

Regulators' Alliance for Progressing
Infrastructure Development

December 2021



Strategic regional water resource solutions: Standard gate one final decision for West Country South Sources and Transfers



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1. Introduction

The purpose of this publication is to set out our final decision in respect of the West Country South Sources and Transfers strategic regional water resource solution submitted for the standard gate one assessment by solution sponsors South West Water, Wessex Water and Southern Water. The solution includes two options within it. Further information concerning the background and context of the South West Water, Wessex Water and Southern Water West Country South Sources and Transfers can be found in the West Country South Sources and Transfers publication document on the [South West Water](#)¹, [Wessex Water](#)² and [Southern Water](#)³ websites.

This publication should be read in conjunction with the final decision letter issued to each solution sponsor. Both this document and final decision letters have been published on our website today.

The assessment process is overseen by RAPID, with input from the partner regulators Ofwat, the Environment Agency and the Drinking Water Inspectorate. The Environment Agency together with Natural England and, where a solution impacts Wales, Natural Resources Wales, have reviewed the environmental sections of the submissions, and have provided feedback to RAPID. The Consumer Council for Water provided input to the assessment on customer engagement.

The solution sponsors and other interested parties had the opportunity to respond to the draft decision during the representation period, which followed the publication of the draft decisions on 14 September 2021. We have taken all relevant representations into account in making our final decision.

We would like to thank South West Water, Wessex Water and Southern Water for the level of engagement, collaboration, and innovation that they have exhibited during this stage in the gated process.

¹[South West Water – West Country South – sources and transfer SRO gate 1 report July 2021](#)

²[Wessex Water – West Country South – sources and transfer SRO gate 1 report July 2021](#)

³[Southern Water – West Country South – sources and transfer SRO gate 1 report July 2021](#)

2. Solution summary

West Country South sources and transfers solution includes two proposed new source elements of 30 MI/d, the Roadford reservoir pumped storage and transfer option and the Poole effluent recycling and transfer option. This solution feeds the West Country South Southern Water transfer solution with the former supporting a potable transfer element and the latter a raw water transfer element to Southern Water.

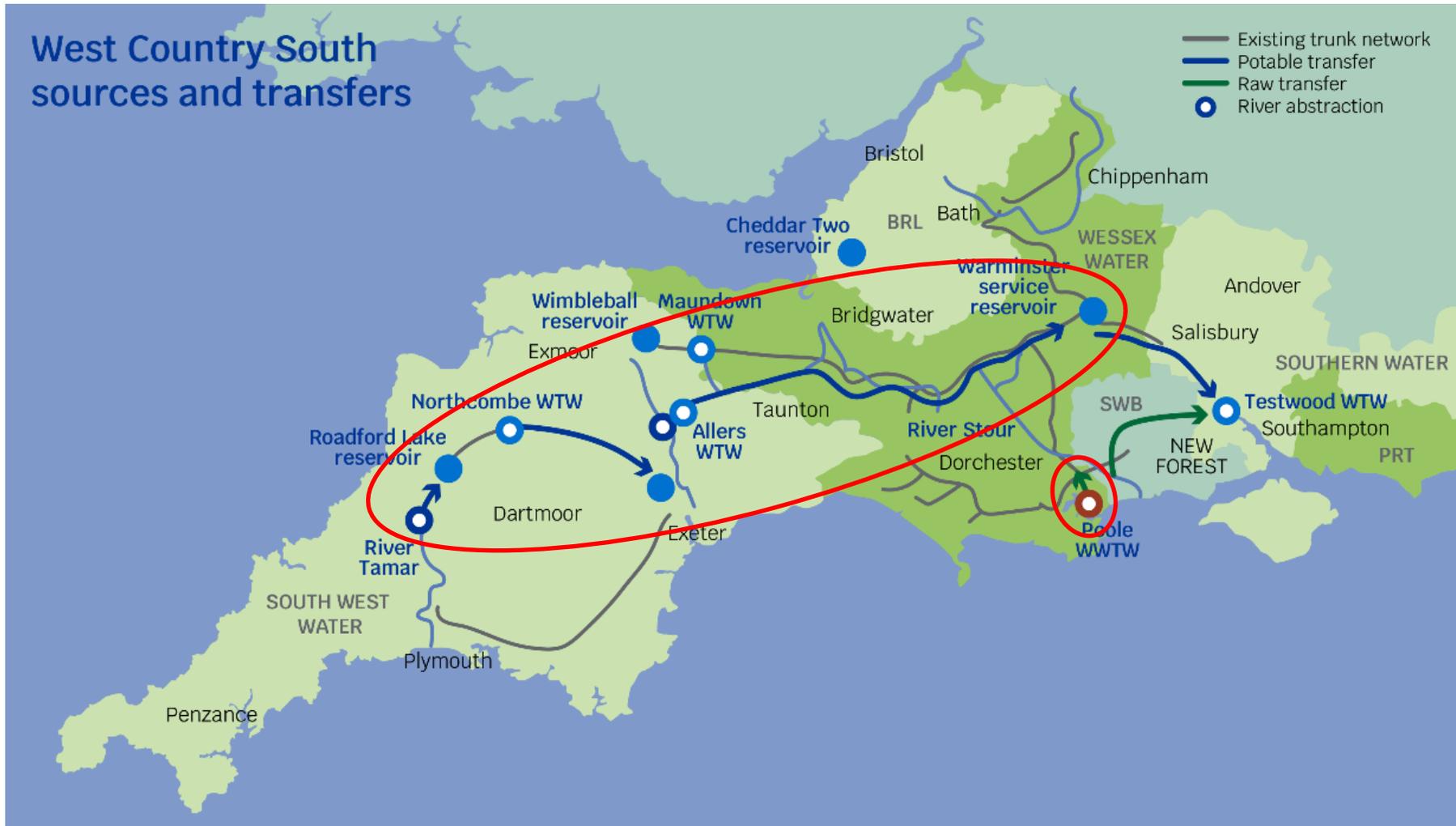
Option number 1: Roadford Reservoir Pumped Storage and Transfer:

- Deployable Output of 30 MI/d (1 in 200 year drought resilience) and range 10-18MI/d (1 in 500 year drought resilience)
- Addition of pumped storage from the River Tamar to Roadford reservoir in South West Water's supply area
- Expansion of Northcombe water treatment works and network reinforcement enabling displacement of demand from Wimbleball reservoir
- New abstraction from the River Exe; new Water Treatment Works.
- Long distance transmission system and conditioning plants to a strategic service reservoir south of Warminster in the centre of Wessex Water's supply area

Option number 2: Poole Effluent Recycling and transfer

- Deployable Output of 30 MI/d (resilient across drought severities)
- Effluent recycling from Wessex Water's Poole sewage treatment works to recover water that otherwise flows to the sea
- Treatment and diversion to the River Stour
- 18km reach of the River Stour used as an environmental buffer

Figure 1 – Red circles identify the options included within the West Country South sources and transfers solution



3. Summary of representations

3.1 Representations received

We have received the following representations relevant to West Country South sources and transfers.

Table 1 Summary of representations

Representation from	Summary of representation
<p>Group Against Reservoir Development (GARD)</p>	<p>Transparency of cost estimates GARD cites concerns over a lack of transparency in solution cost estimates generally, requesting further detail to the level that was included in the Fens reservoir gate one report.</p> <p>Deployable output and stochastic flow data GARD is also concerned about a lack of transparency in deployable output (DO) assessments, suggesting the evidence should be made available for scrutiny of the assumptions, data, and outputs of the modelling.</p> <p>GARD have concerns over the reliability of stochastic river flow data, such as: inaccurate weather data for groundwater-dominated catchments; the stochastic weather base period not containing any long duration droughts; the base period excluding weather since 1997; and the geological difference in catchments not being reflected in the generated Thames and Severn flows.</p> <p>Carbon costing GARD asserts that the gate one reports are poor on the subject of carbon costing of strategic options and have shortcomings in the data presented.</p>
<p>South West Water, Wessex Water and Southern Water</p>	<p>Roadford reservoir pumped storage and transfer option:</p> <p>- <i>Regarding option structure and terminology</i>, in the draft decision document this is stated as confusing. Rather than describing the scheme as 'Roadford reservoir pumped storage' it is better to describe the scheme in three parts:</p> <ul style="list-style-type: none"> • Part 1: Roadford pumped storage • Part 2: Roadford Transfer SRO from South West Water to Wessex Water [Part 1 and 2 relate to this West Country South sources and transfers final decision] • Part 3: Roadford inter-regional transfer

	<p>[Part 3 relates to the West Country Sources South Southern Water Transfer final decision]</p> <p><i>-Regarding option progression:</i></p> <ul style="list-style-type: none">• Part 1 - Roadford pumped storage - Draft decision document states that the Roadford reservoir pumped storage scheme should stop, but the pumped storage element has already been approved as a separate project under Southern Water's green recovery programme.• Part 2 - Roadford Transfer SRO - Request for the Roadford Transfer SRO from South West Water to Wessex Water to continue within the RAPID gated process to investigate how the additional water generated through the separate pumped storage project can be used strategically within the West Country Water Resources Group (WCWRG) region. <p><i>- Regarding funding</i>, request the balance of the available funding less Southern's share, i.e. £0.503m, is allocated for a continuation of this project i.e. that a gate two allowance of £0.503m is set for Part 2 Roadford Transfer SRO and request that the Environment Agency (EA) National Appraisal Unit (NAU) and area costs are cut by 50%.</p> <p><i>- Regarding scope</i>, request that the scope is revised such that beneficial uses of the resource in the West Country is the main purpose of the project and that there is flexibility to be able to tailor the scope to the available budget</p> <p><i>- Regarding actions</i>, <i>Action No. 1 relating to costs and benefits:</i> Appendix: actions and recommendations 1. mentions the River Exe, which only applies to the Roadford transfer, which the draft decision proposes is stopped.</p> <p>Poole effluent recycling and transfer option:</p> <p><i>- Regarding option structure and terminology</i>, agree with the proposal to merge the two parts of the scheme into a single solution. Proposed solution name is 'Poole effluent recycling'.</p> <p><i>- Regarding funding</i>, request to carry over underspend from gate one and for the gate two allowance to be increased to reflect addition of underspend. Further request that the EA NAU and area costs are cut by 50%.</p> <p><i>-Regarding scope</i>, request flexibility to be able to tailor the scope to the available budget.</p>
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	<p>Common to both options:</p> <p><i>-Regarding actions, Action No. 5 relating to programme and planning: Page 8, 2.3.3 last sentence. Request to clarify what is meant by “need for openness to legal solution to address regulatory barriers”.</i></p> <p><i>-Representations relating to the themes document – made a number of representations on the RAPID themes document, of specific relevance to the West Country South sources and transfers solution was the following representation:</i></p> <p><i>-Regarding carbon, 3.9 Meeting net zero commitments. We note the comments about the need to consider options to reduce carbon through renewable energy and/or sequestration of carbon and other forms of offsetting. These will come with a capital cost of their own. Please could you clarify whether you wish the capital cost of carbon offsetting to added to the scheme cost estimates.</i></p>
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3.2 Our Response

We have taken the representations into account in our final decisions and set out below our response to the key points and issues raised.

Representations relating to the themes document will be covered within a separate response from RAPID however those specific to the West Country South sources and transfers solution are included here.

3.2.1 Transparency in cost estimates

We do not consider information about solution costs to be material to gate one decisions. Gate one is a checkpoint and is the first opportunity to check the progress made by solution owners on investigations and development of solutions in the gated process. At gate one, all solutions were expected to progress to gate two and continue to receive ring-fenced funding unless there was a clear reason why they should not.

Solution costs will be considered further from gate two onwards and in regional plans and water resource management plans. We will provide companies with guidance on presenting and publishing solution costs in their gate two submissions.

3.2.2 Deployable Output assessments and stochastic flow data

We consider that the work completed on the DO assessment is sufficient for gate one. The water companies will continue to develop the solutions and evidence surrounding them. Guidance will be provided on our expectations for a more detailed examination of deployable output at gate two. The use of stochastic flow data reflects the requirement to test droughts larger than those observed in the historic record, such as drought events with 1:500 year return periods. Solutions generation of stochastic flow data is expected to follow Water Resource Planning Guidelines Supplementary Guidance: Planning to be resilient to a 1 in 500 drought (England), and Supplementary Guidance: Stochastics. We will pass on the specific points raised to solution owners for consideration as they develop their deployable output assessments further.

3.2.3 Carbon costing

Gate one assessment of solution submissions took account of the fact that assessments of the carbon implications of the solution would inevitably contain a significant degree of uncertainty given the stage of solution development. We consider that the level of information presented on carbon was sufficient for gate one. Solution development to gate two should follow the Water Resources Planning Guidelines for WRMP24 section 8.3.2 which states expectations for accounting for and reducing greenhouse gas emissions. The design should consider; build nothing, build less, build clever and build efficiently throughout the development of the solution, with offsetting only as a last resort. We expect all direct mitigations to be included in the solution costs. The solution should also be considered by the water company within their wider carbon plans.

We will require any carbon assessment annexes to be published alongside the submission at gate two.

Roadford reservoir pumped storage and transfer option:

3.2.4 Option Structure and Terminology

We agree that the Roadford reservoir pumped storage and transfer option within the West Country South sources and transfers solution comprises two option elements, the source and the intra-regional transfer:

- Part 1 (Source): Roadford pumped storage
- Part 2 (Intra-regional Transfer): Roadford Transfer SRO from South West Water to Wessex Water.

(covered in this West Country South Sources and Transfers final decision document)

We also agree that there is a third option element Part 3 the inter-regional transfer to Southern Water within the West Country South Southern Transfer solution (covered in the West Country Sources South Southern Transfer final decision document).

We have updated our decisions to reflect this structure and terminology.

3.2.5 Option Progression

We have considered the request for Part 2 (Intra-regional Transfer) Roadford Transfer SRO from South West Water to Wessex Water continue within the RAPID gated process, the decision is for this option element not to progress within the RAPID gated process beyond gate one. This is due to the small size and local scale of the option meaning that it is not strategic in nature. This option element can be progressed as part of business-as-usual through water resources management planning and business planning.

3.2.6 Option funding

We have decided that no part of the Roadford reservoir pumped storage and transfer option should progress past gate one within the RAPID gated process. There will therefore be no allocation of funding and there will no longer be associated Environment Agency costs.

3.2.7 Option scope

We have decided that no part of the Roadford reservoir pumped storage and transfer should progress past gate one within the RAPID gated process. There is therefore no scope revision required.

3.2.8 Actions

Action number 1 relates to costs and benefits and includes the statement:

'Biodiversity Net Gain assessment to be repeated and refined and include an assessment of the depleted reach on River Exe.'

We agree that as the Roadford reservoir pumped storage and transfer option is not progressing past gate one within the RAPID gated process that this aspect of Action 1 should be removed. We have updated the Appendix to reflect this. However, as the Roadford reservoir pumped storage and transfer option will continue to progress via business-as-usual

routes outside of RAPID gated process the Environment Agency will continue to pick this action up via the local area team and local engagement.

Poole effluent recycling and transfer:

3.2.9 Option Structure and Terminology

We are pleased that there is agreement from the companies to merge the Poole effluent recycling and transfer option with the Southern Raw Water Transfer option to form one solution. The solution will be called 'Poole Effluent Recycling and transfers' solution to reflect both the source and transfer elements.

3.2.10 Option funding

Some solution owners raised concerns in their representations regarding whether gate two allowances would be sufficient for completion of gate two activities and suggested that gate one underspend should be carried forward to gate two. The percentage allocations to each gate in our Final Determination at PR19 were inherently imprecise and were based on our understanding of likely profile of activities to be carried out in progressing the development and investigation of solutions taking into account companies' proposals in this respect. We now have an improved understanding of the activities to be carried out at gate two and consider that it will be beneficial to allow funding allowance that has not been used at gate one to be made available to solution owners for carrying out gate two activities.

We have therefore decided to merge gate one and gate two allowances for this solution. This will allow any underspend on gate one activities to be used for gate two activities. We will continue to scrutinise expenditure to ensure that it is appropriate and efficient. Companies remain responsible for management of cost risk to meet gate requirements.

We have attributed 50% of the efficient expenditure at gate one to the Poole Effluent recycling and transfer option and 50% of the efficient expenditure to the Roadford pumped storage option. We have therefore deducted 50% of total efficient expenditure at gate one from the merged gate one and two allowances to arrive at the allowance available for this solution at gate two. Any reduction in EA NAU and Area costs should be supported by a work programme to justify a reduced level of engagement which remains effective to support solution progression. RAPID support continued liaison with the EA NAU to develop a work programme as justification for any EA NAU cost changes.

3.2.11 Option scope

There is a need to ensure that the option scope is sufficient to cover the RAPID gate guidance expectations within the gate allowances.

Common to both options:

3.2.12 Actions

Action number 5 relates to programme and planning and states:

'Keep open the possibility for legal solutions (contractual) to be developed to address regulatory barriers. Further investigation of regulatory barriers and how one might overcome these to deliver a best value outcome for customers.'

The advisory comment was in relation to issues/barriers identified with the Drinking Water Inspectorate (DWI) quality regulations. In the submission the suggestion was that this would not be able to be overcome (and legislative change might be necessary) whereas this is a matter that remains under discussion with DWI. This is with a view to clarifying whether there are routes by which DWI could deliver effective regulation of drinking water quality and sufficiency where a Competitively Appointed Provider (CAP) is involved in the operation and maintenance of a water treatment works.

3.2.13 Themes document – Carbon

As noted above, solution development to gate two should follow the Water Resources Planning Guidelines for WRMP24 section 8.3.2 which states expectations for accounting for and reducing greenhouse gas emissions. The design should consider; build nothing, build less, build clever and build efficiently throughout the development of the solution, with offsetting only as a last resort. We expect all direct mitigations to be included in the solution costs. The solution should also be considered by the water company within their wider carbon plans.

4. Solution assessment summary

Table 2. Final decision summary

Recommendation item	West Country South Sources and Transfers
Solution sponsors	South West Water, Wessex Water and Southern Water
Should further funding be allowed for the solution to progress to gate two?	Yes – Poole effluent recycling and transfer No – Roadford reservoir pumped storage and transfer
Is there evidence all expenditure is efficient and should be allowed?	Yes
Delivery incentive penalty?	No
Is there any change to partner arrangements?	No
Is there a need for a remediation action plan?	No

4.1 Solution progression and funding to gate two

Poole effluent recycling and transfer

The evidence suggests that the solution is a potentially valuable way of supplying water to customers. Based on our assessment of the potential solution costs and benefits we have concluded that the solution should progress through the gated process to gate two, and that further funding be allowed.

Roadford reservoir pumped storage and intra-regional transfer

Further funding is not allowed for Roadford reservoir pumped storage and transfer due to the high investment required for a low water resource benefit under a 1 in 500 drought scenario involving a transfer of over 200km. The Roadford reservoir pumped storage and transfer option within the West Country South sources and transfers solution comprises two option elements, the source and the intra-regional transfer:

- Part 1 (Source): Roadford pumped storage - our green economic recovery final decisions⁴ approved funding for this part of the solution to be delivered outside of the RAPID gated process.
- Part 2 (Intra-regional Transfer): Roadford Transfer from South West Water to Wessex Water - this intra-regional transfer element is small in size and local scale meaning that it is not strategic in nature; this element should therefore not progress within the RAPID gated process.

⁴ <https://www.ofwat.gov.uk/publication/green-economic-recovery-final-decisions/>

To reflect this reduced solution scope, we are halving the final determination allowance for gate two onwards because we consider that each option received an equal allocation of the allowance i.e. 50% (based on the assumed benefits of each option).

As set out in the PR19 Final Determination, any money spent during the gate one assessment stage on the Roadford pumped storage and intra-regional transfer options can be claimed at PR24.

We would like to reiterate that discontinuation of these options within the RAPID gated process should not prevent continued investigation and development of potential transfer solutions utilising Roadford reservoir pumped storage and transfer option, which can then be appraised within regional and company water resources plans.

We are combining West Country South Sources and Transfers and West Country South Southern Water Transfer solutions into a new single solution. The two solutions are intrinsically interdependent, with either solution becoming unfeasible if they both do not progress. Combining the two solutions also brings potential working and reporting efficiencies as the solutions both have the same solution sponsors, under which the same teams work on both solutions.

The removal of Roadford reservoir pumped storage and transfer option results in a 50% funding reduction from the total for West Country South Sources and Transfers. The new solution's total allowance and gate allowances will be formed by combining the two solutions' reduced allowances and gate allowances from the final determination.

We have decided to merge the gate one and gate two allowances. We have attributed 50% of the efficient expenditure at gate one to the Poole Effluent recycling and transfer option and 50% of the efficient expenditure to the Roadford pumped storage option. We have therefore deducted 50% of total efficient expenditure at gate one from the merged gate one and two allowances to arrive at the allowance available for this solution at gate two.

. Companies remain responsible for management of cost risk to meet gate requirements

The name for the combined single solution is Poole effluent recycling and transfer. The gate allowances for the combine solution are shown below:

Table 3 New solution's total allowance and gate allowances (£million 2017-18 prices)

		Gate one	Gate two	Gate three	Gate four	Total
Gate allowance		10%	15%	35%	40%	100%
Original funding allowance	West Country South Sources and Transfers - Poole effluent recycling and transfer - Roadford reservoir pumped storage	0.55	0.83	1.93	2.21	5.52
	West Country South Southern Water Transfer - Southern Raw Water transfer - Southern Potable Water transfer	0.40	0.59	1.39	1.58	3.96
	Total	0.95	1.42	3.32	3.79	9.48
50% funding adjustment from gate two	New combined solution - Poole effluent recycling and transfers	n/a	0.71	1.66	1.90	4.74
Merge gate one and gate two allowances	New combined solution - Poole effluent recycling and transfers		0.80	1.66	1.9	4.74

4.2 Evidence of efficient expenditure

The PR19 final determination specified that any expenditure on activities outside the gate activities for the identified solutions (or solutions that transfer in) will be considered as inefficient and be returned to customers. We will consider whether gate activity is efficient by considering the relevance, timeliness, completeness, and quality of the submission which should be supported by benchmarking and assurance.

Our assessment of the efficient costs as spent on gate one activities results in an allowance for this solution of £0.496m (of £0.496m claimed). These costs reflect final and reconciled costs.

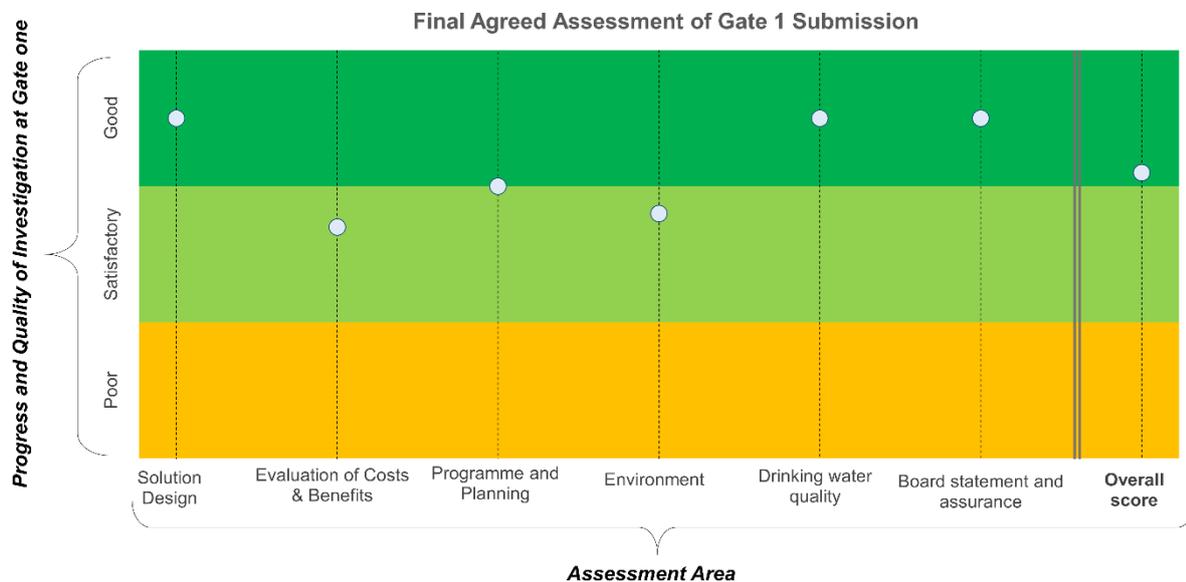
We have made no adjustments to the costs claimed.

4.3 Quality of submission

The aim of the assessment was to determine whether appropriate progress has been made towards delivery of the solution. We recognise at this stage solutions may be at different development points and the assessment takes this into account.

Figure shows our assessment of the work completed on the solution, which was presented in the submission. Our assessment was made against the criteria of robustness, consistency, and uncertainty to grade each area of the submission as good, satisfactory, or poor in accordance with [our guidance published on 22 February 2021⁵](#). We also assessed the Board assurance provided.

Figure 2. Submission Assessment



Our overall assessment for the solution submission is that it is good (meets expectations).

4.3.1 Solution Design

Our assessment of the solution design considered the quality of the evidence provided on the initial solution and options; the anticipated operational utilisation of solutions; the interaction of the solution with other proposed water resource solutions and stakeholder and customer engagement. The assessment also considered whether information was provided on the context of the solution's place within company, regional and national plans.

We consider that the progress and quality of the investigation completed by South West Water, Wessex Water and Southern Water in developing the solution design at gate one has

⁵ <https://www.ofwat.gov.uk/wp-content/uploads/2021/02/Strategic-regional-water-resource-solutions-guidance-for-june-2021.pdf>

been good, although we expect to see this expanded upon with more detail in the gate two submission particularly regarding operational utilisation and engagement activities following the outputs of regional modelling.

4.3.2 Evaluation of Costs & Benefits

Our assessment of the evaluation of costs and benefits considered the quality of the information provided on initial solution costs; the societal, environmental and economic cost and benefits, water resource benefits and wider resilience benefits. The assessment also considered whether evidence was provided on how the solution delivers a best value outcome for customers and the environment.

We consider that South West Water, Wessex Water and Southern Water's evaluation of the costs and benefits of the solution for gate one is satisfactory but has fallen short of expectations in some areas including the development of a best value discussion comparing the options of this solution and assessment of deployable output of the solution under 1 in 500 drought resilience.

4.3.3 Programme and Planning

Our assessment of the programme and planning considered whether South West Water, Wessex Water and Southern Water presented a programme with key milestones and whether its delivery is on track. The assessment also considered the quality of the information provided on risks and issues to solution progression, the procurement and planning route strategy and subsequent gate activities with outcomes, penalty assessment criteria and incentives.

We consider that the progress and quality of the gate one investigation completed by South West Water, Wessex Water and Southern Water regarding the programme and planning, risks and issues and the procurement and planning route strategy for West Country South Sources and Transfers has been satisfactory at gate one but has fallen short of expectations in some areas including the assessment of whether elements of the scheme are eligible for Direct Procurement for Customers (DPC) and a need for openness to legal solutions to address regulatory barriers.

4.3.4 Environment

Our assessment of environment considered the initial environmental assessment; the identification of environmental risks and an outline of potential mitigation measures; the

detailed programme of work used to address environmental assessment requirements and the initial outline of how the solution will take into account the carbon commitments.

We consider that the progress and quality of the work presented in the gate one submission provided by South West Water, Wessex Water and Southern Water regarding the environmental assessment, potential mitigations, future work programmes and embodied and operational carbon commitments has been satisfactory but has fallen short of expectations at gate one in areas relating to environmental risks and mitigation, the programme and monitoring plan and the option level environmental assessment. Carbon methodologies could also be clarified.

4.3.5 Drinking water quality

Our assessment of drinking water quality considered drinking water quality and risk assessments; evidence that the solution has been discussed with the drinking water quality team and a plan for future work to develop Drinking Water Safety Plans (DWSPs).

We consider that the information provided in this submission on drinking water quality risks, stakeholder engagement and DWSPs for gate one was good, falling slightly short in terms of the breadth of the Poole sewage treatment works risk assessment and consideration of the impact of influent on the treatment process or inclusion of a failsafe shutdown on the effluent discharge. We expect to see further development of DWSPs, water quality monitoring, including for emerging contaminants, and wider stakeholder engagement with ongoing dialogue with the respective water quality teams in gate two.

4.3.6 Board Statement and assurance

The evidence provided relating to assurance has been assessed as good.

The solution sponsors have provided Board statements that indicate:

- their support of submission recommendations for solution / option progression;
- they are satisfied that progress on the solution is commensurate with the solution being construction ready for 2025–30;
- they are satisfied the work carried out to date is of sufficient scope, detail and quality as would be expected for a large infrastructure project of this nature at this stage; and
- that expenditure has been incurred on activities that are appropriate for gate one and is efficient.

These statements are accompanied by an explanation of the approach to assurance and a description of the evidence and information that the Boards have relied on in giving the statements.

5. Proposed changes to partner arrangements

There are no proposed changes to partner arrangements.

6. Actions and recommendations

Where the submission has not been assessed as ‘meeting expectations’ we have provided feedback on where we will seek remediation of the issues. We have also identified specific steps that solution owners should take in preparing for gate two.

We have categorised these remediation issues and steps into priority actions, actions and recommendations.

Priority actions are those that should have been completed at gate one and must now be addressed on a short timescale in order to make sure the solutions stay on track. They require urgent remediation in full and for this reason directly relate to the assessment of delivery incentives set out in this publication. The response to the priority actions will determine whether a delivery incentive is imposed; and the extent to which the delivery incentives can be mitigated by the solution sponsors. If all priority actions are satisfactorily completed then the penalty will not be imposed. If one or more of the priority actions are not satisfactorily completed then the whole of the penalty will be imposed.

We have also identified actions that should be addressed in full in the gate two submission. The response to these actions will influence the assessment of the gate two submission.

Recommendations are issues where additional information or clarification could improve the quality of future submissions.

No priority actions have been identified for West Country South Sources and Transfers therefore we do not require the solution sponsors to provide us with a remediation action plan. The full list of other actions and recommendations can be found in the appendix.

7. Gate two activities

Poole effluent recycling and transfers

The solution will continue to be funded to gate two as part of the standard gate track.

For its gate two submission, we expect Southern Water, Wessex Water and South West Water to complete the activities listed in the [PR19 final determinations: strategic regional water resources solutions appendix](#) as expanded on in Section 15 of its gate one submission.

Roadford reservoir pumped storage and transfer

The solution will not continue to be funded to gate two as part of the standard gate track for the reasons set out in section 4.1.

8. Incentives for gate two

For gate two we maintain the same arrangements for incentives as applied in gate one – that is, a maximum penalty of 30% of company’s total efficient gate funding that could be applied to solutions that have not made adequate progress, where work is of inadequate quality, or the submission deadline is missed.

Penalties will be determined on a case by case basis taking into account:

- the level of completeness and the overall quality of the work carried out in investigating and developing the solution based on the evidence summarised in the submission;
- the evidence and justification provided where aspects of the work carried out fall short of expectations; and
- the impact on the decisions and delivery of solutions, including the extent to which deficiencies adversely impact customers.

Penalties will be applied through the PR24 reconciliation mechanism, as described in ‘[PR19 final determinations: Strategic water resource solutions](#)’.

There will be no opportunity to remediate deficiencies identified at the assessment in order to defer penalties

Appendix: Actions and Recommendations

Actions – to be addressed in gate two submission		
Number	Section	Detail
1	Costs & Benefits	Include metric benefits associated with the options and how the solution provides best value to customers beyond cost as part of the gate two submission. Ensure societal and economic metric benefits are considered.
2	Costs & Benefits	Ensure wider resilience benefits are investigated and quantified as part of the gate two submission. Include Water Resources South East (WRSE) resilience metric benefits associated with the options and how this contributes to the solution providing best value to customers beyond cost as part of the gate two submission.
3	Costs & Benefits	Compare costs and benefits of the options considered and demonstrate which of the solution options are considered to provide best value for customers as part of the gate two submission. Include both West Country Water Resources (WCWR) and WRSE regional plan Best Value Plan outputs in the gate two submission.
4	Programme and planning	Provide a detailed consideration of how DPC might impact on the delivery timetable if the solution fails the discreteness test and a full analysis against the six technical criteria.
5	Programme and planning	Keep open the possibility for legal solutions (contractual) to be developed to address regulatory barriers. Further investigation of regulatory barriers and how one might overcome these to deliver a best value outcome for customers.
6	Programme and planning	Provide the full discreteness test analysis against the six technical criteria in respect of the discreteness test. To review whether elements of the solution could be delivered by DPC, e.g. interconnectors/pipelines/treatment works etc.
7	Environment	In terms of the option level environmental assessment, specific to Poole STW effluent recycling, there is a need to assess potential for nutrient enrichment of Solent Maritime SAC and Western Solent SSSI whilst ensuring the solution helps support removing the nitrate removal obligation at Poole STW.
8	Environment	The site specific HRA should incorporate developments in the WCWR Regional Plan HRA. Undertake an Appropriate Assessment of potential impact of Likely Significant Effects.
9	Environment	Develop more detailed monitoring and mitigation measures in consultation with Natural England.
Recommendations		
Number	Section	Detail
1	Solution design	Ensure utilisation is determined through regional modelling as part of gate two, including uncertainty and sensitivity. Provide detailed explanation of the methodology for defining utilisation from the regional modelling at gate two.

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2	Solution design	Ensure outputs of further engagement activities included for gate two. Ensure the Consumer Council for Water are included in WCWR regional plan stakeholder engagement going forward and is consulted on any plans for customer research. We expect to see more in-depth stakeholder engagement around source changes and consumer acceptability of recycled water, as well as how the company intend to manage these changes and associated risks.
3	Costs & Benefits	Reassess and refine solution Deployable output (DO) benefits under 1 in 500 drought resilience and the best value metrics and assessment following the outputs of regional modelling with uncertainty and sensitivity and methods explained.
4	Costs & Benefits	Interactions and possible positive synergies of each plan with other strategic plans and projects delivering environmental and societal benefits should be identified e.g. Dorset Heaths Planning Framework, Stour Valley Park, Solent Nutrient Neutral Development.
5	Environment	Relating to carbon, be clearer in the main submission on relevant greenhouse gas emissions frameworks, methodologies, and industry and national policy commitments and ambitions used. Clearly explain how these have been used to determine and manage greenhouse gas emissions of project.
6	Drinking Water Quality	Specific to Poole STW, the risk assessment must consider the impact of influent on the treatment process at Poole STW and inclusion of a failsafe shut down to ensure that any partial or full STW treatment failure does not lead to non-compliant effluent being discharged to the River Stour for abstraction/transfer to Testwood.



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