

30 August 2019

To whom it may concern,

Southern Water's Strategic Environment Panel was formed in 2016 and has played a vital role in helping to shape their 2020-25 business plan. This is a joint letter from the below panel members in response to Ofwat's consultation on Southern Water's draft determination.

We have a very strong interest in ensuring the company delivers improvements to the environment and secures long-term resilience of water and wastewater services. Southern Water's customers and stakeholders (including our panel) have been clear that they want the company to both protect and enhance the environment. We expect these aims to be given full consideration by Ofwat when making its final determination on Southern Water's Business Plan.

We understand the cost efficiency gap presented in the company's draft determination has narrowed significantly since Ofwat's initial assessment of plans, and that the gap in funded investment is now around £300m. We will continue to work with Southern Water to understand what this could mean for the delivery of their non-WINEP environmental commitments from 2020 onwards.

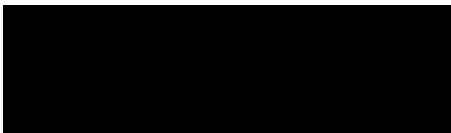
We recognise the importance of challenging previous poor performance and ensuring bills remain affordable. However, we do not believe this should result in significant reductions in scale or ambition of the company's environment programme including their Catchment First, Target 100 and Sustainable Drainage initiatives. It is also vital Southern Water retains the ability to work with flood authorities, land managers and other key stakeholders to achieve important shared objectives.

The challenge should also not be to the detriment of standards of service. Research showed customers are willing to invest in increased resilience and new ways of delivering outcomes, and an equivalent resilience failure to the recent large-scale power outage could cause irreparable damage to world-class environments in addition to economic disruption. While environmental benefits cannot necessarily be monetised, their intrinsic value must not be overlooked or under-estimated.

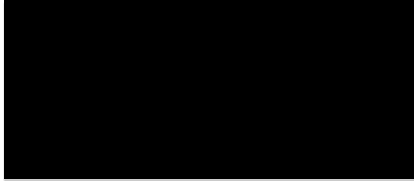
We'll pay close attention to further developments and will continue to work with Southern Water to help shape their thinking on future environmental challenges and opportunities.

Yours sincerely,

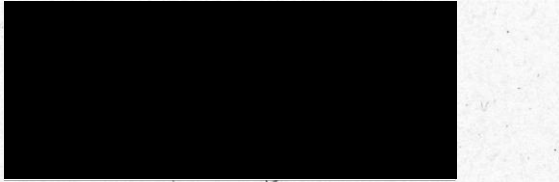
The below members of Southern Water's Strategic Environment Panel



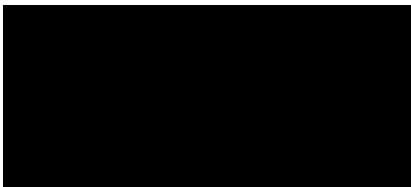
Belinda Gordon – Strategy Director, Green Alliance



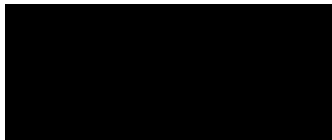
Thomas Lancaster – Head of Land Use Policy, RSPB



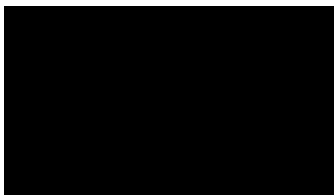
Jeremy Burgess
Landscape and Biodiversity Lead (Water)
South Downs National Park Authority



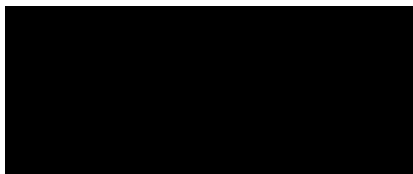
Tom Ormesher – Land Use Adviser, NFU South East



David Howarth – Account Manager (SE), Environment Agency



Dr Nathan Richardson – Policy and Projects Manager, Waterwise



Martin Hurst – Chair, Southern Regional Flood and Coastal Committee