and - Risk Update

# **Sustainable Water Supply & Demand**

**Wellington Water Committee Situation Update and Discussion** 





#### Our water, our future.

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#### **Situational Analysis**



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Sustainability Water Supply and Demand - Risk Update

### **New Information/Developments**



- Population growth is higher than projections that informed the 2021-31 LTP
- Per capita consumption is expected to exceed planning assumptions this year
- As a result, the likelihood of more frequent, severe and extended watering restrictions in summer has increased
- Cost estimates have risen
  - Investigation work progressed and scope of work required refined
  - Rising market delivery costs



Significant change to expectations for 2024-34 LTP

Funding shortfall for investigation/design work prior to 2024

Our water, our future.

Attachment

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nd - Risk Update

#### **Supply Risk Going Forward**

Wellington

We are exceeding our target drought resilience level of service prior to completion of Te Marua optimisation project (2025)

...and the likelihood of shortfall is increasing



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#### Our water, our future.

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- A. Accept a significantly higher risk of supply shortfall until an option under B below is implemented [Not recommended]
- B. Start work now in preparation for delivery commencing FY24/25 on demand and/or supply side options

Option		Investigation/Design Work
1a	Universal residential smart metering	
1b	Universal residential smart metering with volumetric charging	\$3-5M
2	Te Marua Supply Scheme expansion	\$2-4M

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What Are Our Options?



Attachment 3

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### **Preferred Pathway to Meeting LoS**



If lesser demand reduction is achieved (volumetric charging not adopted) items 3 & 5 will be required earlier

## Discussion

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- Investing in a more efficient network/demand reduction (metering) or more storage (Te Marua expansion) are both 'no regrets' options
- Demand reduction through metering aligns with Te Mana o te Wai and Sustainable Water Supply strategic principles and objectives
- Source capacity increase and existing consent renewals are expected to be difficult to consent without first showing progress in demand reduction
- Three Waters reform poses additional risks
  - Delays of 2+ years
  - Commitment to funding further work needed prior to 2024 (\$ not provided for in 2021-31 LTP)
- Perceived lesser risk associated with progressing supply expansion
  - CAPEX (source capacity) vs OPEX (metering foundations) funding and ability to transfer debt to Entity C
  - Political sensitivity, business systems and processes and associated complexity for implementation of metering
- Supply expansion should ideally be progressed in parallel with metering given the risk and uncertainty
- What risk is the region prepared to carry prior to water reform, and hand to Entity C?

51