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By email

Susan Davy
Chief Executive
South West Water

10 May 2023

Dear Susan,

Strategic regional water resource solution: gate two draft decision for South West Water

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

- Poole Effluent Recycling and Transfers

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 draft decision document for this solution, which was published alongside this letter. Both this letter and the draft decision document were published on our website on 10 May 2023.

Following the publication of our draft decision, solution owners and other interested parties have the opportunity to respond to the draft decision. Representations are invited by email to rapid@ofwat.gov.uk and the representation period will close at 6pm on 21 June 2023. All representations will be considered before our final decision, which we intend to publish at 10am on 28 July 2023.

Where we have identified issues requiring urgent remediation, we expect the solution owners to resolve them to a suitable quality no later than the dates provided in the Appendix to each draft decision document.

Solutions funded in PR19 final determination

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

Draft decision summary in respect of South West Water-sponsored solution

Recommendation item	Poole Effluent Recycling and Transfers
Solution owners	South West Water Wessex Water
Should further funding be allowed for the solution to progress to gate three?	Yes
Is there evidence all expenditure is efficient and should be allowed?	Yes
Delivery incentive penalty?	No
Is there any change to partner arrangements?	No
Are there priority actions for urgent completion?	Yes

Solution progress and funding

Funding allowance is detailed in Table 3 in the draft decision document for each solution.

Funding is allowed for the Poole Effluent Recycling and Transfers to continue to be developed to gate three. All options for this solution should continue to be investigated.

Since the gate two submission, the solution owners have proposed that from gate two the solution will be called Poole Water Recycling and Transfers. We agree with the proposal.

Evidence of efficient expenditure

For Poole Effluent Recycling and Transfers we determine that all expenditure of £0.77 million is efficient and appropriate, and we allow it in full.

Submission quality

Our overall classification of the submissions for Poole Effluent Recycling and Transfers is that it is "Good (meet expectations)".

Remediation

A list of remediation issues is provided in Appendix A of the draft decision document divided into priority actions, actions and recommendations. Priority actions are those that should have been completed at gate two and must now be addressed on a short timescale in order to make sure a solution stays on track.

We have also identified actions that should be completed in full in the gate three submission. The response to these actions will influence the assessment of the gate three submission.

Recommendations relate to issues where additional information or clarification could improve the quality of future submissions.

We conclude that there are issues for remediation for this solution. Priority actions have been identified, and where we have identified issues requiring urgent remediation, we expect the solution owners to resolve them to a suitable quality no later than the dates provided in Appendix A of the draft decision document.

Should you have any questions about this letter or draft decision, please e-mail 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 two period.

Yours sincerely

David Black
Chief Executive

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