

Bringing India's water supplies to account

After years of waiting patiently for the market to take off, Suez Environnement is finally enjoying the fruits of India's PPP boom.

Suez Environnement has reinforced its presence in the Indian water services market, adding new contracts in Bangalore and Pimpri-Chinchwad to the flagship New Delhi deal it secured last November.

The new contracts have combined expected revenues of €20 million over their respective lives. The Bangalore contract effectively transfers operational control of a zone of the network to a private company, and signals the broadening acceptance in India of contracts of this kind.

Dr Jacques Manem, COO and director of Suez Environnement India, told GWI that he sees great potential for the French group to take on more of these network operations contracts in India. "Many of India's cities are looking at PPPs for water distribution now, and we are bidding for several projects. Some are willing to transfer operational control; others – such as Mumbai – are offering service contracts."

The larger of the two contracts was awarded by the Bangalore Water Supply & Sewerage Board (BWSSB) and covers a 26.5km² area in downtown Bangalore, with a customer base of more than 400,000 people. Under the eight-year contract, Suez and its JV partner SPML will implement capital works and rehabilitate a localised network system. The contract is divided into two phases, with the first three years focusing on planning and capital works,

and the latter five years on maintaining the system.

"The contract has a very strong performance-based element," says Manem. "There is a single KPI [key performance indicator]: UFW. We are required to reduce it to 16% from its current level, which BWSSB puts around 42%, by the end of the contract and would be subject to a penalty if this is not achieved, which could amount to as much as \$1 million."

This penalty structure means that the operator has to handle the risk that the information provided about the system during the tendering process was inaccurate or incomplete.

Manem explains how the risk will be managed: "One of the first tasks in the contract that we will undertake over the initial six months is to study the system and to produce our own best estimate of the level of UFW. If it is very different from the figure given then we will enter into discussions about it with BWSSB."

The priority given to reducing UFW in Bangalore is shared by many other utilities in the region. "UFW is one of the major issues for water utilities in India," agrees Manem. "But in order to address this problem, it is not just a matter of finding leaks and replacing pipes. The operational side is as important – reorganising the network and managing pressure."

The Pimpri-Chinchwad project is

smaller and takes the form of a short-term service contract focused on leakage detection and pipe replacement. This is a follow-up to a pilot that Suez Environnement had already carried out in the city, and will provide an opportunity for the group to use its helium-based leak detection technology. "The helium detection approach is especially well suited to India where pressure is low, service is intermittent and there is a significant proportion of non-metallic pipes. Together, these factors lessen the effectiveness of acoustic leak detection," Manem said. "Helium-based detection is also cheaper than acoustic when you have intermittent supply."

Suez Environnement's first major success in the Indian water services market came last year when it won a contract from the Delhi Jal Board, the capital's water utility, to manage the water supply network in Malviya Nagar in the southern part of the city. Ten months into the contract, Manem says that there have been no major unexpected issues, but that one of the biggest challenges has been communicating to customers the value of uninterrupted, 24x7 water supplies to improve water quality.

"In Malviya Nagar we are responsible for the full service, including the supply of potable water 24x7, meter reading and bill collection, so it is extremely important to develop a good relationship with our customers," Manem points out.

Report warns of groundwater impact of Aussie mines

A hard-hitting new document has quantified the possible impact of a series of new mines on local groundwater resources. It sits uneasily with the Coalition government's policy of fast-tracking environmental impact statements.

The approval of the 37,380-hectare Kevin's Corner coal mining project in central Queensland earlier this month has re-ignited the debate over the impact of large-scale natural resource projects on Australia's water resources.

The approval is the first for a coal mining project since the previous Labor federal government introduced its "water trigger" legislation in June this year. This enables the government to veto any new coal seam gas or large coal mining development based on its projected impact on Australia's water resources.

The decision came just weeks after the publication of a report arguing that the

effect of a series of planned coal mines – including Kevin's Corner – on the groundwater resources of Queensland's Galilee Basin "have to date not been sufficiently assessed, and are therefore poorly understood."

The report, 'Draining the Life-blood', authored by Hydrocology Environmental Consulting, predicts that the peak water demand of the five mines in the Galilee region for which assessment documents have already been prepared will amount to 50-70 million m³ per year, of which more than 60% will come from local surface and groundwater sources.

It also estimates that 1,354 million m³

could be lost from groundwater sources as a result of the planned projects, and that considerably higher volumes of groundwater could be made inaccessible due to aquifer depressurisation.

Government insiders view the HEC report as a serious, well researched document which underscores the need for governments to insist that miners take appropriate action to protect local water resources.

Looking ahead, the need for large mines such as Kevin's Corner to act as responsible environmental stewards should generate plenty of opportunities for large-scale water treatment infrastructure.