in the ground that are so fundamental to our service to customers.

"Throughout the Price Review process, we have also been acutely conscious of the need to ensure our bills remain affordable for all our customers.

"Even though our prices will have to rise to pay for crucial investment, we are pleased that our average annual charge for water and waste water services will remain one of the lowest in the country.

"No-one, however, should be in any doubt of the scale of the challenge Ofwat has set us. The targets we face are extremely demanding.

"With a proven track record of meeting challenges, we now simply have to knuckle down and deliver the improvements we know are necessary as efficiently and effectively as we possibly can."