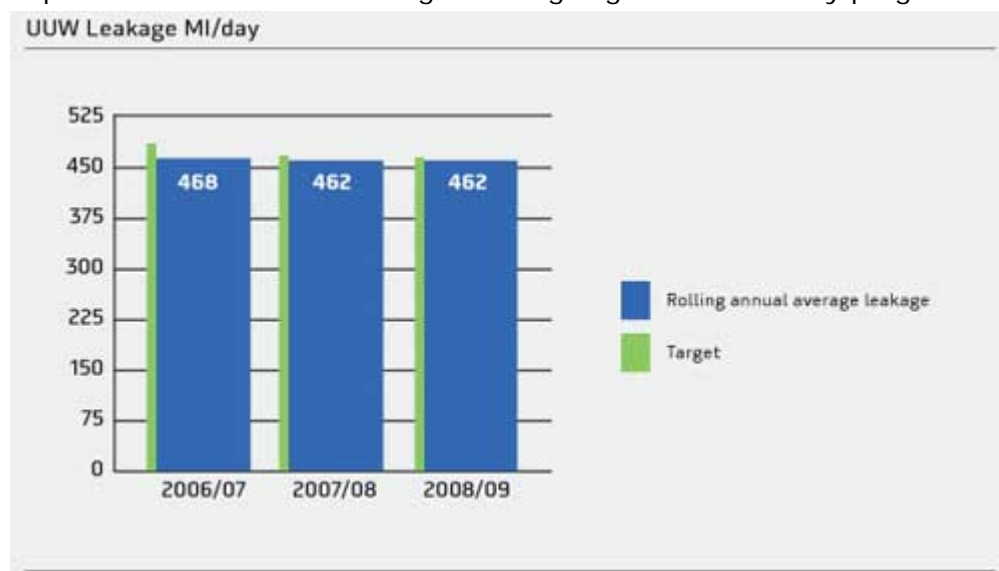


# Leakage

This year we achieved Ofwat's 12-month rolling leakage target of 465 megalitres per day for 2008/09, which equates to the sustainable economic level of leakage (SELL). The SELL is the level, approved by Ofwat, at which it would cost more to make further reductions in leakage than to extract water from other sources. This approach helps to ensure that the total cost of supplying water is minimised and that companies are operating efficiently to provide best value for customers and to protect the environment.

Our target for the year ahead is to maintain this level of performance. Further reductions in leakage will be required from 2012 onwards to maintain a healthy supply-demand balance. West Cumbria is a particular challenge where a new source is proposed in addition to reductions in leakage. Other improvements will come through our ongoing water efficiency programme.



The amount of water lost to leakage from our network was 462 million litres a day, meaning that we have met our target for the third consecutive year. However a cold winter presented a big challenge to managing leakage this year and there was a 51% increase in the number of leak repairs from December 2008 to February 2009, compared to the same period in the previous year. In response to this we:

- Increased detection resources
- Accelerated our response to leaks, often achieving next day repairs
- Increased customer awareness through extensive media campaigns to promote our 'Leakline' reporting facility

Our people are key too - our team of trained leakage detection employees and analysts played a major role in helping us achieve our target. We also used a sophisticated leakage information system that receives and analyses flow and pressure data from more than 7,000 sites across the region. This helps us to identify areas where there's high leakage and directs our leak detection activities.

We're committed to innovation. New technologies are reviewed continuously and introduced into the business as appropriate. Hydraulic modelling can be used to help identify the location of leakage hotspots and we have developed a software package (WaterGems) jointly with Bentley Systems. It's an award-winning approach. This package won the 2008 award for Applied Research in an International Water Association (IWA) project innovation competition for the European region. It uses mathematical models of our distribution networks, together with recorded pressure and flow data, to help narrow down the location of leakage. Use of this technology is being introduced as business as usual into our water network modelling team.

We're also managing leakage in other areas of our operations, helping clients to improve their performance. Welsh Water report levels of leakage for 2008/09 of 194.8 MI/day, down from 204 MI/day in 2006/07 and from 260 in 2000/2001 when we started the contract. In Tallinn, Estonia, leakage was 11 MI/day in 2008 down from 13.4 in 2006.