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By email

Susan Davy  
Chief Executive Officer  
South West Water

17 May 2022

Dear Susan,

## **Strategic regional water resource solutions: gate one final decision for South West Water**

I am writing to inform you of our final decisions in respect of the following strategic regional water resource solution:

- Mendip Quarries

The RAPID partner regulators would like to thank South West Water for submission timeliness, collaborative approach and positive engagement which has helped drive the quality and speed of progression of this solution.

This letter should be read in conjunction with the final decision document for this solution, which is published alongside this letter. Both this letter and the final decision document are published on our website on 17 May 2022.

The solution owners and other interested parties had the opportunity to respond to the draft decision during the representation period, which followed the publication of the decisions on 1 March 2022. We have taken all relevant representations into account in making our final decision.

The table below summarises the elements of our final decisions in respect of the South West Water-sponsored solution. Further details are contained in the accompanying final decision document.

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## Final decision summary in respect of South West Water-sponsored solution

Recommendation item	Mendip Quarries
Solution owners	South West Water and Wessex Water
Should funding be allowed for the solution to progress to gate two?	Yes
Is there evidence all expenditure is efficient and should be allowed?	Not applicable
Delivery incentive penalty?	Not applicable
Is there any change to partner arrangements?	Not applicable
Are there priority actions for urgent completion?	Yes

### Solution progress and funding

Our decision in respect of the Mendip Quarries solution is to allow funding for it to join the gate two RAPID programme. Funding is allowed for the Mendip Quarries solution to continue to be developed to gate two.

The costs allowance for the Mendip Quarries is shown in the table below for gates one to four.

	Gate one	Gate two	Gate three	Gate four	Total
<b>Mendip Quarries</b>	N/A	£5.01m	£11.70m	£13.37m	£30.08m
<b>Comment /calculation</b>	No gate one allowance for new solutions	15% of development allowance calculated as 6% of total solution cost including WCWR transfers	35% of development allowance calculated as 6% of total solution costs including WCWR transfers	40% of development allowance calculated as 6% of total solution costs including WCWR transfers	90% of development allowance calculated as 6% of total solution costs including WCWR transfers

Funding will be shared equally between the solution owners, South West Water and Wessex Water.

### Submission quality

Whilst not part of the RAPID gated process, a submission was made for the Mendip Quarries at gate one. Our overall classification is that the submission meets expectations.

### Remediation

A list of remediation issues is provided in the Appendix to the final decision document divided 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 a solution stays on track.

We identified two priority actions in respect of the Mendip Quarries, which were satisfactorily addressed during the representation period.

### **Gate two timetable**

We agree to changing the date of the gate two submission to April 2023. The exact date is still to be confirmed and will be published on the RAPID website<sup>1</sup>.

Should you have any questions about this letter or final decision, please e-mail [rapid@ofwat.gov.uk](mailto:rapid@ofwat.gov.uk) and someone from the team will be in touch.

Once again, Ofwat would like to thank South West Water for the work that it has carried out over the gate one period.

Yours sincerely,

**David Black**  
**Chief Executive**

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<sup>1</sup> <https://www.ofwat.gov.uk/regulated-companies/rapid/the-rapid-gated-process/timetable-for-the-rapid-gated-process/>

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