

Wales Water Industry Strategic Environmental Requirements

The Wales Water Industry Strategic Environmental Requirements (WWISER) sets out Natural Resources Wales's (NRW) expectations of water companies that operate in Wales or rely on resources from Wales. It sets out the requirements each company should address when meeting their environmental obligations. Prepared by NRW, it defines the statutory and non-statutory expectations, and expected approach for Price Review 2029 (PR29).

WWISER should be read alongside:

1. the Welsh Government's Strategic Priorities and Objectives Statement (SPS) to Ofwat issued under section 2B of the Water Industry Act 1991, and successors.
2. the Wales National Environment Programme (NEP) process guidance, and the England Water Industry National Environment Programme (WINEP) methodology where relevant to English catchments or cross-border operations.
3. the NEP Driver Papers that set out the specific actions that must be met to qualify for inclusion on the NEP.
4. Ofwat's PR29 methodology.
5. the Annual Environmental Performance Assessments of Water Companies (performance reports can be found here: [Water Company Performance - Ofwat](#)).
6. regulator issued guidance to the water industry.

The NEP sets out the actions water companies need to take to meet their environmental legislative requirements and related government priorities. Water companies submit the NEP to Ofwat as part of their business plan for funding approval.

Water management within Wales is informed by several statutory planning frameworks (Appendix A) which include;

1. River Basin Management Plans (RBMP)
2. Water Resources Management Plans (WRMP)
3. Drainage and Wastewater Management Plans (DWMP)
4. Flood Risk Management Plans (FRMP) / Local Flood Risk Management Strategies (LFRMS)
5. Shoreline Management Plans (SMP)
6. Welsh National Marine Plan (WMP)
7. Water Company Drought Plans (WCDP)

Water management across Wales is additionally supported by a suite of strategic documents and evidence (Appendix A), comprising;

8. Area Statements
9. State of Natural Resources Report (SoNaRR) 2025

The WWISER requires water companies take all these frameworks into consideration in their business planning.

Water companies should meet these expectations in the outcomes, performance commitments and investment decisions that are set out in the PR29 business plans. **These are the minimum requirements, and companies are expected to go beyond the minimum where there is clear environmental benefit and / or strong customer support to accelerate progress for nature, resilience and service.**

WWISER is written for water and sewerage undertakers operating wholly or mainly in Wales or relying on resources from Wales, including new appointments and variations (NAVs) serving Welsh customers. Regulators, customer groups and other stakeholders can also use it to inform the design, funding and delivery of environmental outcomes in Wales, as well as to aid understanding of water company business plans.

Welsh Government Priorities and Principles

The Welsh Government (WG) Water Strategy for Wales (2015), sets a 20-year direction for an integrated and sustainable approach to managing all inland, estuarine and coastal waters in line with the Well-being of Future Generations (Wales) Act 2015. Its vision for Water in Wales is:

“We will ensure that Wales continues to have a thriving water environment which is sustainably managed to support healthy communities, flourishing businesses and the environment. We want the people of Wales to receive first class, value for money, water services with water used efficiently, safely and respectfully by all”.

In 2022, the WG published an SPS setting the priorities for Ofwat for Price Review 2024, taking account of difference in both policy and legislation between the UK and WG, and acting as a bridge between government policy and regulatory practice. It provides strategic direction to ensure Ofwat’s decisions and water company business plans aligned with WG objectives. Interim updates are anticipated during PR29 planning.

A copy can be found here: [Strategic Priorities and Objectives Statement to Ofwat issued under section 2B of the Water Industry Act 1991](#)

Price Review 2029 (PR29)

Ofwat's price review is the five-year process that sets the price, investment and service package for water and wastewater companies in England and Wales, including the allowed revenue that determines customers' bills and the level/timing of investment for each subsequent Asset Management Period (AMP) period. The next review, PR29, will set controls for AMP9 (2030–2035) and, based on Ofwat's established timetable at previous reviews is expected to conclude with final determinations in late 2029 (typically December).

Through the PR process, Ofwat scrutinises company business plans to ensure they:

- deliver statutory obligations,
- are customer-focused, and
- set stretching targets for performance and outcomes.

Ofwat defines outcomes supported by performance commitments (PCs). Performance commitment levels (PCLs) are the pledges companies make about the service levels they will achieve. Companies face outcome delivery incentives (ODIs), both reputational and financial linked to performance against PCLs. Price Control Deliverable (PCD) are additionally used as a mechanism that specifies the enhancement outputs a water company must deliver with its allowed funding, with clawback and time-based incentives applied if delivery is late or not achieved.

For PR29, Ofwat requires companies to plan beyond a single AMP, at least through AMP9 (2030–2035) and AMP10 (2035-2040), and ideally to 2050 (around AMP12) to align with Ofwat's long-term strategies, support certainty and to enable long-term planning that avoids abortive spend. Plans must set out how each company will meet environmental and other obligations, and demonstrate efficient delivery so that customers pay only their fair share.

National Environment Programme (NEP)

In Wales, the NEP is NRW's schedule of environmental actions that translates legislative obligations as set out in the NEP Driver Papers into site-specific requirements for water companies. It is published as a Wales-wide dataset used by water companies in their business planning and Ofwat in its price review determinations. Ofwat assesses and allocates funding to the agreed actions through enhancement expenditure allowances generated via customer bill increases.

NEP actions identify the new or changed obligations that water companies must meet via their business plan investment. This WWISER sets the expectations of the actions, and the NEP Driver Papers establish the criteria that actions must meet to be included on the NEP. NRW maintain the NEP dataset used in Ofwat's determinations, and exercise its permitting and regulatory functions to assure compliance.

The NEP is designed to:

- focus on delivering outcomes;
- support the delivery of wider environmental benefit (enhancing ecosystem services);
- have a longer-term focus (up to 25 years);
- deliver a more systems and catchment-oriented approach that accommodates greater innovation and collaboration across water companies, including facilitating a greater use of catchment and nature-based solutions (C&NBS);
- support co-design, co-delivery, and co-funding of solutions by involving third parties in a transparent and collaborative process;
- make best use of and improve available data;
- support innovation.

NEP actions will be allocated against the relevant Driver Paper and associated Driver code. They will be classed as Statutory (S) or Non-Statutory (NS) requirement, as defined in Table 1.

Obligation	Definition
Statutory (S)	Statutory obligations arise from legislative requirements and the need to comply with obligations imposed directly by statute or by permits, licences and authorisations granted by the Welsh Minister, Secretary of State, NRW or other body of competent jurisdiction. Other statutory obligations include ministerial directions and meeting specific planning requirements. While it is important to understand the costs and benefits of measures needed, these statutory obligations must still be achieved.
Non-statutory (NS)	Some expectations are not driven by statutory requirements. There may be a public need which may not be underpinned by a specific Act or piece of legislation. Water companies should demonstrate that there is an environmental requirement and/ or customer support and that such investments provide best value for customers over the long term.

Table 1: Definition of statutory and non-statutory obligations

NEP actions can cover investigations (INV), monitoring (MON), and capital investment (IMP – implementation). As resources are limited, the NEP provides a framework in which to consider all policy, guidance and drivers to prioritise actions, determining what is delivered, when, and why. Some investments may extend across multiple AMP delivery periods to achieve long-term outcomes.

Natural Resources Wales’s (NRW) Role

NRW is the WG sponsored environmental regulator and also delivers evidence-based advice to partners and stakeholders to support environmental policy alignment and the sustainable management of natural resources (SMNR). Its core purpose is to deliver the principles of SMNR as required under the Environment (Wales) Act 2016, and to embed sustainable

development across all its functions in line with its duties under the Well-being of Future Generations (Wales) Act 2015.

Working within Wales's collaborative legislative framework, NRW engages with water companies and stakeholders to shape each price review NEP, identifying opportunities to deliver SMNR and well-being goals. During the following AMP period NRW ensure the agreed NEP is delivered. This includes annual [environmental performance assessment](#) of water companies and regulating water company activities such as wastewater discharges and water abstractions.

Water Industry in Wales

Water companies in Wales are network operators that deliver water and wastewater services within defined areas. Wales also supplies water as a resource to companies in England for their customers benefit. These companies must also adhere to the WWISER requirements with respect to their activities and obligations to mitigate any impact on Wales from the resource they use.

Water and sewerage companies operating within or affecting Wales include;

- **Dŵr Cymru Welsh Water (DCWW)** – the largest water and sewerage undertaker in Wales. It provides water and sewerage to all its customers, as well as providing sewerage only services to parts of North West Wales including Wrexham. They are a not-for-profit company with no shareholders.
- **Hafren Dyfrdwy (HD)** – providing water only services in Wrexham and parts of Denbighshire and Flintshire, while providing both water and sewerage in northern Powys. A regulated subsidiary of the Severn Trent plc alongside Severn Trent Water.
- **United Utilities (UU)** – supplying customers in northwest England with water originating from a few catchments in north and mid Wales.
- **Severn Trent Water (SvT)** – supplying customers in the Midlands of England with water originating from Wales.

- **South Staffordshire Water (SSW)** – supplying customers in England with water originating from Wales.

NRW takes the lead on NEP development for DCWW and HD, who are based wholly or mainly in Wales and work collaboratively with UU, SSW and SvT and regulators (operating mainly in England) to inform their environmental measures.

New Appointment and Variation (NAV) companies also provide water and/or sewerage services to sites within Wales currently via bulk supply and/or discharge agreements with relevant incumbents including;

- **Last Mile group** (NAV), formerly Icosa, providing water and sewerage services to a few sites around Wales (operating mainly in England).
- **Independent Water Network** (NAV) providing water and sewerage services to a few sites around Wales (operating mainly in England).
- **Albion Eco** (NAV) supplying water to a non-household customer in north Wales (operating wholly in Wales).

There are several water supply and sewerage licensees (WSSLs) known as the retailers who can offer water only services (restricted retail authorisation) to non-household (businesses etc) customers in Wales. The list of WSSL operating in Wales is here [Licences and licensees - Ofwat](#).

While NAVs form part of the wider water industry, they are not subject to Price Reviews (PR); therefore, references to the sector within this document apply to NAVs only in relation to their statutory duties, and not to PR-related requirements or funding mechanisms.

Challenges

In Wales water companies, regulators, local government, and communities together face significant challenges relating to the water environment. These include:

- increasing pollution incidents;
- increasing population and urbanisation;
- ageing assets and infrastructure;

- adapting to climate change including extreme weather events;
- land use pressures;
- natural resource limitations;
- biodiversity decline; and
- affordability.

Water companies in Wales have a critical role to play in addressing the challenges and in achieving the related targets set out in the statutory planning frameworks (Appendix A).

Environmental Policy Context

The Well-being of Future Generations (Wales) Act 2015, the Environment (Wales) Act 2016 and the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill (2025) establish the key legislative elements of Welsh Environment Policy context. Collectively, they create an integrated framework for decision making, regulation and planning that puts environmental responsibility at its heart. Water company business planning that affects Wales or its resources must adhere to this policy context.

Well-being of Future Generations (Wales) Act 2015 embeds sustainable development across public decision-making so that Wales maintains and enhances a biodiverse natural environment with resilient ecosystems, reduces its global environmental footprint, and plans for climate adaptation within environmental limits to safeguard natural heritage for future generations. Public bodies must set and make progress towards well-being objectives and apply the five ways of working (long-term, prevention, integration, collaboration and involvement), and support progress towards the seven national goals, with the environmental focus most explicit in *A Resilient Wales* and *A Globally Responsible Wales*.

Environment (Wales) Act 2016 - Section 6 places a duty on Welsh Government and other public authorities - including statutory undertakers such as water companies - to seek to maintain and enhance biodiversity and, in doing so, promote the resilience of ecosystems. Wales has committed to halt biodiversity loss by 2030 and achieve nature recovery by 2050. Public authorities including water companies are expected to mainstream biodiversity and restore ecosystem resilience across all functions, taking proactive, proportionate and evidence-led action, supported by Section 6 plans and reporting. It also sets climate-change commitments and, under Section 79, requires the production of Drainage and Waste Water

Management Plans (DWMPs). In addition, it introduces area statements, which deliver the spatial dimension of natural resource policy by guiding action at the appropriate scale—both by NRW and through influencing others—to maximise benefits, align policies, and enhance ecosystem resilience.

Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill (2025) – provides a framework for statutory biodiversity targets for improvement and action to halt and reverse biodiversity loss and reaffirms principles such as the polluter pays. The Bill confirms that any target set must contribute to one or more of: (i) increasing the abundance of native species; (ii) enhancing the resilience of ecosystems; (iii) increasing genetic diversity.

Alongside this Welsh policy context, water company planning for the NEP must also take account of other relevant legislation, including (but not limited to):

- The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 (the WFD Regulations) covering considerations of:
- The Bathing Waters Regulations 2013
- The Urban Waste Water Treatment Regulations (England and Wales) 1994 (UWWT Regulations)
- The Shellfish Water Protected Areas (England and Wales) Directions 2016 (the Shellfish Directions)
- Environmental quality standards and chemicals requirements (EQSD),
- Drinking Water Protected Areas,
- The Salmon and Freshwater Fisheries Act 1975 (SFFA 1975);
- The Eels (England and Wales) Regulations 2009
- The Invasive Alien Species Regulation (IAS Regulations) and the Invasive Alien Species (Enforcement and Permitting) Order 2019;
- The Marine and Coastal Access Act 2009;
- The Conservation of Habitats and Species Regulations 2017 (as amended);
- The Wildlife and Countryside Act 1981 (as amended);
- The Water Industry Act 1991 (as amended by the Environment Act 1995) ;

- The Water Resources Management Plan Regulations 2007, and Drought Plan Regulations 2005, Directions given by Government including the requirement to produce Water Resources Management Plans (WRMPs) and water company drought plans;
- The Water (Special Measures) Act 2025;
- The Environmental Permitting (England and Wales) Regulations 2016 (EPR);
- The Climate Change Act 2008 and Climate Change Regulations 2021 (Wales).
- The Flood and Water Management Act 2010 and its National Strategy on Flood and Coastal Erosion Risk Management (FCERM);
- The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 in relation to bioresource and sludge management.

The NEP Driver Papers set out the overall obligations relating to water companies for the relevant legislation and the PR29 specific expectations that their business plans must meet. Where appropriate to PR29 there will be a driver paper for each environmental policy context above. In meeting the Driver Paper criteria water companies must also meet the statutory planning framework requirements (Appendix A) and WWISER expectations as set out below.

Expectations

The Welsh policy context and associated legislation as set out above apply to land owned by water companies, catchments they work in, places where they carry out their functions and places affected by their functions. Whether an NEP action is statutory or non-statutory, companies must show there is a clear environmental need, customer support, and that it delivers the best long-term value for customers and the environment, not necessarily the lowest cost. Business plans must explain how the company will meet the requirements, expectations and approach.

Some expectations are non-statutory now but may become statutory. Policy and environmental targets may also change. This document is not exhaustive: companies must still comply with all relevant laws, Government targets and statutory requirements.

Water companies must address any damage arising from their activities, and are expected to protect, restore, and enhance the environment. Each water company is required to set out the services and improvements it intends to provide to meet its obligations.

NRW expects water companies in Wales to use the price review process to advance SMNR and deliver wider environmental benefits. Companies should act on the key opportunities in Area Statements, SoNaRR 2025 (see Appendix A) and follow the objectives of Well-being of Future Generations (Wales) Act 2015.

Expected Approaches

Natural Resources Wales (NRW) expects water companies to demonstrate leadership in protecting and enhancing the water environment by:

1. Embedding environmental value in decision-making

The environment should be valued and at the heart of decision making, it should be embedded at the core of water company planning and decision-making, applying the principles of SMNR and drawing on evidence from Area Statements, SoNaRR, the Natural Resources Policy (NRP), and the Well-being of Future Generations (Wales) Act 2015.

NRW expects water company business plans to demonstrate clear alignment with SMNR, relevant national policy, and statutory planning frameworks, including DWMPs and WRMPs. Plans should adopt a holistic multi-benefit catchment-wide approach across all business areas, integrating water supply, wastewater, air quality, protecting and enhancing biodiversity, restoring ecosystem resilience and bioresources.

In doing so, companies should recognise the interdependencies between environmental pressures, customer behaviours, and long-term system resilience, explicitly incorporating the need to adapt to future climate change risks.

2. Spatial approaches

Planning and delivery are expected to adopt spatial approaches that prioritise interventions at source, followed by pathway controls, and only then end-of-pipe receptor solutions. This approach ensures environmental risks are avoided where possible and where not possible addressed in the most effective and proportionate way, across the relevant spatial scale.

3. Delivering multiple outcomes

Where compatible investment is being used to fix an issue under one driver, the work should also help meet the aims of other drivers where possible. For example, removal of a barrier to fish passage should also seek to enhance biodiversity, manage Invasive Non-Native Species (INNS) risks and improve water resources flow. Evidence of these multiple outcomes will be needed at options development and action specification stages.

Water companies in Wales should prioritise sustainable drainage (SuDs) techniques and wider nature-based solutions as the default to manage surface water, reduce chemical loads and relieve pressure on combined sewers. This approach aligns with planning frameworks, which embed risk-based flood/surface-water management and integration of green infrastructure, biodiversity and amenity into decision making. Welsh Government and NRW policy on storm overflows emphasises reducing environmental harm and tackling root causes—through source control, separation and retrofit SuDS—rather than relying solely on end of pipe solutions or expanding grey storage

4. Strengthening partnerships

Collaborative working across catchments and landscapes so that ecosystems function more naturally, wildlife benefits, and communities become more resilient to climate change is supported. NRW expects companies to show leadership through effective collaboration with partners and customers, transparent data sharing, robust evidence-based decision-making, and a clear long-term vision that supports shared environmental objectives for Wales to 2050.

5. Using new and innovative solutions

Wider environmental outcomes and, best value for customers and the environment should be delivered through improved industry practices, better design and planning, and more effective land management. Companies are expected to consider options that deliver multiple benefits, manage risks proportionately, and proactively share learning across the sector.

Companies must adopt innovative and sustainable decision-making, assess a broad range of options—including nature-based solutions—apply whole-life and lifecycle assessments, and plan for reasonable worst-case scenarios, such as drought and flooding.

Companies should look to collaborate and work in partnership to address the chronic, upstream, spatial causes in preference to the receptor, acute end-of-pipe impacts. This

approach will deliver SMNR and more robust solutions. It is recognised that such approaches may take more time and so early engagement is encouraged.

Business plans should also demonstrate how companies will meet their statutory duties, including maintaining and enhancing biodiversity, safeguarding asset health, investing to maintain future flexibility, and avoiding decisions that lead to long-term costs or stranded assets.

Appendix A

Statutory Planning Frameworks

River basin management plans (RBMPs)

River Basin Management Plans (RBMPs) establish an integrated framework—including daughter directives—for the protection and sustainable use of the water environment. They set environmental quality objectives for groundwater and surface waters (including estuaries and coastal waters) and summarise the programmes of measures needed to meet these objectives. Water companies must ensure that current and future activities, such as abstraction and the return of treated wastewater, support achievement of these objectives, prevent deterioration in water bodies, and—where RBMP requirements intersect with other legislation within the framework—comply with the most stringent applicable standard.

Water resources management plans (WRMPs)

Water companies have a statutory duty to prepare and maintain a WRMP as set out in Section 37A-37D of the Water Industry Act 1991. Companies must plan to make sure that there is a reliable water supply for people and businesses, and to protect the environment for at least 25 years. The solutions needed to achieve WRMP outcomes form the supply-demand component of business plans and need to balance managing demand, improving how water resources are allocated and developing new resources. Creating sustainable abstractions and managing the risk of deterioration and serious damage to the environment are an integral part of the WRMP process. Companies in Wales are asked to set out their environmental destination and how it will aid environmental sustainability and resilience across its water resource zones over short, medium and long term. For Wales, they should use [UKWIR](#)

[environmental destination investigation framework](#). This sets out prioritising and identifying the actions that could be taken in the short, medium and long term. We also set out our expectations for Environmental Destination within a supplementary guidance which forms part of Water Resources Planning Guidance. Any ED actions identified within WRMP that is not part of supply-demand balance will be identified within business plan as part of NEP.

Drainage and wastewater management plans (DWMPs)

DWMPs are being developed to ensure the sustainability of drainage infrastructure and the services it provides to customers and the environment. They will set out how water and sewerage companies intend to extend, improve, and maintain a robust and resilient drainage and wastewater system over the long term.

Regional water resources plans

Five regional planning groups made up of the water companies and other water users have been set up in England. Each regional group is producing a regional water resources plan. There is no requirement for a regional plan to be produced in Wales but if a water company operates within England or shares cross border resources, the relevant resource zones are included within the relevant regional plan. Regional plans set out at a strategic level, how the supply of water for people, business, industry, navigation, and agriculture will be managed in the region as well as a regional environmental destination. These plans will be reflected in WRMPs in Wales where relevant.

Flood risk management plans (FRMPs) / Local Flood Risk Management Strategies (LFRMS)

Flood risk management planning is carried out by Local Authorities as the Lead Local Flood Authorities (LLFAs) through the preparation of LFRMS. They include local objectives, measures and actions, which align to the National Strategy of Wales, for example by identifying integrated water management, sustainable drainage and nature-based solutions. NRW also prepare FRMPs) although the legislation that makes this a statutory requirement was revoked, NRW intend to continue the production of FRMPs with a national plan and for plans in each place.

Shoreline Management Plans (SMPs)

Shoreline Management Plans (SMPs) are non-statutory documents which provide the strategic direction for managing the coastline over the next 100 years. They aim to identify

and set out the preferred coastal risk management policies to reduce the risks to people and the developed, historic, and natural environments, over the long-term. SMPs manage the coastline in sections called policy units and describe how these will be managed over the short-term (2005-2025), medium-term (2025-2055) and long-term (2055-2105). Each policy unit will have one of the following management policies for each period:

- Hold The Line (HTL) by maintaining or changing the existing standard of protection
- Advance The Line (ATL) by building new defences on the seaward side of the original defences (although this hasn't been applied in Wales)
- Managed Realignment (MR) which allows the shoreline to move backwards and forwards, with management to control or limit the movement
- No Active Intervention (NAI) where there is no investment in coastal defences and natural processes are allowed to continue to create an evolving coastline.

Whilst SMPs are non-statutory, the WG want to see them considered both in local decision making and strategic planning, such as Local Development Plans and Local Flood Risk Management Strategies. SMPs support the delivery of the National Strategy for Flood and Coastal Erosion Risk Management in Wales with associated measures identified (measures 10 and 11). The Welsh National Marine Plan policy SOC-09: Effects on coastal change and flooding, also encourages proposals to take account of relevant SMPs and their policies to help ensure that proposed activities will not have significant adverse impacts on coastal processes and will not result in an increased risk of coastal change and flooding.

Water Company Drought Plans

Water undertakers must prepare and publish a drought plan in line with the Water Industry Act 1991 (as amended), the Drought Plan Regulations 2005 and the Drought Plan Direction 2017. The plan should set out how they will maintain water supplies and protect the environment during periods of low rainfall, detailing the actions they will take before, during and after a drought, along with how they will assess, monitor, and mitigate any environmental impact

Area Statements

The Environment (Wales) Act 2016 directs NRW to prepare Area Statements to set out and deliver the Natural Resources Policy priorities at a local scale. NRW has co-produced seven Area Statements to deliver on these priorities. Each Area Statement outlines the key challenges facing that locality, what we can all do to meet those challenges, and how we can better manage our natural resources for the benefit of future generations. They will be updated regularly and improved year-on-year as we engage with more people, gather new evidence, put forward ideas and work across boundaries to create opportunities.

The Area Statements should be a starting point for water companies in identifying and delivering outcomes with partners to deliver SMNR.

Area statements can be found here: [Natural Resources Wales / Area Statements](#)

State of Natural Resources Report (SoNaRR) 2025

SoNaRR 2025 provides the statutory, all-Wales evidence base for ecosystem condition and SMNR progress. SoNaRR's assessed pressures, opportunities and evidence needs

SoNaRR 2025 can be found here: [Natural Resources Wales / Explore SoNaRR 2025 content](#)