



Mr Paul Hickey
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Sent by email to: rapid@ofwat.gov.uk

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Dear Paul

RE: Response to draft gate 2 decisions on new strategic water resources infrastructure

I am writing in response to the [draft gate 2 decisions](#) published in March for the three Strategic Resource Options proposed for Eastern England: the South Lincolnshire Reservoir, Fens Reservoir and the Anglian to Affinity Transfer (A2AT) scheme. As you know, WRE is the independent, not-for-profit membership organisation tasked under the National Framework for Water Resources to prepare a long term, water resources plan for Eastern England. We published our draft Regional Plan for consultation last November and are now analysing the feedback and updating our plan ready for publication later this year.

Thank you for the opportunity to respond to the proposed decisions ahead of final announcements in June. I was pleased to see that for all the above schemes, the draft decisions are line with the best value pathway described in our draft Regional Plan.

- The proposed *Fens Reservoir* would meet the identified need for 50 million cubic meters of new water storage in the Cambridgeshire Fens. Our best value plan selects this option as soon as it becomes available in the mid-2030s, as it helps alleviate the significant pressure on chalk aquifers in the region and supports improved environmental flows.
- The *South Lincolnshire Reservoir* is also selected as soon as it becomes available, to provide the necessary additional storage to achieve the 1:500 drought resilience standard as well as play a major role in meeting the desired 'environmental destination' for water bodies across the region.
- The full *Anglian to Affinity Transfer* scheme was not selected in our draft plan as the reconciliation process between regional groups' plans demonstrated the advantage of options that would supply Affinity Water from the west of England rather than the east. This is a good example of the value of regional planning backed by inter-regional reconciliation. However, we support the scaled-down scheme that moves water between zones within the WRE region.

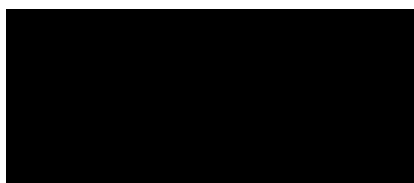
We note the comments made in the draft decision documents about fully demonstrating that both reservoir projects represent low regret options within WRE's best value plan. We will work with the relevant companies to strengthen the evidence base ahead of your October deadline. I note that the national water resources modelling commissioned by RAPID itself concluded that both reservoir projects fall within the best value portfolio of new water sources for the region.

However, there are two areas where the draft decisions could be improved:

- *Benchmarking the cost-effectiveness of the Fens Reservoir:* the draft decision documentation suggests an overly simplistic approach has been taken to judge the relative cost effectiveness of this project. Unit costs should be assessed against the alternative options available for these water resource zones rather than similar options that may be available elsewhere in the country. The reality is that there are few alternatives to the Fens Reservoir due to pressures on the water environment. Only desalination offers an alternative of the required scale, but the costs and environmental impacts render desal far less attractive. Decisions on the Fens Reservoir should also recognise the significant stakeholder concern regarding the health of the River Cam and other chalk streams that the Fens Reservoir would help alleviate, especially in the context of local growth plans. There is a risk that a narrow assessment of this option perpetuates these challenges and raises stakeholder concerns further. However, we agree that further work is needed to explore options that would increase the yield of the reservoir.
- *Exploring the wider public value and ‘system’ benefits of the reservoir projects:* I note and strongly support the recommendation in the South Lincolnshire Reservoir draft decision that Anglian Water should continue to explore the benefits of open water channels to move water to the reservoir site and the potential synergies with the Boston to Peterborough Wetland Corridor and the Lower Witham Flood Resilience Project (Action 4 on page 21). Such opportunities are relevant to both reservoir projects, so the final gate 2 decision on the Fens Reservoir should include a similar recommendation. I chair the South Lincolnshire Water Partnership and parallel Fens Water Partnership where these opportunities are discussed with a wide range of stakeholders. WRE has also sponsored work to date by a *Water Farming Reservoir Group* that has explored the potential conjunctive use benefits for irrigators arising from both reservoir projects. However, WRE’s role to catalyse these ‘system’ benefits is not funded and there will be a limit to how far it is possible and appropriate for the costs of the necessary studies to be met from SRO budget allocations. I would therefore value a conversation with you and perhaps Ofwat, EA and Defra colleagues, about how such activity to unlock wider opportunities, including for agriculture and the environment, could be funded.

As well as a chance to discuss these points, I would be grateful for an update on RAPID’s thinking regarding potential commercial and legal models for multi-sector reservoir systems since the CEPA study was published last year. In the absence of a way forward, both reservoir projects will default to solely meeting the identified public water supply needs, even if it can be shown that modest adjustments to reservoir sizing and operation would deliver significant benefits to agriculture and other sectors.

Yours sincerely



Daniel Johns FCWEM
Managing Director