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The All Company Working Group welcomes the opportunity to respond to this consultation. We welcome the opportunity to be involved in the development of SRO projects and the working groups more generally. These projects are not only essential for the resilience of the water supply of the UK but could also mark the beginning of true inter-regional water trading.

We would like to make some general observations on the consultation from ACWG perspective. This relates to the role of RAPID, and the development and coordination of the programme's topics as a key theme in the consultation. The companies will, of course, be submitting a more detailed scrutiny of the proposals.

The consultation invites us to think about the future role of RAPID. We think the need for coordination between the different regulators persists during the construction phase and beyond in some form or other. The focus of the work has been so far based on coordinating the scrutiny of the viability of projects themselves, in the gated process. If RAPID has joint oversight of delivery, you could provide assurances from the other regulators to Ofwat that would ease the process between stage gates, to smooth the regulatory path. The consultation presents us with questions that the role of RAPID post gate 5 closure and the degree of involvement in the projects. We would like a more subtle change of emphasis towards *sponsoring* the project with the other regulators as the go no go decision will already have been made after gate 5.

It is worth considering how new SRO projects, not part of the original PR19 group, are fed into RAPID's gated processes. This includes consideration of their funding for the cost of promotion, which as we have experienced, is non-trivial. Before PR19, these projects, in some cases discussed, may not have been thought of as viable options by any single water company, given the costs and the ability to effectively coordinate between water companies. If this is the case, we believe other intercompany solutions in the future should have a similar opportunity for both funding and scrutiny; as this cohort has, especially in the context of adaptive planning. The need for strategic investments will continue to be significant over the 25-year planning period and we cannot afford to be tied to a 5 year funding cycle. The regulatory system should allow more flexibility and this should be addressed at PR24

We have also seen the emergence of projects with partners other than Appointment holders, which potentially offer the parties real benefits across a series of activities not included in the traditional regulatory assumptions about infrastructure assets, such as generation. Again, as a coordination issue, RAPID can be a valuable ally in helping drive the project through the regulatory framework that has not been designed to accommodate it.

There is a case for two procedural changes that may help existing and future projects. We would ideally like the gateways aligned to the project need and with greater freedom to make decisions as the projects develop and new information becomes available. From our current experience, we think there is a case of contracting gates one and two with no real impact on the outcome of the analysis. The gated approach has always had the potential to create a “start stop” aspect to the project because of the time taken to scrutinise the plans before the project is deemed suitable or unable to move into the next stage. However, work continues on the project for some months before the final decision. To some extent, this is inevitable but can be reduced with fewer gates in the future.

We consider the relationship between the regulatory processes and their timing as the key coordination issue. This includes the timelines of regional planning and its public consultations; the price control submissions; and the planning regime. We would welcome RAPID’s role or thoughts on ensuring resilience in the SRO programme until certainty has been achieved following the granting of planning (through DCO/Public inquiries) have concluded. The DCO process is not flexible and is likely to have an important impact of the timings of the projects.

We look forward to working with RAPID this year and continued constructive engagement in its development. Missing agenda items that need to be developed over the next year include treatment of losses, calculation of transit fees and resale pricing. In the operations arena, this includes such issues as the development of system operation. However, best value planning and the opportunity to delivery societal and environmental benefits in conjunction with securing water supplies are likely to be more costly than options that do not consider these wider benefits. Specifically, a point on the rise and future importance of green finance and ensuring contractual arrangements effectively embed sustainable outcomes. There will be expectations from both customers and from investors that these major strategic infrastructure projects will deliver public value.

We welcome further discussion on this consultation, with this document sent on behalf of the All Company Working Group. If you have any queries on the response, please do not hesitate to contact me [REDACTED]

Best regards,

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Representing the All Company Working Group.