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By email.

Dear Lawrence,

Thank you for your letter dated 1st October 2021 which included three requests. You asked to:

1. cease work on the desalination solution currently within the RAPID programme;
2. reschedule gate two to later in the year; and
3. amend the section 20 agreement to reflect revised timelines.

RAPID received your submission to consider the removal of the Fawley desalination solution from the gated process on 27 September 2021. This submission has been reviewed by RAPID, its partner regulators (Ofwat, the Environment Agency and the Drinking Water Inspectorate) and by Natural England. This letter represents our joint response.

### **Cessation of work on the desalination solution**

We are satisfied that the desalination proposals have been developed in sufficient detail to allow a coherent view to be formed on their likely constraints, opportunities, costs and benefits.

We agree with the proposal presented by Southern Water that a desalination solution in this location should not be funded to further progress its investigation and development at this time for the reasons we set out below.

The environmental regulators working through the National Appraisal Unit led by the Environment Agency have identified that the desalination solution as presented has potential for major adverse long term landscape and visual impacts on the New Forest National Park. Various constituent elements common to both options within the solution have potential adverse effects on several designated sites. In addition, potentially significant impacts of the desalination waste stream on water quality in the Solent and adjacent estuary have been identified, which suggest that the current desalination proposals are unlikely to meet the requirements of the Habitats Regulations.

Southern Water has concluded that there is a high risk that the desalination solution may not meet the requirements to gain necessary consents within an acceptable time scale, and that alternative options can deliver comparable water resource benefit with lower environmental risk, lower carbon emissions and at lower financial cost. We agree with this conclusion.

We will assess the quality of the work carried out between gate one and 27 September 2021 and efficiency of spend on this solution with the other remaining solutions at accelerated gate two.

### Timing of accelerated gate two

We confirm that we have agreed to move accelerated gate two for the remaining solutions to 6 December 2021 and that Southern Water will not face a penalty for late submission if you submit and publish on this date. The timetable for queries, assessment and the representation process is as follows:

Milestone	Accelerated gate two
Submission deadline	6pm, 06 December 2021
Last query raised	6pm, 24 December 2021
Response to last query	6pm, 10 January 2022
Assessment period completes	6pm, 31 January 2022
Draft decisions published for representations	10am, 01 March 2022
Representations close	6pm, 12 April 2022
Final decisions published	10am, 17 May 2022

We may raise further queries during the assessment period until 31 January 2022. If this does arise, we will discuss and agree deadlines for responding to those queries with your team and will flag this orally before sending the query. The criteria for progression and our assessment criteria remain unchanged from our 2021 gate guidance issued in June 2021.<sup>1</sup>

We continue to work closely with your team on assigning spend as gate two work within the gate two allowance or early gate three work which can be funded from the gate three allowance. You will need to present this split clearly in your accelerated gate two submission in line with the guidance we have provided.

### WRMP19 and the Section 20 Agreement

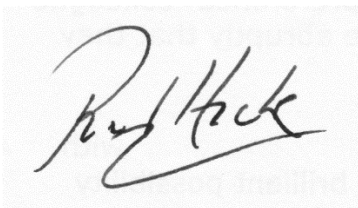
Before accelerated gate two, Southern Water will publish its annual review of its water resource management plan 2019 (WRMP19) to reflect the change of solution. We expect Southern Water to work closely with Water Resources South East to ensure that the choice of solution in the WRMP19 annual review aligns with the regional plan published for consultation in early 2022, and to identify and mitigate any potential implications which could impact on the alignment and timescales of this plan. We note that the consequences of changing preferred solution for updating WRMP19 are being discussed separately with Defra and the Environment Agency and we therefore do not comment further here.

<sup>1</sup> [Strategic-regional-water-resource-solutions-guidance-for-june-2021.pdf \(ofwat.gov.uk\)](#)

You should continue to discuss the implications of the above changes for the section 20 agreement with the Environment Agency Area team with a view to each party discussing and agreeing appropriate changes to the agreement. We note that you have raised concerns about enforcement action, which you should also discuss with the Area team. These discussions will need to take into account the wider context of the agreement and reflect the final published decision. Without prejudice to those discussions, we note that any change to the section 20 deadline relates only to the outcome of the delivery of the large solution, and not the wider Water for Life Hampshire programme.

This letter will be published on the RAPID pages of the Ofwat website.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Hickey', is centered on a light grey rectangular background.

Paul Hickey

Managing Director RAPID