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## By email

Lisa Gahan  
Regulatory Director  
South West Water Limited

13 October 2023

Dear Lisa,

## Accelerated Infrastructure Delivery Project

We are writing following our publication of our [Accelerated Infrastructure Delivery Project final decision](#) in June 2023. Our final decision allowed South West Water (the “Company”) PR24 transition expenditure funding to accelerate four schemes<sup>1</sup> in accordance with the conditions and requirements set out in the Accelerated Infrastructure and Delivery Project final decision. This included a requirement that the Company provide us with sufficient and convincing evidence at our action plan review meeting in summer 2023 that it is on track to deliver its PR19 enhancement programme as a condition of receiving transitional expenditure funding.

To deliver customer and environmental benefits, acceleration schemes need to be delivered on time and not distract companies from the delivery of the existing significant 2020–25 investment programme.

To help us decide whether the Company has met the condition included in our final decision document that it is on track to deliver its PR19 programme, we asked the Company to submit a report on the progress that it has made against its own [action plan](#) (published in March 2023). We then held the action plan review meeting to discuss this report with company representatives on 22 August 2023. Following this meeting we raised further queries with the Company on its progress. We have also reviewed the data submitted by the Company in its 2023 Annual Performance Report.

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<sup>1</sup> Accelerating of smart metering in Colliford, building nutrient removal systems at five locations in and around the River Axe and Camel catchments, acceleration of 15 storm overflows in the Falmouth and Sidmouth catchments, and free customer leak replacements.

Chris Walters, Senior Director

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For the reasons set out below, while risks remain on delivery, we consider that the Company has provided us with sufficient and convincing evidence to assure us that, overall, it is on track to deliver its PR19 enhancement programme.

- The Company reported progress in relation to the cumulative expenditure made against the enhancement allowances set out in the PR19 final determinations. The Company is forecasting to overspend its enhancement allowances by March 2025.
- In our [Water Company Performance Report 2022-23](#) we no longer identify the Company as significantly underspending against its enhancement allowances.
- The Company also reported delivering 536 WINEP schemes over the first three years of the 2020-25 period. Two schemes to reduce spills into shellfish waters at Exmouth were not delivered on time.<sup>2</sup> The Company explained that this is because of a more complex and expensive solution being needed than originally planned. The Company explained that it now needs to agree on the new solution and delivery timeframe with the Environment Agency. We are satisfied that the Company has a plan to deliver the two schemes.
- The Company confirmed that it is on track to deliver the remainder of its PR19 enhancement programme by March 2025.

We therefore consider that the Company has met the condition included in our accelerated infrastructure delivery project final decision to providing us with sufficient and convincing evidence at our action plan review meeting in summer 2023 that it is on track to deliver its PR19 enhancement programme. We also expect the Company to get on and deliver the four schemes for which transition expenditure funding has been allowed.

The Company should continue to progress delivery of all enhancement schemes funded to be delivered in 2020-25. We will monitor and challenge the progress of delivery of acceleration schemes as well as other PR19 enhancement expenditure.

Yours sincerely

**Chris Walters**  
**Senior Director**

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<sup>2</sup> Originally these schemes involved building two storm tank installations at Phear Park and Maer Road pumping stations to reduce spills into the shellfish water.