



Kate Kendall
Director
Future Assets and Resources
Ofwat

Our ref
00229 Kate Kendall Ofwat HT CAM

Sent via email
[REDACTED]

Date
6 January 2023

Dear Kate

Re. Havant Thicket CAM Draft Decision

Further to OFWAT's draft decision published 16th December 2022, SWS would make the following comments:

As previously communicated to OFWAT on 23rd November 2023, we confirm our support for Ofwat's determination of PW's CAM submission (our ref. 00219 Kate Kendall Ofwat). Whilst disappointed that this will increase costs to our customers, we acknowledge the rationale for these increases and the importance of continuing progress. The scrutiny and challenge applied via this determination process will ensure the efficiency of costs to be recovered.

Can we please confirm, as stated elsewhere in the document, that the beneficiaries of Portsmouth Water's share of savings under the Main Pipeline Works contract as a result of an alternative pipeline route being pursued will be our customers and not Portsmouth Water's in accordance with the regulatory treatment and price control reconciliation position set out in the PR19 Havant Thicket Final Determination?

Page 11/12 of the draft decision states:

"Customers will receive Portsmouth Water's share of savings under the Main Pipeline Works contract as a result of an alternative pipeline route being pursued. Our efficiency challenge above already includes upfront savings of £1.25m from the alternative route, and Portsmouth Water's share of actual savings above this level will be wholly for customers' benefit up to a cap of £5m on total savings. Savings over £5m will be subject to the normal totex sharing arrangements"

We would be happy to discuss these comments if further clarification is required.

Yours sincerely

[REDACTED]

Martin Roughead
Director of Strategy & Regulation