

UUWR_75

PR24 Draft Determination: UUW Representation

Area of representation: Plan updates

August 2024

This document contains a summary of the externally driven changes since United Utilities provided its business plan. These changes will not have been included within Ofwat's Draft Determination but will require inclusion within the Final Determination. This document provides signposting to each of our representation documents.

1. Key points

- **Regulatory requirements have evolved since our business plan submission:** New obligations and changes to existing scope have been made by the Drinking Water Inspectorate, the Environment Agency, Defra, and Ofwat since our original business plan was submitted in October 2023. To ensure compliance with Ofwat's Information notice IN 24/02 and IN 24/06, our representation version of business plan data tables must be consistent with the delivery of all legal obligation. As a consequence, new information and associated enhancement cases are provided in our representation to Ofwat.
- **New Drinking Water Inspectorate obligations on PFAS:** Since United Utilities' business plan was submitted, a further letter was issued by the Drinking Water Inspectorate (DWI) setting out clear expectations of companies to progressively reduce PFAS in drinking water. Accompanying the letter was a new requirement to submit a Section 19 Undertaking to formalise the AMP8 programme of work and to include any additional schemes to meet the revised expectations. We provide a new enhancement claim of £49.075m to allow UUW to install new treatment processes at two water treatment works to address the presence of PFAS in the associated source waters.
- **New Environment Agency obligations to go further at Windermere:** The 5 July 2024 WINEP contained new regulatory obligations for Windermere, to accelerate work to protect and enhance England's largest lake, which is facing the increasing impacts of climate change along with phosphorus inputs from a variety of sources. We provide a new enhancement claim of £186m to fulfil the obligations within the WINEP to further reduce phosphorus from nine final effluent discharges and reduce spills from three storm overflows that discharge into the Windermere catchment. In addition, we recognise that this new requirement may be best served via Ofwat's Large Scheme Gated Process due to its late addition to the WINEP, large scale and complexity.
- **New and revised obligations from the Environment Agency in the latest WINEP:** In addition to Windermere, the latest WINEP adds a number of new obligations totalling £56m, for which we have provided the corresponding enhancement cases to meet these new obligations. There is also an additional £37m relating to changes to existing obligations. This includes the doubling of Storm overflow investigations from 350 to 773 investigations during AMP8. Meanwhile, we were pleased that the Environment Agency accepted our proposed phasing for investment in Davyhulme, which was part of an adaptive planning approach which has reduced AMP8 requirements by £240m and avoided wasteful or abortive investments.
- **Ofwat has proposed substantial changes in the number and timing of assurance requirements and performance reporting:** AMP8 assurance and reporting requirements are significantly increasing both in complexity and number and Ofwat proposes that performance information is published in June, a month earlier than at present. Further, the expectations of the Technical Auditor are evolving and changing, with new duties to Ofwat being introduced, increasing the complexity and scope for the Technical Auditor and their assurance team. Ofwat's requirements will drive an increase in costs and there may be some resource availability constraints among service providers. To drive efficient procurement and delivery of assurance requirements, these should be clearly stated prior to commencement of AMP8.
- **Ofwat has stated that UUW presented sufficient and convincing evidence that the investment proposals within its PR24 business plan are deliverable.** However, the Draft Determination presents an undeliverable challenge to enhancement funding in comparison to October 2023 business plan. This reduction in enhancement case funding would significantly impact on United Utilities ability to deliver its regulatory commitments in AMP8. As currently specified, the draft determination is undeliverable.
- **UUW has successfully negotiated new commercial arrangements for AMP8 and has been progressing its deliverability activities since October 2023. Our proposed changes to the draft determination would mean we would be confident of deliverability.** Following the path set out in our October 2023 submission, we have successfully procured 29 commercial delivery partners representing circa 85% of the overall

programme. We have also delivered extensive developments in digital technologies and standardisation as well as robust internal readiness and transformation plans building on the learning from accelerated programmes. We have undertaken an in-depth challenge of our plan, scope, costs, and deliverability and present a revised and fully evidenced plan which the company is confident is deliverable.

- **There are areas of continued uncertainty and ongoing change:** At the time of providing our representation to Ofwat, the WINEP remains subject to change with the 'Final' WINEP not anticipated to be published by the Environment Agency until September 2024. Although we have taken every effort to minimise this risk, by working constructively with the Environment Agency, there remains a risk of more WINEP changes during this time which will need to be reflected in Ofwat's Final Determination. Additionally, on 21 August 2024, Defra notified companies of a prospective extension to requirements for Emergency Overflow monitoring in AMP8. We signpost this new requirement, recognising it could not be fully reflected in the representation as a whole. We look forward to working with Ofwat and the Environment Agency to ensure that this additional requirement is appropriately reflected as an AMP8 requirement for both delivery and funding.

2. Introduction and overview

2.1 Introduction

This document describes the chronology of events since United Utilities submitted its business plan in October 2023. It details the interactions with regulators since our submission and the evolution of regulatory requirements. In this document we provide a brief summary of the various changes and signpost where additional details can be found within our representation.

2.2 Overview

The remainder of this document is structured as follows:

- In Section 3 we set out the chronology of external regulatory changes and interactions with United Utilities since our 2 October 2023 business plan submission. This includes interactions with Ofwat, Defra, Environment Agency, and the Drinking Water Inspectorate.
- Section 4 outlines the new Drinking Water Inspectorate obligations for PFAS and signposts to our new enhancement case required to deliver this legal undertaking in AMP8.
- Section 5 details the implications of the Environment Agency's latest WINEP. It provides a summary of key changes effecting Windermere and the new and changing requirements since our 2 October 2023 submission.
- Section 6 provides information responding to Defra's intention to require the acceleration of the roll out of monitoring and reporting of emergency overflows.
- Section 7 summarises our response to Ofwat's new and additional expectations and requirements for third-party assurance for performance information, enhancement schemes and Price Control Deliverables (PCDs), as contained within its Draft Determination.
- Section 8 details United Utilities continued focus on deliverability, reviews the implications of Ofwat's draft determination and the confidence that UW has in the revised plan we have proposed in this set of representations.
- Section 9 briefly identifies what was included with Ofwat's draft determination versus any new requirements that have subsequently arisen.
- Section 10 lists the issues and implications relating to late additions and uncertainties associated with the ongoing development of the WINEP.
- Section 11 highlights the approach we have taken to representations and our proposals for the Final Determination.

3. Chronology of external changes since October 2023

Since the submission of our business plan in October 2023, there have been a large number of externally driven changes as a result of the evolving regulatory landscape. These set a number of new requirements to be met that were not clear requirements at our business plan submission in October 2023.

To provide Ofwat with the necessary evidence relating to changes that have taken place since our business plan was submitted, we provide in Table 1 below a chronology of some of the notable events and developments that occurred post business plan submission.

Table 1: Chronology of key developments

Date	Event
2 October 2023	UUW Business Plan submitted to Ofwat
2 November 2023	Ofwat requested an updated set of data for alternative plans, distinct from our submitted plan. Ofwat's letter requested that the submission "must align with what is within your latest WINEP issued by the Environment Agency, and not assume any future amendments are agreed"
17 November 2023	<p>For this submission to Ofwat we looked again at our WINEP requirements and considered whether more could be done to better support delivery to the current WINEP dates, in accordance with the guidance from Ofwat's letter that this submission "must align with what is within your latest WINEP issued by the Environment Agency, and not assume any future amendments are agreed".</p> <p>We therefore provided revised tables with some revised costs to better meet WINEP dates for some schemes, and included additional transition investment for some other schemes to better support the feasibility of delivery in AMP8. Despite this, there remains some schemes where it will not be possible to meet the current WINEP date, regardless of cost. We set out for Ofwat why this is the case for the relevant schemes.</p> <p>We noted that whilst the 17 November 2023 scenario represented the efficient cost that we believed enabled us to most closely deliver the WINEP requirements and dates specified at the time, it did not reflect the most adaptive plan that could deliver best value for customers (given the higher costs required to meet short deadlines), and also carried substantial additional delivery risk.</p>
22 December 2023	<p>We provided Ofwat and the Environment Agency with an update relating to the latest developments on the WINEP for the following schemes:</p> <ul style="list-style-type: none"> • Pennington Flash; • Manchester Ship Canal BOD inc. Salford WwTW; • Davyhulme WwTW BOD and Phosphorus; • Wigan and Skelmersdale; and, • Bathing schemes with a 2026 regulatory deadline.
11 January 2024	Ofwat requested an updated set of data for alternative plans, distinct from our submission.

Date	Event
25 January 2024	<p>In responding to Ofwat's request of 11 January, we submitted three versions of the tables. The first two were as requested by Ofwat:</p> <ul style="list-style-type: none"> • An updated version of our submitted plan, which also included updated IED costs, in accordance with our revised IED position, as set out to Ofwat on 20 December 2023; • An updated variant plan, that aimed to reflect our best endeavours delivery of all WINEP requirements as then stood. The most significant change (in addition to IED) was a reduced cost for the Pennington Flash scheme; and <p>The third version of the tables was an additional "possible future variant plan" scenario that reflected the alternative WINEP positions that we were continuing to discuss with the EA, and where we were positive about the prospects for changes (most notably with the phased delivery in BOD improvements at Davyhulme).</p>
29 February 2024	<p>We received a letter from the EA with support from Defra and Ofwat relating to Urban Waste Water Treatment (UWWTR) and implications for the WINEP programme.</p>
26 April 2024	<p>UUW provided its response to the UWWTR letter including changes to the following schemes:</p> <ul style="list-style-type: none"> • Princes Street CSO; • Withnell Fold PS; • Staveley; • Hale Storm Tanks and Baycliff PS; • Bexton Road CSO; • Eastland Farm CSO; • Gaskell Street; • Great Salkeld; • Leasowe Road; and, • Westminster Road CSO.
21 May 2024	<p>The Environment Agency gave confirmation that it had approved our adaptive plan proposal related to the water framework directive requirements for Davyhulme.</p>
24 May 2024	<p>Ofwat announced that, because of the general election on Thursday, 4 July, and in line with Cabinet Office Guidance, it was delaying the publication of its PR24 draft determinations from 12 June until Thursday, 11 July 2024. It also noted that the changes in PR24 timetable presented challenges to all parties, with the consultation on its PR24 draft determinations now open for seven weeks.</p>
11 June 2024	<p>The Environment Agency notified United Utilities of a further scheme (Rookery CSO) that required delivery by 1 April 2028 due to the UWWTR. This scheme arose from the 2023 SOAF assessments and was already in our business plan, so no change was necessary.</p>
17 June 2028	<p>The DWI undertaking was given in respect to PFAS in water quality zones.</p>
4 July 2024	<p>UUW provided Ofwat with details of UWWTR, Eccles and confirmation of Davyhulme schemes and their respective alignment with our 'Possible Future Variant plan' provided on 25 January 2024.</p>

Date	Event
5 July 2024	<p>The Environment Agency provided companies with its latest WINEP, containing a significant number of new and changed requirements. This included new obligations for:</p> <ul style="list-style-type: none"> • Windermere; • Village Drains; • Staveley; • Princes Street; • Blea Weir; • Naden Brook; • Bunbury; and, • Eccles. <p>There were also many changes to existing drivers such as the acceleration of delivery dates for U-IMP4 drivers and the doubling of storm overflow investigations from 350 to 773 for the EnvAct_INV4 driver.</p>
11 July 2024	Ofwat published its Draft Determination
23 July 2024	A "Snapshot" was taken by UW of the latest WINEP for use in the company representation.
30 July 2024	There was further engagement between UW and the Environment Agency relating to the increase in storm overflow investigations and deliverability concerns.
19 August 2024	Confirmation was received from the Environment Agency that it is "happy to consider requests to phase the delivery of your [UW] existing AMP8 EnvAct_INV4 investigations across AMP8"
21 August 2024	Formal letter from Defra giving notification of prospective extension of AMP8 requirements for Emergency Overflow Monitoring.

Source: UW records

Ofwat has stipulated in Information Notice IN 24/06 that "The representation version of business plan data tables must be consistent with the delivery of all legal obligations". In order to comply with this, it is necessary to incorporate new items and revisions to existing items in the business plan as part of our representations.

Additionally, in compliance with Ofwat's Information notice IN 24/02, section 3.2, these externally driven changes to requirements are outside of United Utilities' direct control but now form regulatory obligations that need to be funded and delivered.

As can be seen in Table 1 above, the summary timeline of events demonstrates sufficient and convincing evidence as to why this information was not submitted as part of United Utilities original business plan. It also demonstrated that all reasonable steps were been taken to keep Ofwat informed throughout the process.

4. New Drinking Water Inspectorate obligations on PFAS

[UUWR 76 – PFAS – Enhancement case](#)

The regulation of PFAS in drinking water is a rapidly evolving issue and in December 2023, a letter was issued by the Drinking Water Inspectorate (DWI) setting out clear expectations of companies to progressively reduce PFAS in drinking water. Accompanying this letter was a new requirement to submit a Section 19 Undertaking to formalise the AMP8 programme of work and to include any additional schemes to meet the revised expectations.

At the time of our business plan submission in October 2023, we made no provision for investment to address PFAS in raw water sources. Since December 2023, we have undertaken a review of PFAS sample data and associated risk assessments to identify water treatment works (WTW) where additional control measures are required to comply with DWI requirements. The conclusion of this review confirmed the need for investment at two WTWs to secure levels of PFAS in drinking water that were in Tier 1 of the DWI guidance.

In June 2024, we made an AMP8 technical submission to DWI illustrating the factors that had led to our decision to include the two sites in our AMP8 programme and outlined the rationale for the proposed upgrades at each of the named sites. We have since received letters of support from DWI for both schemes and are in the process of finalising Regulation 28 Notices with the DWI for each of the identified WTW.

As such we present to Ofwat our new enhancement case necessary to comply with the latest regulatory requirements in document [UUWR 76 PFAS - Enhancement case](#). This enhancement case provides greater detail as well as detailed sections discussing the need for investment, how our proposed solution is the best option for customers, and demonstrating cost efficiency.

5. New and revised obligations from the Environment Agency in the latest WINEP

[UUWR 77 - WINEP](#)

Our PR24 WINEP development strategy was underpinned by collaborative and open working with the Environment Agency and adaptive planning principles. Our overall intent was to develop integrated catchment solutions, targeting lower costs for customers and lower whole life costs overall.

Discussions with the Environment Agency have continued since October 2023 as we strived to reach an agreement that would lead to solutions that are a lower cost for customers and a lower whole life cost overall. We recognise that Environment Agency negotiations have been prolonged as we have optimised adaptive plans that deliver benefits for customers. This has reduced AMP8 requirements by £240m and avoided wasteful or abortive investments.

As previously demonstrated in Table 1, there have been significant constructive engagements with regulators relating to changes within the WINEP. For our representation we have used the version shared by the Environment Agency on 5 July 2024 and the further snapshot taken on 23 July 2024. We recognise the WINEP remains a 'live' document until its finalisation, which is anticipated in September 2024.

The latest WINEP snapshot presented:

- new WINEP actions;
- changes to existing WINEP actions; and,
- removal of WINEP actions.

The changes in the WINEP led to a revised enhancement totex for AMP8 as set out in Table 2 below.

Table 2: Summary of changes to the WINEP

WINEP item	£m
New WINEP actions	£242m
Change to WINEP actions	£21m
Removal of WINEP actions	-£2m
Subject to WINEP alteration request (post representation)	£18m
Total	£279m

Source: UUW analysis

A more detailed, scheme by scheme breakdown of each of these categories is provided in DD representation document [UUWR 77 – New WINEP](#).

The majority of the increase (£186m) results from obligations to accelerate ambitious improvements for England’s largest lake, Windermere, in the face of growing concern about the impact of nutrients and its resilience to climate change. The new requirements reflected in the WINEP are to further reduce phosphorus from nine final effluent discharges and reduce spills from three storm overflows that discharge into the Windermere catchment.

A key area of change to the WINEP relates to the storm overflow investigations programme required for the Environment Act. This is now double the size it was in the September 2023 WINEP. The latest WINEP has increased the regulatory investigation requirements from 350 to 773 investigations by 30 April 2027. These investigations involve both water quality modelling - which is a specialist skill set - and sampling and analysis of rivers and overflows in requisite storm conditions – something that is particularly challenging to plan and resource for at this scale.

We are engaged in discussions with the Environment Agency to seek an alteration request to smooth the profile of storm overflow investigations throughout AMP8, with the full programme complete by 31 March 2030. We are confident this revised delivery profile reduces the additional risks associated with such an increase in scope while still focusing on what matters for stakeholders.

On 19 August 2024 the Environment Agency confirmed it is “happy to consider requests to phase the delivery of your [UUW] existing AMP8 EnvAct_INV4 investigations across AMP8”. Due to the very recent nature of this information, we have not been able to include a revised profile within our data tables and as such the data tables submitted reflect the 30 April 2027 regulatory date as currently captured in the WINEP. We do not anticipate changes made to the profile to impact the overall cost for delivering the schemes. We would expect the ‘final’ version of the WINEP to include the revised profile. We will continue to provide Ofwat with ongoing information and evidence in relation to these changes.

Full details of the new and changing WINEP obligations is set out in detail in DD representation document [UUWR 77 – New WINEP](#). Accompanying that document are the new enhancement cases necessary to deliver these obligations which can be seen in Table 3 below.

Table 3 New WINEP Enhancement cases

Document ID	Document Title
UUWR_78	UUWR 78 Windermere - Enhancement case
UUWR_79	UUWR 79 Village Drains - Enhancement case
UUWR_80	UUWR 80 Water WINEP - Enhancement cases
UUWR_84	UUWR 84 Princes Street - Enhancement case
UUWR_85	UUWR 85 Staveley – Enhancement case
UUWR_86	UUWR 86 Bunbury - Enhancement case
UUWR_87	UUWR 87 Eccles – Enhancement case
Total documents	7

6. Defra's request to accelerate monitoring and reporting of emergency overflows

On 21 August 2024 Defra wrote to water companies highlighting its intention to require the acceleration of the roll out of monitoring and reporting of emergency overflows. The letter stated that it expected companies to work with the Environment Agency to identify and prioritise sites where the acceleration should occur. The intent is that the current WINEP driver - which requires that 25% of emergency overflows be monitored by 2030 - will be revised to require that 50% of emergency overflows are monitored by 2030. The letter states that the process by which companies will work with the EA to identify sites that should be prioritised for monitors will be set out by Defra in due course.

Defra's letter notes that companies should incorporate this increased expectation in their response to Ofwat's draft determination.

As noted in Ofwat's inbound query response 362, published on 19 August 2024, the requirements have arrived too late for full incorporation into this response to Ofwat's draft determinations. We agree with Ofwat that this is an issue that will affect all companies and note Ofwat's comment that it will need to assess the impact of the change at an industry level. UW would be pleased to work with Ofwat and the EA to ensure that this additional requirement is appropriately reflected as an AMP8 requirement for both delivery and funding.

In our October business plan, we proposed an enhancement allowance of £38m to deliver 237 overflows. In its draft determination, Ofwat provided a totex allowance for £27m of expenditure. In the event that we were required to complete the programme at 50% of sites by 2030, then this would involve a further funding requirement to deliver a further 237 overflows. Whether these would cost the same, more, or less than the original cohort would be dependent upon the specific sites identified for acceleration and the relative difficulty of investment at those sites compared to the original 25% coverage.

We have previously provided Defra with a list of specific considerations for a larger scale rollout. With a sufficient cost allowance, we believe that a 50% roll out by 2030 is challenging, but deliverable. It would be beneficial to all parties if the details of the revised roll out could be agreed and approved prior to the final determination. This would allow proper consideration of priorities and costs.

In the event that this is not possible then, given the scale of investment, we believe it may be appropriate for Ofwat to make a provisional allowance for the additional costs of delivery, subject to adjustment following confirmation of the programme from work with the Environment Agency. Ofwat could then undertake a proportionate review of projected costs in light of the scale of any expected differences. We would, however, be willing to discuss any alternative approaches that might be appropriate in order to facilitate Defra's request.

7. AMP8 Assurance

[UUWR 83 AMP8 Assurance](#)

Across several of its draft determination documents Ofwat sets out new and additional expectations and requirements for third-party assurance for performance information, enhancement schemes and Price Control Deliverables (PCDs).

This includes an actionable duty of care in respect of the relevant aspects of assurance for both companies and their appointed assurance provider, whereby draft and final assurance reports and specific undertakings relating to management of conflict of interest will be sent to Ofwat. This significantly increases the complexity and scope for the Technical Auditor and their assurance teams.

Ofwat's new requirements will drive an increase in costs and there may be some resource availability constraints among service providers, due to the expected scrutiny for the AMP8 programme and the size of the AMP8 programme (for all companies) we anticipate that there may be some difficulty procuring suitably qualified assurance specialists to meet the needs of the updated requirement.

We believe that companies and assurance providers will both want to work hard in order to ensure they meet Ofwat's assurance expectations. To assist this, it would be helpful if Ofwat's assurance requirements could be consolidated into a single source document to which companies and service providers can align both for planning and resourcing purposes. The earlier this is made available, the more likely it is that the requirements can be delivered.

We provide our representation on these new assurance requirements within representation document [UWWR 83 AMP8 Assurance](#).

8. Deliverability

[UWWR 82 Deliverability](#)

United Utilities has comprehensively considered Ofwat's draft determination and in response we have challenged the robustness and deliverability of our AMP business plan. We have continued to adopt an objective and balanced approach and have taken the opportunity to comprehensively challenge our ambitious plan in terms of scope, totex expenditure and performance.

In its draft determination, Ofwat has presented significant cost challenges related to enhancement cases which has led United Utilities to reassess whether the plan remains deliverable within a reduced totex expenditure allowance.

United Utilities' total expenditure allowance as per the draft determination response is £12.376bn against a plan of £14.790bn submitted in January 2024 (equating to a 16% reduction overall). Ofwat has increased the allowance on base costs by 1% but made a reduction on enhancement costs an average of 35%. (PR24 Draft Determinations: Total expenditure allowances – by company, Page 44).

There are at least three areas where proposed reductions in enhancement funding present a significant risk to deliverability. The largest efficiency has been applied to Wastewater Enhancement costs with an overall reduction of £2.144bn. Of this £1.498bn relates to Storm Overflow costs (£3.289bn vs £1.792bn). Bioresources has seen a substantial efficiency challenge against several areas with the IED programme and potential future risk regarding land bank for biosolids presenting the biggest deliverability impacts. The introduction of a gated process for large scale infrastructure schemes and the costs associated with these large schemes, are also of concern.

We have responded to the draft determination with representations that show where we can align to the approach Ofwat has embedded and where we believe Ofwat should revise its approach. Ofwat can have confidence that the revised plan is robust, considering the extensive challenge process that has taken place to review the scope, solution, cost and deliverability of our ambitious AMP8 plan. This is further supported by United Utilities' strong track record of delivery and the significant evidence of progress made against Ofwat's three deliverability tests since the October 2023, thereby providing assurance that the revised plan presented is deliverable.

United Utilities is satisfied that the revised plan is deliverable within the totex expenditure of £14.429bn requested through this response to Ofwat's draft determination of 11 July 2024.

We provide further substantial evidence and information on progress with our deliverability strategy since our October submission, as well as challenges that have arisen. These can be found in our representation document [UWWR 82 Deliverability](#).

9. Draft determination position

Ofwat confirmed the baseline for its Draft Determination was our 25 January 2024, 'Possible Future Variant plan.' As noted in section 3, this included a number of adaptive plans, most notably being the multi AMP strategy for Davyhulme, which was subsequently approved by the Environment Agency on 21 May 2024.

With the exception of Davyhulme, our understanding – on review of the draft determination – is that none of the other new regulatory requirements or changes to existing requirements since submission of our business plan in October 2023 were reflected in Ofwat's draft determination.

10. Issues and implications

At the time of providing company representations to Ofwat the WINEP remains subject to change with the 'Final' WINEP not anticipated to be published by the Environment Agency until September 2024.

We have made every effort to minimise the risk of further changes by working constructively with the Environment Agency throughout the process. We have based our representation materials on the most recent version of the WINEP issued on 5 July 2024 and the snapshot taken on the 23 July 2024. Nevertheless, there remains a risk that the WINEP is subject to further changes before final determination.

In addition, the WINEP alteration process run by the Environment Agency continues to be an important mechanism to allow for companies to make changes to the WINEP. This mechanism is likely to be hindered or cause additional challenges for companies and Ofwat where changes to schemes or delivery dates are included as part of any price control deliverable. We therefore believe that the PR24 process needs to be adaptive to this issue and capable of reflecting the final statutory requirements that are set out in the final version of the WINEP.

As noted in Ofwat's inbound query response 362, published on 19 August 2024, the new requirements from Defra to accelerate monitoring and reporting of emergency overflows have also arrived too late for full incorporation into this response to Ofwat's draft determinations. We agree with Ofwat that this is an issue that will affect all companies and note Ofwat's comment that it will need to assess the impact of the change at an industry level. UUW would be pleased to work with Ofwat and the EA to ensure that this additional requirement is appropriately reflected as an AMP8 requirement for both delivery and funding.

11. Approach for final determination

Ofwat stated in Information Notice IN 24/02 that:

“We do not expect water companies to submit new claims as part of their representations, for example cost adjustment claims. If they do, companies should provide sufficient and convincing evidence explaining why this could not be submitted as part of their business plan in October 2023.

Any reference to evidence supporting the company's representation should be clearly labelled and if applicable signposted to the relevant line in the Business plan data tables.”

Additionally, Ofwat has stipulated in Information Notice IN 24/06 that,

“We expect each company to submit only one version of its PR24 business plan and accompanying business plan data tables with their representation on our PR24 draft determination. The representation version of business plan data tables must be consistent with the delivery of all legal obligations and our PR24 final determination will be based on this submission. For the avoidance of doubt, we expect each company to publish this version of its business plan and business plan data tables alongside its representation on our draft determination.

We do not expect to receive any 'variant' business plans, or data tables, as part of representations”

We have provided Ofwat with clear and robust evidence that the externally driven changes in requirements were outside of United Utilities' direct control. We have provided Ofwat with information about developments as they have arisen.

These new and changed regulatory requirements now form legal obligations which United Utilities must satisfy in accordance with each obligation. The additional expenditure required to meet these requirements were not included within our business plan submission, but is now included in our draft determination representation.

It is inevitable that we will continue to see further changes to the regulatory landscape, as can be seen with the recent request from Defra. It is possible that there will be further changes to the WINEP before the final determination. It is important that Ofwat takes steps to ensure that whatever mechanisms it employs in the final determination are suitably flexible so that they are capable of reflecting the final statutory obligations that companies are required to deliver in order to allow companies to fulfil new obligations as they clarified.

We will continue to provide Ofwat with ongoing information and evidence in relation to further changes and would be pleased to continue to work with Ofwat and other stakeholders to ensure that the final determination is capable of being aligned to the company's statutory and regulatory duties.