

28th October 2021

FAO RAPID

Thames to Southern Transfer (T2ST) Strategic Resource Option (SRO) – response to Gate 1 Draft Decision

This letter is in response to the recommendation by RAPID to Ofwat that the Thames to Southern Transfer (T2ST) Strategic Resource Option (SRO) should continue to progress past Gate 1.

We are delighted to read that the Gate 2 funding has been allowed, and that all Gate 1 expenditure has been deemed efficient and allowed and T2ST is recognised as having the top rating of 'Good'. We are similarly pleased to learn that as solution sponsors, neither Thames Water nor Southern Water will receive any delivery incentive penalty and that there is no proposed need for a remediation action plan.

Costs

Section 2.2 of the "Strategic regional water resource solutions: Standard gate one draft decision for Thames to Southern Transfer" reiterates the amount of expenditure published in our Gate 1 submission. At the time of submission, this included an estimate for the final few months as costs were reconciled and invoices received. We are pleased to say this total Gate 1 expenditure has now reduced to £0.628m (at 2017/18 base prices). The main reasons for the reduction from the previous figure of £0.796m is a lower-than-expected NAU spend against forecasts, as well as reduced costs to close out the engineering studies, environmental studies, and environmental monitoring work packages. Whilst this figure will not materially change, there may be minor amendments following the final settlement of supplier accounts.

Recognising there is a significant underspend at Gate 1 from the RAPID Gate 1 allowance of £1.5m, we would like to propose further discussions with RAPID regarding the possibility of utilising this underspend, if required, at the next Gate stage where we have the need to deliver more activities driven by regional planning needs and our regulators expectations. We propose to discuss this further with you in engagement sessions in the coming months.

Actions & Recommendations

We are pleased to note that RAPID have not identified any priority actions for the T2ST SRO.

We have reviewed the actions and recommendations in the draft decision document as a Programme Management Board (PMB) and are able to confirm that we have no concerns with any of the items listed, and that we will proceed to Gate 2 intending to resolve each item.

We have an action plan to address your proposed actions and recommendations. We would be pleased to provide regular updates on these, and on our other Gate 2 technical workstreams through the next gated process, so that RAPID can have confidence that we are on track to a resolution.



Summary

We would like to take this opportunity to thank RAPID, EA, Ofwat and DWI for their engagement and collaborative working throughout Gate 1, and for their positive draft response to our Gate 1 submission.

Regards,



T2ST Programme Manager
On Behalf of Thames Water and Southern Water