

## **‘Consultation on award of a project licence and issue of a waiver notice to the infrastructure provider’ – further information (published 7 August 2015)**

This note sets out further information on ‘[Consultation on award of a project licence and issue of a waiver notice to the infrastructure provider](#)’, which we published on 17 July 2015. The deadline for responding to the consultation is 14 August 2015.

In response to a request for information received by Ofwat under the Environmental Information Regulations, we provided the following additional information to the requester.

### **Costs**

The Original Base Case Forecast is a defined term in the project licence. It means “at any time, the sum of the Annual Base Case Forecasts at that time.” The Annual Base Case Forecasts will be set out in Annex A to Appendix 1 of the draft project licence but in the consultation version of the project licence these were left blank – (£[ ]). We now estimate the sum of the Annual Base Case Forecasts to be £3.144 billion in 2014-15 prices. This relates to the infrastructure provider’s estimated costs.

The Threshold Outturn will be a fixed number set out in the project licence. If the Threshold Outturn is reached, the infrastructure provider can ask Government to invest in the project as the shareholders of the infrastructure provider are only obliged to fund the project up to the Threshold Outturn. The Threshold Outturn will be calculated based on the Original Base Case Forecast at licence award plus 30% (see page 5 of the explanatory note to the draft project licence attached to ‘[Consultation on the regulatory framework for the infrastructure provider that will deliver the Thames Tideway Tunnel Project](#)’, which we published in October 2014).

Thames Water’s costs for delivering those elements of the Project which it is required to deliver are set out in our final determination (which can also be accessed on our [website](#)).

### **Construction contractual structure**

Below we set out a diagram setting out the construction contractual structure for the project.

### Contractual structure

