

Dear 

28th October 2021

Representation on the Draft Decision for Fens Reservoir

This letter forms our formal representation on the draft decision for Fens Reservoir published by Ofwat and RAPID 14th September 2021. This letter should be read with the accompanying representation document.

We are pleased to see the recommendation for the Fens Reservoir to join the RAPID standard Gate 2 process and would like to take the opportunity to thank RAPID for their continued collaboration and support in bringing forward a new solution into the gated process.

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.

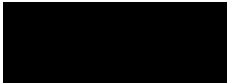
We can confirm, both partners have agreed to accept the proposed funding allowance split of 50:50 to Gate 2, at which point further information regarding the proposed utilisation will be available, following the publication of the draft WRE regional plan and company WRMPs. At this point, a decision as to whether Essex and Suffolk Water will come on board as partners will also be considered.

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 believe there is an error in the treatment of Anglian Water's adaptive planning allowance and the associated Gate 1 costs, for which we propose an alternative approach. In addition, 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 are writing to Ofwat separately regarding our views on the use of an end of period adjustment mechanism, proposing an alternative solution that would allow the funding to be realised within period.

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



Director of Strategy and Regulation, Anglian Water



Strategy and Regulation Director, Cambridge Water