

Dear 

29<sup>th</sup> October 2021

## **THE SOUTH LINCOLNSHIRE RESERVOIR (SLR) STRATEGIC RESOURCE OPTION (SRO) – RESPONSE TO GATE 1 DRAFT DECISION**

This letter forms Affinity Water and Anglian Water’s joint formal representation on the draft decision for South Lincolnshire Reservoir published by Ofwat and RAPID on 14<sup>th</sup> September 2021. This letter should be read with the accompanying representation document. We are pleased to see the recommendation for the South Lincolnshire Reservoir to progress to standard Gate 2 and would like to take the opportunity to thank RAPID for their continued collaboration and support in progressing the solution to this stage in the process.

### **Actions & Recommendations**

The representation document attached sets out how we will address actions and recommendations raised in the draft decision document ahead of Gate 2. We are pleased to see there is no requirement for a remediation action plan on this solution.

### **Quality**

Section 2.3 of the aforementioned draft decision document shows that the overall assessment for the solution submission is ‘good’ (meets expectations), with all of the assessment areas showing good progress and quality of investigation at gate one. Whilst this is very pleasing, we notice that the score for the environment assessment area, while rated “good”, is somewhat lower than that for the other areas. We would welcome further discussion to understand the details behind this, to ensure a “good” rating is maintained for gate two. Our forward plan looks to build on the initial assessment carried out at gate one and address any gaps which remain, and we look forward to continuing our engagement with the Environment Agency and Natural England to identify and address potential environmental risks.

## Costs

The document also sets out some areas where we would welcome further discussion. The proposed funding allowance to Gate 2 does not, in our view, allow us to fully develop the solution to the appropriate position. We would welcome further discussions on the over-arching approach for calculating the Gate 2 funding allowance and the benefits of adopting a bottom-up approach. We are aware this is not a unique issue and is common across other SROs.

We look forward to continuing to work together as we progress to Gate 2.

Yours sincerely,

[Redacted signature]

[Redacted name] (Director of Strategy & Regulation, Anglian Water)

[Redacted signature]

[Redacted name] (Director of Asset Strategy, Affinity Water)