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By email

Bob Taylor
Chief Executive Officer
Portsmouth Water

28 January 2021

OFFICIAL

Dear Bob,

Strategic regional water resource solutions: Accelerated gate one final decision for the additional solution, raw water transfer from Havant Thicket

I am writing to inform you of our final decisions in respect of the above water resource solution proposed by Southern Water. Attached to this letter is an embargoed copy of the final decision document for the above additional solution. It will be published on our website tomorrow.

We have received three representation relevant to the Havant Thicket raw water transfer solution including the joint representation from Southern Water and Portsmouth Water. All three were in support of our draft decisions and they are summarised and responded to in section 5 of the final decision document.

The table below summarises the elements of our final decisions. Further details are contained in the accompanying final publication documents.

Final decision summary in respect of Havant Thicket raw water transfer solution

Recommendation item	Additional solution (Havant Thicket raw water transfer)
Solution Sponsor	Southern Water, Portsmouth Water
Is there value in accelerating the solution's development to be 'construction ready' for the 2025-2030 period?	Yes
Does the solution need additional enhancement funding for investigations and development?	Yes, as part of a collaborative solution with Portsmouth Water

Does the solution need the additional regulatory support and oversight provided by the Ofwat gated process and RAPID?	Yes
Does the solution provide a similar or better cost / water resource benefit ratio compared to current solutions?	Yes
<p>Funding will be allowed at PR24 for the solution to join the accelerated gate 2 programme. In their joint representation, Southern Water and Portsmouth Water confirmed that:</p> <ul style="list-style-type: none">• that the solution will be progressed in collaboration;• that it will include an investigation of alternative mitigation options for the section 20 commitments – for example, whether the pipeline infrastructure can provide an interim option to deliver for 2027 until Havant Thicket reservoir can be used as the source; and• that Option B4 (61 M/d Recycled water sent to Otterbourne via Havant Thicket Reservoir) will be closely aligned and considered in combination with this solution. <p>Additional ring-fenced funding is allowed for progressing this solution through to gate four with a total allowed development allowance of £5.110 million (for gate two to four activities). The allocation of funds is 100% in favour of Southern Water up to gate two. We expect both companies to review this allocation at gate two and each subsequent gate (taking into account activities that need to be completed in order to comply with timescales) and provide a recommendation to RAPID. The final decision on allocation for subsequent stages will be Ofwat's based on RAPID's recommendation at each gate. This funding is allowed in accordance with the conditions and requirements as outlined in the PR19 final determinations: Strategic regional water resources solution appendix. The companies will jointly agree a contractual mechanism that compensates Portsmouth Water for any costs arising. Southern Water should show Portsmouth Water costs separately in its submitted costs.</p> <p>Remediation issues are listed in the Appendix to help improve the submission for gate two.</p>	

Yours sincerely

David Black
Chief Regulation Officer

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