

Climate Change

We have continued to deliver our carbon strategy during 2008/09. Our aim is to achieve short and long term carbon dioxide reductions as well as delivering the activities that will help us to make those reductions, such as employee engagement.

This year, we've achieved the Carbon Trust Standard for our water business, which recognises the robustness of our carbon strategy and verifies our achievement of year-on-year carbon reductions. We have also worked with the Certified Emissions Measurement and Reduction Scheme (CEMARS) to verify our carbon accounting method against the ISO 14064-1 standard.

Energy consumption in our water business was reduced by 12Gwh through our ongoing programme of energy efficiency. We increased renewable energy production from 93 Gwh in 2007/2008 to 100 GWh in 2008/2009, through further investment in combined heat and power technology.

However, our overall carbon footprint has increased from last year. This is due to some changes in the way we are required to report on our activities. Significantly, we can no longer claim carbon savings on our renewable energy generation or on our purchase of certified renewable energy.

We have also continued to pursue our programme of employee and stakeholder engagement on carbon. Internally we've continued our Think Carbon communications programme and started delivering a leadership training programme. Externally, we have been involved with some strategic groups influencing regulatory policy on carbon to support our reduction aims. Our plan for investing in water assets over the next five years includes an aim to reduce carbon by nearly 21,000 tonnes and we need to secure the support of Ofwat to achieve this. We have also been motivating other businesses through our sponsorship and involvement in the Prince of Wales' May Day network with Business in the Community.

The impact of climate change on our business is likely to be significant in terms of availability of water resources, more intense storm events impacting wastewater network management and the increased risk of flooding of our assets. We have taken account of the predicted effects in our Draft Water Resources Management Plan and our final business plan.