Data table commentary

Part 13
New Additional Tables

South West Water

OUR BUSINESS PLAN 2025-2030

Executive Summary

This document provides summary information on specific additional tables as per Ofwat guidance stated in document 'PR24 business plan table guidance part 13; New tables for Draft Determination'.

All tables have been prepared in accordance with the PR24 business plan table guidance part 13; New tables for Draft Determination representations document.

Commentary is provided on a combined basis (South West and Bristol water) unless otherwise stated in the commentary.

This includes the following areas:

ADD14

Industrial Emissions Directive (BIO7)

Commentary

Secondary Containment: Some cost estimate elements from the original cost estimate sheets produced by Chandler KBS have been revised due to guidance from the EA in the 'Task and Finish Group Sessions' to limit containment wall height to 1.5m (original cost estimate used 2.4m), increasing foundation and containment areas onsite. This is a high-cost area for SWB and we are currently developing our solutions further to give more cost certainty and to understand any limitations or risks to day to day operation presented by an investment Price of this scale on Hayle and Countess Wear sites. We are exploring design options, costs and deliverability for IED compliance.

We have removed the 20% allowance that was presented in Appendix A in December 2023, reflecting Ofwat's decision to completely remove this driver based on assurance from EA that this is not required. We have not yet collected emissions data from our treated cake pads, this is being planned for the near future.

For Enhanced Operating Expenditure we have estimated labour requirements for operators, skilled maintenance, back-office staff and management resources required for compliance with management systems. For additional power a broad approach for an increase in power requirements has been made, based on the addition of OCU's and pumping stations. This is estimated as an average additional 90kW / site every 24 hours, 365 days / year, using a cost of £0.2/kW. For additional liquor sampling a robust approach for additional liquor sampling has been made, based on sampling each site every month, at a cost of £2,000 per sample. We have combined these values and spread the cost uniformly across the seven categories. An additional cost was added to the "Liquor sampling category" for sampling determines that were not monthly, such as 6 monthly sampling requirements for PFOS and PFOA, hence why the costs of Liquor sampling are higher than the other categories.

We had removed the majority of the costs as instructed on the understanding that if evidence suggests any risk of emissions, the Environment Agency will require WASCs to look at the optimisation of the treatment process rather than require covering of the cake pads but had retained 20% of the value of providing covers for cake pads as a contingency to offset any risk that an intervention to manage emissions may be required, pending EA confirmation, or that further treatment optimisation is needed to reduce any emissions from our cake pads. However, we have now removed all cost and figures for "Cake pad / cake storage covering" as per Ofwat's statement "we removed cake pad covering costs as our understanding is that this expenditure is not specifically required under IED unless otherwise specified by the permit conditions for any specific site".

The risk allocation apportioned in the cost estimates has been revised to reflect current scope requirements and design maturity.

Cost drivers

The cost driver figures were all calculated as part of the cost estimate works. Below are updates to the cost drivers since the Appendix A submission:

Cost Driver	Site	Appendix A value	Updated value	Comment
2	Hayle	5315	8100	Update post Appendix A submission and part of permit application works
5	Hayle	300	426	Update post Appendix A submission and part of permit application works
8	Countess Wear	1140	58	Included secondary digestion figures but have been removed since clarity of definition in query OFW-OBQ-SBB-174
13	Hayle	1900	N/A	Removed as per Ofwat statement on cake storage covering (Countess Wear was already N/A)

Base and enhancement expenditure

South West water has not previously reported IED expenditure, therefore there are no reference line to our Annual Performance Report (APR).

Detailed base and enhancement expenditure can be found in our table SWB ADD14. The majority of our expenditure is enhancement as we do not have any IED compliant sites currently, however, are working towards IED compliance with the Environmental Agency (EA).

For our two sites requiring IED compliance (Hayle and Countess Wear), we propose a significant capital enhancement expenditure to ensure compliance.

Hayle, we propose enhancement investment for the following:

- Building secondary containment bunding of 5700m3
- Building secondary containment impermeable surface area of 5083m2
- Building secondary containment bund wall length of 426m, with wall height 1.5m
- Replacing secondary digestion at Hayle,
- 2 tanks to cover with surface area of 173m2
- Installing 30 monitors
- Installing at least one sample point

Countess Wear we propose the following:

- Building secondary containment bunding of 12,000m3
- Building secondary containment impermeable surface area of 9208m2
- Building secondary containment bund wall length of 2000m, with wall height 1.5m
- Replacing one digester at Countess Wear, (currently within SSSI boundary) Covering 1 tank with surface area of 58m2
- Installing 30 monitors
- Installing at least one sample point

Enhancement activity	Requirement	Countess Wear enhancement totex £m	Hayle enhancement totex £m
Secondary Containment	Countess Wear needs complete replacement of the current secondary digester function, which will be built above ground, with covers and a new primary digester. Hayle requires construction and commissioning of new secondary digestion tanks with covers. The cost estimate elements have been revised since August 2023 due to guidance from the EA through the IED 'Task and Finish Group' to limit containment wall height to 1.5m (original cost estimate used 2.4m), increasing foundations and containment areas onsite.	31.066	9.352
Tank covering	Countess Wear requires one existing tank to be covered and will need complete replacement of the current secondary digester function, which will be built above ground, with covers. Hayle requires two existing tanks to be covered and the construction and commissioning of new secondary digestion tanks with covers. However this cost driver does not include digester figure (primary or secondary). Information as per query OFW-OBQ-SBB-174 response.	0.68	0.309
Cake pad/cake storage covering	Removed as per Ofwat statement.	N/A	N/A
Control and monitoring	We estimate that approximately 30 monitors will be required on each site to maintain IED compliance.	0.68	0.309
Liquor sampling	Cost associated with IED sampling requirements of the two sites	0.863	0.375
Permit application	Cost associated with permit application of the two sites	0.609	0.287
Other		1.901	0.701
Total Spend		£47.135m	

We have accepted Ofwat's view of base funding (£2.27m) on the basis that this will be required to operate and maintain existing assets (e.g., Odour Control Units) to ensure performance meets the new standards required by IED compliance. This is because we currently do not have any IED permitted sites and are still in the permitting process.

Further details on IED schemes can be found in our Cost and Efficiency document [SBBDD09_L3_cost_and_efficiency].

ADD15

PR24 Water Industry National Environment Programme (WINEP) – England, Costs and number of actions

Commentary

This covers all WINEP obligations across our Clean Water and Waste Water functions.

We confirm that none of the actions that have been submitted for activity in Wales.

As per guidance we have provide detailed explanation of values under individual WINEP driver code lines in column H of ADD15, however we note that no data has been requested for driver U_IMP4, for which we have seven WINEP obligations and against which we have no costs entered yet. This driver is associated with reduction in storm overflow spills from sites which have only recently been added to the WINEP, and representative costs for these lines have not yet been ascertained.

There are a number of additional lines associated with recently designated Bathing Waters (South West Water) and for which we have not yet established accurate costs. These are noted in the SWB ADD15 table.

Cost drivers

For some drivers, a single line may have been used to represent activity at a number of locations (for example, EnvAct_MON4 – the deployment of Continuous River Water Quality monitoring apparatus). The precise locations of these investments is not yet fully developed, and the total number yet to be agreed with the Environment Agency. This line represents the entirety of the body of investment but does not represent the number of individual enhancements to be made.

For other drivers, several lines may have been used for the breakdown of a single investment, for example our WFD_INV_CHEM investments represent our contribution to a national programme of investigations under the CIP programme, though this breaks down into a number of different discrete contributions which all support the one output.

Important changes from the Business Plan

Our WINEP represents a dynamic relationship between ourselves and our external environmental regulators, and this is reflected in the emergence of different pressures and demands upon our resources. Recent designations of new Bathing Water locations for example has necessitated last-minute additions to our obligations in order to be able to react to the requirements which are associated with this designation. We are only able to present a 'snapshot' of data in this response. Further, we anticipate final figures to continue to be refined between now and the Final Determination.

Further details on our WINEP schemes can be found in our Cost and Efficiency document [SBBDD09_L3_cost_and_efficiency].

ADD18

RORE Analysis RR30

Full details and commentary on our RORE can be found in document Risk and Return Annex C.

ADD21

Resilience Interconnector Schemes (CW8 equivalent)

Commentary

ADD21 is a new table for resilience interconnector schemes. However, it reports water available for use (WAFU) benefit which aligns with our final WRMP24. Therefore, by definition these are supply interconnector schemes because WAFU is not reported for Resilience Interconnectors and they are not WRMP options.

SWB has one supply interconnector scheme; WIM 14 Whitecross upgrade which is reported in ADD21. It was scoped and developed as part of our WRMP24.

Important changes from the Business Plan

In our cost and efficiency representation we have submitted a representation for this scheme. We do not agree that supply interconnectors are assessed in the feeder model using WAFU whilst resilience models use km of main laid. We do not believe that WAFU is the correct measure to use and have presented this case in the main document [page xx] and accompanying, more detailed appendix.

ADD22A-E

Bespoke performance commitments

Commentary

This commentary is specific to the South West Water Embodied Greenhouse Gas Emissions bespoke performance commitment, and covers specific tables lines: ADD22a.2, ADD22b.2, ADDc.2, ADD22d.2 and ADD22e.6-9.

The baseline and proposed emission intensity and carbon reduction percentage are constant from the original Business Plan submission.

ADD22b.2 - The data represents the contribution of base expenditure and greenhouse gas emissions to the modelled carbon reduction targets of ADD22Ee9. We are reporting on the entire Engineering Delivery capital programme.

The figures in ADD22b.2 represent those same carbon reduction targets as in ADD22e.9.

ADD22c.2 – The data matches the value in ADD22b.2, for the reason stated in ADD22b.2.

ADD22d.2 - The price control allocations are as per those suggested in response to query OFW-OBQ-SBB-015 (rounded to the nearest 5%). The marginal benefits, benefit sharing factor, incentive rates and ODI timing are all as per our business plan (both our focused representation and full framework representation assume this design).

ADD22e.6-9 -

- The actual metric for the Embodied Carbon PC is the Emission Intensity in tCO2e/£m ADD22E.8 with associated carbon reduction percentage (ADD22E.9) from the baseline of 2021/22. ADD22E.8 Emission Intensity has been used to calculate the tCO2e in ADD22E.7 against the expenditure value of engineering.
- The baseline and proposed emission intensity and carbon reduction percentage are constant from the original Business Plan submission.
- ADD22E.6 - Total (engineering) capital delivery spend from 2022-2024 is based on actuals. Forecast data for Engineering Delivery spend is from 2025 to 2030 for AMP8. An illustrative assumption of £400m pa for Engineering Spend is applied for 2030-2035
- Table ADD22E.7 is as per the methodology calculations of tonnes CO2e based on spend using the emission intensity (ADD22E.8) to align with the Performance Commitment metric target and carbon reduction percentage.
- The emission intensity in terms of tonnes CO2e/£m and percentage reduction of carbon reflect the embedding of the framework contracts and PAS2080 process with our supply chain and within the Engineering Directorate.

Important changes from the Business Plan

The price control allocations are as per those suggested in response to query OFW-OBQ-SBB-015 (rounded to the nearest 5%).

Further details on our bespoke performance commitments can be found in our Outcomes representation document [SBB08_L3_Outcomes].