

December 2019

PR19 final determinations

**Anglian Water – Cost efficiency
final determination appendix**

PR19 final determinations: Anglian Water – Cost efficiency final determination appendix

About this document

This document is a cost efficiency appendix to 'PR19 final determinations: Anglian Water final determination'. This document provides further details of the company specific issues related to cost allowances and is structured as follows:

- Section 1 provides a summary of our decisions on the company's cost adjustment claims;
- Section 2 provides a summary of our decisions on the company's enhancement proposals, by enhancement area;
- Section 3 provides our decision on costs proposed by the company under the transition programme;
- Section 4 provides our decision on unit cost adjustments related to the WINEP uncertainty mechanism.

Further information on our assessment and our approach can be found in the 'Securing cost efficiency technical appendix' and the various excel feeder models that we have published.

1. Cost adjustment claims

Table 1 summarises our consideration and allowances for the cost adjustment claims submitted by the company. For completion we include all claims that were part of our draft determination decisions, as well as additional or revised claims the company submitted in its representation to the draft determination. We give further details in our published cost adjustment claim feeder model for Anglian Water.

Table 1: Cost adjustment claims and our allowed totex adjustments, 2020-25 (£ million of 2017-18)

Description of Claim	Value of company claim	Our allowed adjustment	Rationale for decision
Maintain frontier leakage performance	136.9	See rationale	Anglian Water claims additional base expenditure to maintain leakage at frontier performance levels, as it considers the base modelled allowance will only fund industry average leakage performance. We make a £50.2 million uplift to Anglian's Water base allowance based on assessing alternative specifications to our base econometric models, which include average pumping head, leakage, growth and lengths of mains renewed or relined. We provide further details on our final determination approach to leakage and our assessment of this claim in 'Anglian Water – Cost efficiency additional information'.
Sludge transport	17.6	0.0	The company claims to have atypical sludge transport costs due to the demographics and geography of its region. We reject this claim as it falls below our materiality threshold for a bioresources cost adjustment claim.
Capital maintenance	238.0	0.0	Anglian Water claims that our base econometric models do not account for its future maintenance requirements and requests a £238 million uplift to its base allowance for capital maintenance costs. We reject this claim as we do not find sufficient and convincing evidence on the need for an adjustment. See 'Anglian Water – Cost efficiency additional information' for further information.
Smart metering	42.4	0.0	Anglian Water claims additional base allowance for the early replacement of meters to support its smart metering programme, which is part its water resources management plan ambitions. We make no allowance for this claim because we consider this approach to be no different to any company selecting to bring forward asset replacement in order to deliver its chosen strategy. We also consider that maintenance activities in support of the water resources management plan should be delivered through the base model allowance. See 'Anglian Water final determination' for further information.

2. Enhancement assessments

Our approach to assessing enhancement expenditure is detailed in our publication ‘Securing cost efficiency technical appendix’. We generally assess enhancement expenditure separately for each enhancement category, as defined by the individual enhancement cost lines in company business plan tables. We assess multiple lines together where there is a potential for costs to be apportioned differently by companies and where there is some synergy between programmes.

Our preferred method of assessment is benchmarking analysis. Where the investment area does not lend itself to statistical modelling we rely more on the evidence provided by companies in their business plans. We follow a risk-based process of having a lighter touch (‘shallow dive’) assessment for low materiality costs and a more thorough assessment of the evidence (‘deep dive’) of high materiality costs.

Tables 2 and 3 summarise our consideration and allowances for the enhancement expenditure cost lines submitted by the company. We give further details in our published enhancement feeder models for Anglian Water.

Table 2: Assessments of water enhancement expenditure, 2020-25 (£ million of 2017-18)

Enhancement cost	Company view in August 2019 business plan (after reallocations)	Our final determination allowance	Rationale for decision
Meeting lead standards	24.3	12.5	We use a benchmark model to make allowances for these costs. Anglian Water is less efficient than our benchmark. See ‘Anglian Water final determination’ for further information.
Supply and demand side enhancements: Total	541.3	436.8	We revise our approach to short and long term supply-demand balance components, adding elements of deep dive assessment. Our increased allowance for final determination includes a £71.4 million enhancement allowance for leakage reduction and a £352 million allowance for the company’s internal interconnection programme. See ‘Anglian Water final determination’ for further information.

			We note that company request includes £55.9 million associated with new developments (infrastructure network reinforcement). We assess this as part of our base allowance, see 'Anglian Water final determination' for further information.
Investment to address raw water deterioration	22.8	20.5	We assess this expenditure with a deep dive approach. We allow the capex spend to which we apply the company deep dive efficiency factor to set the efficient allowance. We make no allowance for operating expenditure as operational costs of the enhanced works are captured in our econometric models for base costs, which include a variable for water treatment complexity.
Metering (excluding new connections) for meters requested by optants, customers and businesses	136.8	126.3	We carry out a deep dive assessment of the additional evidence the company submits in its representation regarding the technology it is installing and the cost breakdown of its smart metering programme, and increase our allowance from draft determination. See 'Anglian Water final determination' for further information.
Resilience	29.7	19.0	We use our deep dive approach and challenge the need, cost efficiency and/or optioneering of the investments Anglian Water proposes. See 'Anglian Water final determination' for further information.
Security	16.8	13.5	We use a deep dive approach and challenge the cost efficiency to make allowances for water security enhancement costs. We maintain our decision to disallow the company's Security & Emergency Measures Direction (SEMD) costs as it has spent above our benchmark for SEMD costs. For non-SEMD costs relating to cyber resilience and compliance with the network & information systems (NIS) Directive, we reduce our challenge from 20% to 10% following the provision of further evidence from the company to demonstrate its costs are genuine enhancement costs and the inclusion of a performance commitment to protect customers.
Total clean water WINEP	61.3	55.7	We use our shallow dive approach to set allowances, applying the company shallow dive efficiency factor only, to non-native invasive species, investigations and eels regulations. We use our deep dive approach to set allowances for the drinking water protected areas programme and the water framework directive measures programme, where we challenge the cost efficiency and apply the company deep dive efficiency factor to set an efficient allowance.
Aggregated free form lines	24.8	0.0	We assess the £24.8 million expenditure for strategic regional solutions in the strategic regional enhancement feeder model, and therefore we do not make an allowance for the freeform line. See 'Strategic regional water resource solutions' appendix for further information.
Total water enhancement	857.8	684.4	

Table 3: Assessments of wastewater enhancement expenditure, 2020-25 (£ million of 2017-18)

Enhancement cost	Company view in August 2019 business plan (after reallocations)	Our final determination allowance	Rationale for decision
First time sewerage (s101A)	20.8	19.2	We use a benchmark model to make allowances for these costs. Anglian Water is less efficient than our benchmarks and we do not allow the full amount requested.
Sludge quality and growth	12.5	5.7	We use a deep dive approach and challenge the optioneering of the proposed expenditure. See 'Anglian Water final determination' for further information.
Odour	14.0	12.6	We use our shallow dive approach to assess this expenditure and apply the company specific shallow dive efficiency factor to set an efficient allowance.
Resilience	15.0	13.2	We use our deep dive approach and challenge the cost efficiency and/or optioneering of the investments Anglian Water proposes. See 'Anglian Water final determination' for further information.
Security	1.3	1.2	We use a benchmark model to make an allowance for wastewater security costs. Anglian Water is more efficient than our benchmarks and we allow the requested costs in full. Our assessment is based on the cost the company requested in its April 2019 business plan (£1.2 million).
Total WINEP/NEP in the round allowance	748.0	688.4	We derive our allowance from the output of cost benchmarking models, except where we conduct a shallow or deep dive. Our shallow dive assessments allow the costs in full for programmes relating to conservation drivers, chemical investigations, NEP-P removal technology and wastewater investigations. We undertake a deep dive assessment of the requested costs for UV disinfection and allow the cost in full as the evidence is sufficient. As we are not able to develop a robust cost benchmarking model for the sanitary parameters model, we allow the costs in full. Further we determine our view of efficient costs at a programme level by summing all the allowances for the individual lines and making an adjustment to account for catch-up efficiency and frontier shift. See 'Anglian Water final determination' for further information.
Total wastewater enhancement	811.5	740.2	

3. Transition expenditure

The transition programme allows companies to bring forward planned investment from 2020-25 to 2019-20, where it is efficient to do so and/or to enable the company to meet statutory deadlines early in the next regulatory period. Although the expenditure is incurred in 2019-20, for the purpose of cost performance incentives we consider it as expenditure incurred in the following regulatory period (2020-25).

Table 4 and 5 set out our allowances under the transition programme for wholesale water and wastewater. We allow costs when reasonably justified in order to make efficient use of resources to minimise whole life costs, where it is efficient or in customers' interests to bring forward an investment, or to enable companies to meet early statutory deadlines.

For the avoidance of doubt, a disallowance of a proposed expenditure in Table 4 or 5 should not be interpreted as a disallowance of the expenditure from our 2020-25 cost allowance; only as a disallowance under the transition programme.

Table 4: Transition expenditure in wholesale water price controls 2019-20 (£ million of 2017-18 CPIH deflated)

Description of expenditure	Control	Requested expenditure	Allowed expenditure	Rationale
Raw water deterioration project at Irby for delivery of nitrate removal plant	Water Network Plus	1.6	1.6	This investment relates to delivering a nitrate removal plant which the company has an early obligation for and it is supported by the Drinking Water Inspectorate.
Resilience scheme at Ludham and planning for WRMP pipelines	Water Network Plus	17.3	17.3	£4 million relates to delivering an early obligation scheme in Ludham, and the remaining investment will allow early planning and delivery of an environmental impact assessment, which we consider efficient to bring forward.

Table 5: Transition expenditure in wholesale wastewater price controls 2019-20 (£ million of 2017-18 CPIH deflated)

Description of expenditure	Control	Requested expenditure	Allowed expenditure	Rationale
WINEP / NEP ~ Schemes to increase flow to full treatment	Wastewater Network Plus	5.8	5.8	The investment relates to an early obligation set by the Environment Agency to be delivered in the first two years of the next regulatory period.
WINEP / NEP ~ Nutrients (P removal at filter bed STWs)	Wastewater Network Plus	5.4	5.4	The investment relates to the early planning and design of this programme, and hence we consider it efficient to bring forward.

4. WINEP uncertainty mechanism

Our totex allowance for companies includes an allowance for environmental obligations set out in the Water Industry National Environment Programme (WINEP). Some of the requirements in WINEP are not expected to be confirmed until December 2021 at the earliest, which is after we make our final determinations in December 2019. Unconfirmed requirements in WINEP are known as 'amber' schemes. Where we make an allowance for amber schemes, we use a mechanism to adjust our totex for schemes which are later confirmed as not required.

Table 6 sets out the adjustments we will make for each scheme in Anglian Water's WINEP programme that is currently unconfirmed, if the scheme is confirmed as not required for the period 2020-25. We will make the adjustments at the end of the control period. Our adjustments are based on the company's totex estimates (after reallocations) as adjusted by our company specific efficiency factor or, in the case of wastewater schemes, by the ratio of our final totex allowance for the WINEP programme to the company's estimate (after reallocations).

The company includes a new scheme at East Ruston within its representation, in response to potential changes to its abstraction licences at East Ruston and Witton sources in its Happisburgh water resource zone. We consider that it is appropriate to include an uncertainty mechanism for uncertain demand needs beyond those we include in the supply-demand balance enhancement allowance and provide further details in Table 7 below.

Table 6: WINEP uncertainty mechanism – cost adjustments for unconfirmed WINEP schemes included in our final determination (£ million in 2017-18 prices)

Unique ID	Scheme category / name	Company's totex rate per scheme (£m)	Our allowed totex rate per scheme (£m)
WINEP/NEP ~ Drinking Water Protected Areas			
7AW202175	Etton	4.720	4.248
7AW202169	DrWPA - Aswarby	0.034	0.031
7AW202170	DrWPA - Barnoldby	0.034	0.031
7AW202171	DrWPA - Barrow	0.034	0.031
7AW202172	DrWPA - Barton	0.034	0.031
7AW202173	DrWPA - Drove Lane	0.034	0.031
7AW202174	DrWPA - Dunston	0.034	0.031
7AW202176	DrWPA - Goxhill 2	0.034	0.031
7AW202177	DrWPA - Habrough	0.034	0.031
7AW202178	DrWPA - Healing	0.034	0.031

Unique ID	Scheme category / name	Company's totex rate per scheme (£m)	Our allowed totex rate per scheme (£m)
7AW202179	DrWPA - Little London	0.034	0.031
7AW202180	DrWPA - Littlecoates	0.034	0.031
7AW202181	DrWPA - Thornton Curtis	0.034	0.031
7AW202182	DrWPA - Ulceby	0.034	0.031
7AW202261	DrWPA - Trowse Newton	0.034	0.031
7AW202263	DrWPA - Glandford	0.034	0.031
7AW202265	DrWPA - Beachamwell	0.034	0.031
7AW202266	DrWPA - Isleham	0.034	0.031
7AW202267	DrWPA - Lower Links	0.034	0.031
7AW202268	DrWPA - Moulton	0.034	0.031
7AW202269	DrWPA - Nunnery Lodge	0.034	0.031
7AW202270	DrWPA - Square Plantation	0.034	0.031
7AW202271	DrWPA - Fring	0.034	0.031
7AW202272	DrWPA - Fring Osier Carr	0.034	0.031
7AW202273	DrWPA - Great Bircham	0.034	0.031
7AW202274	DrWPA - Hillington (Chalk)	0.034	0.031
WINEP/NEP ~ Water Framework Directive measures			
7AW100085	Old Carr Stream	0.121	0.109
7AW100085	Gadder	0.347	0.312
7AW100085	Stringside Stream	0.370	0.333
7AW100086	Birchmoor - Broughton Brook	1.551	1.396
7AW100086	Broughton Brook	0.109	0.098
7AW100087	Tuddenham Stream	0.661	0.595
7AW100087	Cavenham Stream	0.696	0.626
7AW100088	Isleham - Kennett - Lee Brook	1.722	1.550
7AW100088	Kennett - Lee Brook	0.342	0.308
7AW100090	Rushbrooke - Linnet	1.260	1.134
7AW100090	Linnet	0.352	0.317
7AW100091	Gaywood River	0.509	0.458
7AW100092	River Heacham	0.344	0.310
7AW100093	Stanton/Ixworth - Sapiston River	0.809	0.728
7AW100093	Sapiston River	0.439	0.395
7AW100093	Stowlangtoft Stream	0.490	0.441
7AW100093	Stanton/Ixworth - Stowlangtoft Stream	0.457	0.411

Unique ID	Scheme category / name	Company's totex rate per scheme (£m)	Our allowed totex rate per scheme (£m)
7AW100093	Sapiston	0.457	0.411
7AW100270	WEST RUNTON COMMON / West Runton, Sheringham	0.538	0.484
7AW100272	TIFFEY / High Oak - Hackford Watercourse	1.250	1.125
7AW100272	TIFFEY / High Oak - Tiffey (u/s Wymondham STW)	1.250	1.125
7AW101744	BARNOLDBY - BORES A - D	0.241	0.217
7AW101744	WEELSBY BORES A - E	0.241	0.217
7AW101744	TETNEY	0.241	0.217
7AW101744	FULSTOW - BORES 1 -2	0.241	0.217
7AW101744	HABROUGH - BORES 1 -3	0.241	0.217
7AW101744	LITTLE LONDON - BORES 1 - 4	0.241	0.217
7AW101744	HEALING - BORES A-F	0.241	0.217
7AW101744	THORNTON CURTIS - BORES 1-3	0.241	0.217
7AW101744	BARROW BORES 1 - 7	0.241	0.217
7AW101744	BARTON - BORES 1 -3	0.241	0.217
7AW101744	ULCEBY - BORES 1 - 3	0.241	0.217
7AW101744	GOXHILL	0.241	0.217
7AW101750	WELTON BORES 6 - 10	0.522	0.470
7AW101750	NEW BOREHOLE - SPRIDLINGTON 11	0.522	0.470
7AW101752	BILLINGBOROUGH - BORES A - D	0.957	0.861
7AW101756	WILSTHORPE	0.460	0.414
7AW101757	WILSTHORPE	1.011	0.910
7AW101783	RUTLAND WATER/GWASH FLOWS	0.514	0.463
WINEP/NEP ~ Chemicals removal			
7AW200151	Rayleigh East STW (CIP2 T1)	6.305	5.445
WINEP/NEP ~ P removal schemes			
7AW200053	Ashbrook STW	2.292	1.980
7AW200054	Ashton STW	4.290	3.705
7AW200057	Bassingbourn STW	2.194	1.895
7AW200058	Beachampton STW	1.312	1.133
7AW200061	Blakesley STW	0.104	0.090
7AW200062	Bottisham STW	0.766	0.661

Unique ID	Scheme category / name	Company's totex rate per scheme (£m)	Our allowed totex rate per scheme (£m)
7AW200063	Bourn STW	0.743	0.642
7AW200064	Bradenham STW	0.257	0.222
7AW200066	Burwell STW	2.077	1.793
7AW200067	Carbrooke Church Rd STW (FTRS Scheme)	1.450	1.252
7AW200068	Castlethorpe STW	0.104	0.090
7AW200069	Chippenham STW	0.182	0.157
7AW200072	Coton STW	1.367	1.180
7AW200073	Cublington (Wing) STW	2.917	2.519
7AW200074	Doddington STW	0.689	0.595
7AW200077	Elmdon STW	0.261	0.225
7AW200078	Everton STW	1.836	1.585
7AW200081	Gazeley STW	0.652	0.563
7AW200083	Great Horwood STW	2.176	1.879
7AW200084	Greens Norton STW	0.646	0.558
7AW200088	Hawstead STW	3.296	2.846
7AW200091	Lidgate STW	1.832	1.582
7AW200092	Linton STW	0.922	0.796
7AW200093	Litlington STW	2.270	1.960
7AW200095	Newport STW	0.104	0.090
7AW200097	Norton (Suffolk) STW	0.264	0.228
7AW200098	Odell STW	2.162	1.867
7AW200099	Oldhurst STW	2.109	1.821
7AW200100	Olney STW	0.104	0.090
7AW200103	Papworth Everard STW	0.054	0.047
7AW200105	Quendon STW	0.182	0.157
7AW200109	Shudy Camps STW	0.261	0.225
7AW200110	Silverstone STW	3.504	3.026
7AW200112	Somersham (Cambs) STW	2.034	1.757
7AW200116	Stoke Goldington STW	0.261	0.225
7AW200118	Syresham STW	1.989	1.718
7AW200119	Thurleigh STW	2.218	1.915
7AW200120	Thurston STW	5.108	4.411
7AW200121	Tiffield STW	2.638	2.278

Unique ID	Scheme category / name	Company's totex rate per scheme (£m)	Our allowed totex rate per scheme (£m)
7AW200122	Towcester STW	4.958	4.282
7AW200123	Tuddenham (Bury St Edmunds) STW	2.226	1.922
7AW200127	Whaddon STW	4.154	3.588
7AW200143	Benhall (Saxmundham) STW	2.167	1.871
7AW200144	Framlingham STW	2.604	2.249
7AW200145	Halesworth STW	0.826	0.713
7AW200147	Wenhaston STW	3.219	2.780
7AW200164	Alconbury STW	3.403	2.939
7AW200166	Bolnhurst STW	2.771	2.393
7AW200167	Dunton STW	0.257	0.222
7AW200169	Ely (New) STW	1.278	1.104
7AW200170	Ely STW	2.313	1.998
7AW200172	Great Ellingham STW	0.261	0.225
7AW200173	Great Gidding STW	1.711	1.478
7AW200175	Helmdon STW	0.983	0.849
7AW200176	Marston Moretaine STW	2.136	1.844
7AW200178	Old Buckenham STW	0.104	0.090
7AW200179	Old Weston STW	1.452	1.254
7AW200182	Thetford STW	0.448	0.387
7AW200201	Debenham STW	0.754	0.652
7AW200202	Earl Soham STW	1.546	1.335
7AW200206	Rendlesham Park STW	0.104	0.090
7AW200207	Wickham Market STW	0.738	0.637
7AW200208	Earls Colne STW	2.414	2.085
7AW200209	Ridgewell STW	0.182	0.157
7AW200210	Stambourne STW	2.713	2.343
7AW200211	West Bergholt STW	2.386	2.060
7AW200212	Eight Ash Green STW	2.234	1.930
7AW200213	Gosfield STW	3.307	2.856
7AW200214	Great Bromley STW	3.398	2.934
7AW200216	Sible Hedingham STW	4.419	3.816
7AW200217	Thorrington STW	4.086	3.528
7AW200228	Sisland (Loddon) STW	2.281	1.970
7AW201925	Burrough Green STW	2.722	2.351

Unique ID	Scheme category / name	Company's totex rate per scheme (£m)	Our allowed totex rate per scheme (£m)
7AW201926	Stradishall - Highpoint STW	2.972	2.567
7AW201928	Great Cornard STW	4.813	4.157
7AW201929	Great Waldingfield STW	3.080	2.660
7AW201930	Hadleigh STW	3.792	3.275
7AW201931	Haverhill STW	8.449	7.297
7AW201932	Hundon STW	3.258	2.813
7AW201933	Kedington STW	0.104	0.090
7AW201934	Langham (Essex) STW	1.130	0.976
7AW201936	Steeple Bumpstead STW	2.128	1.838
7AW201937	Sudbury STW	2.128	1.838
7AW201938	Thurlow STW	0.261	0.225
7AW201939	Wickham Brook STW	1.388	1.199
7AW201940	Withersfield STW	1.584	1.368
7AW201960	Clipston STW	4.120	3.558
7AW201963	Draughton STW	4.189	3.618
7AW201964	East Haddon STW	2.151	1.858
7AW201966	Geddington STW	2.040	1.762
7AW201968	Great Oxendon STW	3.329	2.875
7AW201969	Hackleton STW	2.213	1.911
7AW201980	Ravensthorpe STW	1.438	1.242
7AW201983	Titchmarsh STW	1.487	1.284
7AW202005	Alford STW	3.632	3.137
7AW202008	Anderby STW	1.453	1.255
7AW202016	Caythorpe STW	2.363	2.041
7AW202017	Colsterworth STW	2.403	2.076
7AW202019	Corringham STW	1.834	1.584
7AW202023	Dunholme STW	3.763	3.250
7AW202024	Dunsby STW	5.181	4.474
7AW202026	Faldingworth STW	1.831	1.581
7AW202031	Fulbeck STW	4.044	3.493
7AW202033	Glentworth STW	0.182	0.157
7AW202034	Great Ponton STW	0.184	0.159
7AW202036	Harlaxton STW	2.288	1.976
7AW202039	Horbling STW	4.342	3.750

Unique ID	Scheme category / name	Company's totex rate per scheme (£m)	Our allowed totex rate per scheme (£m)
7AW202040	Horncastle STW	4.654	4.020
7AW202045	Legbourne STW	1.958	1.691
7AW202049	Manby STW	3.472	2.999
7AW202055	Navenby STW	0.104	0.090
7AW202056	Nettleham STW	3.529	3.048
7AW202061	Osournby STW	2.142	1.850
7AW202063	Reepham (Lincs) STW	4.962	4.285
7AW202068	Silk Willoughby STW	1.827	1.578
7AW202074	South Witham STW	3.930	3.394
7AW202078	Strubby STW	2.823	2.438
7AW202085	Toynton St Peter STW	1.827	1.578
7AW202086	Upton STW	0.260	0.225
7AW202089	Willingham (Lincs) STW	0.603	0.521
7AW202091	Wragby STW	3.866	3.338
7AW202103	Gosberton STW	2.653	2.291
7AW202113	Little Bytham STW	3.336	2.881
7AW202125	Sibbertoft STW	3.374	2.914
7AW202135	Wing STW	1.446	1.248
7AW202139	Caistor STW	3.639	3.143
7AW202140	Faldingworth (Ex MOD) STW	1.833	1.583
7AW202141	Glentham STW	0.753	0.651
7AW202145	Laceby STW	3.617	3.123
7AW202146	Louth STW	7.341	6.340
7AW202147	Market Rasen STW	2.586	2.233
7AW202150	Owmbly STW	0.261	0.225
7AW202151	Tealby STW	1.560	1.347
7AW202152	Ulceby STW	3.411	2.946
7AW202159	Corby Glen STW	2.136	1.844
7AW300467	Watton STW	0.482	0.416

East Ruston

We recognise that there is uncertainty regarding the future demand requirements for this scheme, with a decision to be made in March 2021. This uncertainty is increased with the late submission

of this scheme within the process, meaning that customers require further protection in the event the less well scoped need and options are not required. We include costs for delivering 2 MI/d of benefits within the supply-demand balance enhancement expenditure allowance in our final determination. 2 MI/d is our understanding of the most likely need arising from the license reductions. We include an uncertainty mechanism to provide additional totex if the company later provides evidence to confirm a valid need (currently unconfirmed) for a further 2 MI/d of benefits. We present this mechanism as a unit rate (£m/MI/d) in Table 7 below to reflect that the company may confirm between 0 and 2 MI/d of additional benefit is required. Further detail of our assessment is within the wholesale water enhancement feeder model: supply demand balance.

Table 7: East Ruston uncertainty mechanism – cost adjustments for unconfirmed demand need in our final determination (£ million in 2017-18 prices)

Unique ID	Scheme category / name	Our allowed totex rate per scheme (£m/MI/d)
Restoring Sustainable Abstraction (RSA) programme – East Ruston licence change		
7AW100429	East Ruston	2.300

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales.

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