

Gate 2 Submission: Supporting Technical Report Annex 10: Proposed Gate 3 Outcomes and Activities

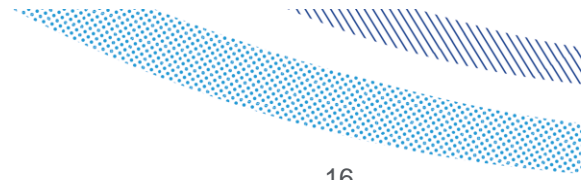
6th December



from
**Southern
Water** 



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1. Introduction

1.1 Background

This document details our planned outcomes for the RAPID Gate 3 submission and the activities that we will undertake to successfully secure these outcomes.

This document is developed following the completion of our Option Appraisal Process (OAP) where Option B.4 is proposed to be progressed as the Selected Option and Option B.5 is proposed to be progressed as the Selected Back-up Option.

1.2 Purpose of this document

This document proposes the key outcomes that we seek to achieve ahead of RAPID Gate 3 and details the associated key activities that will be undertaken by SW prior to submitting the Gate 3 deliverables to RAPID.

It also details penalty assessment criteria and key activities to mitigate Option delay impacts.

The Work Breakdown Structure in our Gate 3 activity plan is structured to closely align with the identified Gate 3 activities set out in Ofwat's PR19 Final Determination, as illustrated in Figure 1. The activities detailed within this document set out a narrative of our overarching schedules that can be found within the Solution Conceptual Design Reports.

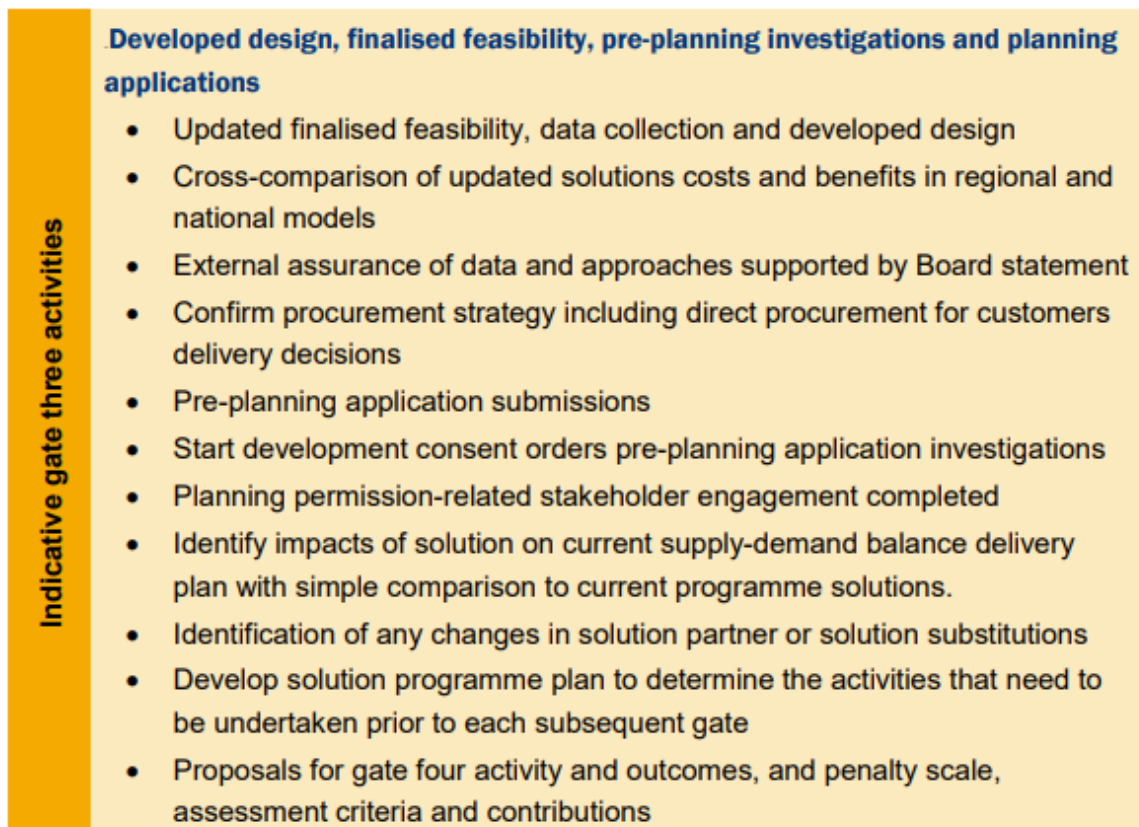


Figure 1 - Indicative Gate 3 activities¹

¹ Page 42, PR19 Final determination: Strategic regional water resource solutions appendix

This document describes the key elements of the plan to deliver the outcomes required for Gate 3 and includes the following:

1. Details of the outcomes sought from RAPID Gate 3
2. A breakdown of key activities required to deliver the outcomes including the core consenting and procurement delivery requirements to deliver a successful Gate 3 submission
3. Penalty/reward scales, assessment criteria and contributions for the Gate 3 assessment; and
4. Consideration of Option delay impacts.

2. Overall Gate 3 Proposed Outcomes

At Gate 3 the key outcomes are to confirm that the Selected Option is technically viable and deliverable. PR19 states that Gate 3 should provide 'developed design, finalised feasibility, pre-planning investigations and planning applications'. It says that the solution design and supporting data should be developed to a standard suitable to progress solutions to the next level of planning and tendering.

In order to provide the evidence for this we will:

- Continue to develop our engineering design work and work with Portsmouth Water to develop the Option B.4 alongside its proposals for the new Havant Thicket reservoir. We will ensure that the technical development activities align with the planning and procurement activities for Havant Thicket reservoir and test in more detail whether the design of the solution is appropriate for and consistent with all relevant planning, legal and regulatory requirements.
- Undertake significant market engagement as part of the DPC Stage 3 activities and ensure that the market has the appetite, capacity and capability for the project scope. We will further develop and understand the risks inherent within the project and propose effective management strategies that are tested with, and ultimately supported by, the market. This will be evidenced within our Control Point C submission.
- Continue to implement our environmental and consenting strategies to confirm the deliverability and consentability of the design of Option B.4. We will actively engage with regulators, stakeholders, solution partners and customers to ensure that the proposed solution is informed by, and as far as possible has the support of, key external parties. We will evidence this through the implementation and feedback into our second non-statutory consultation and continuous ongoing engagement associated with the project.
- Update our WRMP19 as appropriate to ensure that the Selected Option (B.4) and Back-up Option (B.5) are part of our approved WRMP and accordingly establish the 'need' case required under the Nationally Significant Infrastructure Project (NSIP) consenting regime.
- Determine the requirements of the Procurement Plan (as per Ofwat guidance February 2020 Appendix 2 Briefing Note)

By delivering the key outcomes above, and the detailed activities within the subsequent text, we will be in a confident position to know that the preferred Selected Option is technically and legally viable, has strong market support and is advocated by our wider stakeholders. We will have the evidence to be confident in progressing to the next stage of RAPID activity that culminates with the development of the Outline Business Case.

3. Progressing the Selected Option and Back-up Option

3.1 Key Milestones

During the period between Gate 2 and Gate 3, there are numerous key milestones detailed in the plan that need to be achieved, not just from a Regulatory standpoint, but also to progress the Selected Option at a sufficient pace to meet the obligation under the Section 20 agreement to use “All Best Endeavours”. A summary of these is detailed in the below table:

Table 1 – Key milestones in the Gate 3 period

Regulatory Process	Milestone	Forecast Date
RAPID	Gate 3 Submission	November 2022
	Gate 3 Determination	February 2023
Ofwat / DPC	Control Point A Submission	January 2022
	Control Point A Determination	February 2022
	Control Point B Submission	January 2022
	Control Point B Determination	March 2022
	Control Point C Submission	October 2022
	Control Point C Determination	November 2022
Consenting	Request for S35 Direction determination	January 2022
	Commence Ecological Surveys	February 2022
	SW start non-statutory consultation on Selected Option	June 2022
	Notification of project to PINS issued	As soon as practicable after s35 Direction is given
	Request for a Scoping Opinion Submitted to PINS	July 2022
	PINS issue Scoping Opinion	September 2022
	Commence Land Identification	April 2022

SW will keep the timeline for Gate 3 under review throughout the period and will engage with RAPID if it considers that the date for Gate 3 needs to be adjusted in order to facilitate delivery of a solution within the timeline referred to in WRMP19.

The below diagram shows the key activities that are on the critical path in the Gate 3 delivery period window. Given the multiple, parallel activities, these activities are not absolutely sequential. Other activities such as procurement are very close to the critical path, indicating the complexity of parallel activities that mobilise in the next delivery period.



Figure 2 – Critical path Gate 3 activities

To see the full critical paths for each solution, please see the Scheduling section of Annex 2, Water Recycling Technical and Annex 3, Havant Thicket Technical (of the Gate 2 submission documents).

3.2 Updated finalised feasibility, data collections and developed design

Under this category heading we include all of our Engineering and Technical development activities. These activities apply to both the Selected Option B.4 and Back-up Option B.5. The outcomes of the below activities will interface and input into our technical designs, procurement activities and DCO pre-application activities.

3.2.1 Selected Option

We will continue to develop the design of the Selected Option. The ultimate design maturity will be informed by our Gate 3 activities, including consenting strategy, stakeholder input and feedback, pre-application consultation and engagement, including land interests and the procurement strategy adopted for the project, with its associated market engagement. Much of the work below will directly inform the design input to the DCO process or the development of Specification for the CAP Agreement. Full details of activities can be found in the schedule section of the Annex 2, Water Recycling Technical and Annex 3, Havant Thicket Technical.

Key activities that we will be undertaking in the Gate 3 window include:

- Water sampling
- Initial mass balance calculations
- Initial P&ID drawings
- Outline compliance and commissioning strategy
- DSEAR and COSHH assessments
- Mechanical design development
- Civil design development
- Architectural and outline specification options
- Electrical and Instrumental design development
- Utility information pack development
- Specification development
- Pipeline design and routing
- Development of outline operational strategy
- Ongoing pilot plants associated with recycling technology and the new Otterbourne plant technology

Further to our core Engineering activities, we will be considering the major, longer-term pressures on the Supply Demand Balance, primarily achieving 1-in-500-year drought resilience by 2040 and then higher levels of environmental ambition from 2050 onwards.

The Detailed Option Evolution Statement (see Annex 13, Detailed Option Evolution Statement, for details) considers these issues, with the Future Needs Statement identifying the deployable output (DO) that the SRO requires to satisfy the future need to a horizon of 2040, and the Outline Option Evolution Plans setting out how each option could evolve to deliver this DO and the steps that Southern Water will take to progress

the evolved options. This will be a key element of the activity required to support future flexibility, resilience, and adaptability to support longer term regional needs and requirements.

As per the Annex 13, Detailed Option Evolution Statement, additional activities are required to develop Selected Option to meet the evolved need include:

- Engineering activities,
- Further engineering modelling works
- Further work to confirm a joint needs requirement with Portsmouth Water

3.2.2 Back-up Option

The development of the Back-up Option will be slightly more limited. We will progress much of the above by 'piggy backing' on the primary Selected Option development activities given the underlying asset types are very similar. We will not however be progressing items such as the Specification development or anything that is designed to directly inform the consenting process, reflecting the fact that this option is a back-up and is not currently being progressed through the consenting process as this could be an abortive effort at this stage. In addition to the above we will be:

- Investigating and developing pipeline routes associated with the Back-up Option
- Investigating further the potential locations for an appropriate environmental buffer for increased recycled water output

As per the Annex 13, Detailed Option Evolution Statement, engineering activities are required to develop the Backup Option to meet the evolved need.

Key deliverables to a developed ahead of Gate 3 include:

- Gate 3 Developed Design Snapshot Report. This report will provide a summary of the engineering, technical and environmental development activities, progress, risks and outcomes ahead of Gate 3. It is designed to demonstrate ongoing technical viability and that the appropriate level of design of Gate 3 has been achieved

3.3 Cross-comparison of updated solutions costs and benefits in regional and national models

Under this category heading we include all of our activities to support and interface with key bodies undertaking regional and national modelling. This is predominantly Water Resources South East. These activities apply to both the Selected Option and Back-up Option. We will promote a collaborative approach with WRSE to support the required regulatory processes and provide confidence of an aligned outcome.

The solution will have costs and benefits developed in a manner that will align with appropriate regional or national modelling. It is important to note that the water resources need and supply deficit for the Selected Option is already established in WRMP19, which informs the consenting need.

Key deliverables to be prepared prior to Gate 3 are:

- Water Resources Annex

3.4 External assurance of data and approaches supported by Board statement

Under this category heading we include all of our external assurance and Board engagement activities. These activities apply to both the Selected Option and Back-up Option. The outcomes of the below activities will ensure compliance with the RAPID requirements whilst enabling strong board level support from each solution partner company with an associated Board statement.

As with the Gate 2 submission, the Gate 3 submission will be subject to a comprehensive internal and external assurance process associated with the submission, as detailed in Annex 7, Assurance Process.

The assurance process will cover the full extent of the Gate 3 submission including all technical, regulatory, commercial, and legal aspects. The assurance process will follow a similar approach to Gate 2; however, SW will review and update the approach following RAPID feedback on our Gate 2 submission. A key part of our ongoing assurance process will be to ensure that the solution is supported both by the Southern Water and Portsmouth Water boards.

Key deliverables to be prepared as part of the Gate 3 submission are:

- Assurance Annex including associated Board Statements.

3.5 Confirm procurement strategy including direct procurement for customers delivery decisions

Under this category heading we include all of our Procurement activities. These activities relate to both day-to-day procurement activities that support the project implementation and further development of the DPC delivery strategy for the project. These activities largely apply to the Selected Option so that messaging can be clear in terms of market engagement. The outcomes of the below activities will interface and input into our DPC Strategy, Control Point submissions, technical designs and DCO pre-application activities, and engagement with Ofwat on this will be ongoing.

3.5.1 Selected Option

Gate 3 activities will see a significant ramp up in our procurement activities. Early in the project phase (see Section 3.1) we will submit our combined Control Point A and B submission for the Selected Option.

In parallel we will start Stage 3 of the DPC Procurement Process. Our first key milestone will be Control Point C. In order to reach this point, we will be undertaking:

- Extensive procurement development activities to investigate and determine:
 - A summary of the scope of the DPC project
 - Potential procurement routes and procedures
 - Development of contracting strategies
 - Design and technical readiness assessments
 - Ongoing DPC eligibility and Value for Money assessments and drivers
 - Procurement schedule and implementation plan
 - CAP interfaces and management approaches
 - Flexibility and termination approaches
- Comprehensive market engagement to:
 - Secure input, knowledge, experience and validate concepts
 - Provide high quality information and collateral to the market to maximise interest

- Generate confidence in market capability, appetite and availability
- Secure clear evidence to underpin the developed strategy

As per the Annex 13, Detailed Option Evolution Statement, the Procurement Strategy will incorporate the requirements for the Selected Option to meet the evolved need.

We propose to align RAPID Gate 3 with the determination of Control Point C, as this is Ofwat's preferred point to designate a DPC delivered project. We are cognisant that this could also occur at a later point, dependant on the outcome of the initial phase of activity within Stage 3 of the DPC Procurement Process. We do however need to provide certainty to the RAPID Gate 3, so at this stage we propose broad alignment with the Control Point C milestone, acknowledging that there is a risk that final decision on procurement strategy may carry over to the RAPID Gate 4 stage, in line with the process detailed within the Ofwat DPC Procurement Process.

We will also be undertaking a significant ongoing amount of general procurement activities to build the integrated organisation to deliver the project. This includes procurement of the third-party resource augmentation of Programme and DCO planning teams, the extensive engagement of engineering, surveys, environmental support and ECI engagement. This procurement will be a combination of both framework suppliers and specifically procured suppliers for particular specialist capabilities. This activity is underway now and will continue throughout the project lifecycle. Please see Annex 2, Water Recycling Technical and Annex 3, Havant Thicket Technical, for full information on the Procurement Activities.

3.5.2 Back-up Option

The development of the procurement strategy for the Back-up option will inevitably be constrained as Stage 3 of the DPC Procurement Process is highly contingent on market engagement. Engaging around alternatives may prove confusing and uncertain at a time where we are seeking to provide maximum attractiveness. Given the similarity in asset types, geography and construction techniques, we propose to focus the next phase of activity on the Selected Option as it will still be both relevant and valuable, should the need arise to switch to the Back-up option at some point in the future.

Key deliverables to be prepared as part of the Gate 3 submission are:

- Selected Option Procurement Strategy submission incorporating outcome of Control Point C
- Update on Outline Business Case

3.6 Pre-planning application submissions

Under this category heading we include all planning and DCO pre-application activities. These activities apply to the Selected Option. The outcomes of the below activities will interface and input into our technical designs, procurement activities and stakeholder management strategies.

3.6.1 Selected Option

Section 2.6 'Planning & Consenting' of Annex 2, Water Recycling Technical and Annex 3, Havant Thicket Technical, provides details of activities that will be undertaken following Gate 2 in accordance with the requirements of the consenting process for the Selected Option. The consenting strategy therein explains our preference to pursue planning consents through the Development Consent Order (DCO) consenting route. The information below is therefore based on a DCO consenting route.

Key planning and consenting activities that will be undertaken in the period between Gate 2 and Gate 3 include:

- Request and secure a S35 Direction to enable the Selected Option to be determined through the DCO consenting route, should it fall below the relevant thresholds for that regime.
- Drafting of an EIA Scoping Report and submission of a Scoping Request to the Planning Inspectorate.
- Extensive land referencing across the fixed and linear asset routings.
- Further land access and land purchase discussions with relevant land interests.
- Further procurement activities to source the necessary expertise to deliver the consenting requirements for the Selected Option.
- Appropriate surveys, investigations and initial environmental appraisals (i.e. PEIR) and other assessment work, alongside further scheme design development, to inform a further non-statutory consultation.
- Preparation for and delivery of the non-statutory consultation itself, including development of materials and roll out of digital and live events (pending Covid19 restrictions).
- Continuous refinement of engagement plans and implementation of ongoing engagement with key stakeholders structured around the requirements of the DCO consenting process.
- Any upfront enabling works required, and other activities set out in the Detailed Option Evolution Statement

The above consenting activities will progress in close conjunction with scheme design development, environmental assessment and evolving procurement activities to ensure effective coordination and integration.

As per the Annex 13, Detailed Option Evolution Statement, the Consenting Strategy will incorporate the requirements for the Selected Option to meet the evolved need.

The key consenting milestone to be achieved prior to Gate 3 will be the delivery of the non-statutory public consultation (see Section 3.1). A progress update on our non-statutory consultation will be included in the Gate 3 submission. The stakeholder feedback from the consultation will inform our ongoing design development of the Selected Option.

3.6.2 Back-up Option

The Back-up Option will be discussed within the boundaries of the non-statutory consultation. We will prepare the Back-up Option to an equitable standard with the Selected Option. As per the Annex 13, Detailed Option Evolution Statement, the Consenting Strategy will incorporate the requirements for the Back-up Option to meet the evolved need.

Key deliverables to be submitted as part of the Gate 3 submission are:

- Consenting and Consultation Update Report

3.7 Start development consent orders pre-planning application investigations

Under this category heading we include all of our survey and investigation activities. These surveys related to both engineering and environmental related surveys. These activities apply to both the Selected Option and Back-up options. The outcomes of the below activities will input into our technical designs, procurement

activities, DCO pre-application activities and stakeholder management strategies. We will be working closely with stakeholders and regulators to identify, specify and undertake these key activities.

3.7.1 Selected Option

We will be undertaking significant surveys and investigations prior to Gate 3 that will inform both scheme design development, environmental assessment, planning and consenting, consultation and procurement activities. Detailed information can be found in the Solution Conceptual Design Reports and Schedules. These will include:

- Engineering related investigations involving:
 - Geotechnical surveys and baseline generation
 - Topographic surveys
 - Utilities surveys
 - Hydraulic surveys
- Environmental related surveys including:
 - Scoping and agreeing survey protocols and methodologies;
 - Obtaining desk-based environmental data
 - Extensive terrestrial surveys, including ecology, historic assets, noise, traffic and transport, land quality and ground conditions, water resources, landscape and visual, and recreation.
- Land referencing and landowner engagement to enable access for the above surveys and investigations.

The survey windows will continue beyond Gate 3 and progress alongside the pre-application period up to submission of the consent application.

3.7.2 Back-up Option

Environmental surveys will be undertaken to meaningfully input into the Back-up option development particularly in relation to Habitats and Water Framework regulations requirements. This is primarily associated with the proposed Water Recycling Plant (WRP) to Otterbourne Pipeline Routes and Environmental Buffer Lake development. We need to collect this information and data to ensure that we have the necessary information to further develop the technical design and ensure that we have a suitable Back-up to the Selected Option in case this should be required.

Key deliverables to be submitted at Gate 3 that will detail investigatory progress and implications include:

- Gate 3 Developed Design Snapshot Report

3.8 Planning and consenting permission stakeholder engagement completed

Under this category heading we include all of stakeholder and customer engagement activities. These activities will predominantly apply to the Selected Option. The outcomes of the below activities will interface and input into our technical designs, procurement activities, DCO pre-application activities, including non-statutory consultation and stakeholder and customer strategies.

We will be undertaking extensive stakeholder engagement as part of the consenting process post Gate 2. The RAPID Final Determination descriptors indicate that these activities will be completed ahead of Gate 3,

however under the DCO Consenting regime, these activities will be ongoing throughout the pre-application phase of the submission.

Specific activities that we will be undertaking in the period to Gate 3 include:

- Tailored engagement with a wide range of stakeholders including:
 - Regulatory bodies, including RAPID, EA, NE, MMO
 - Statutory consultees, including EA, NE, Historic England
 - Local authorities
 - Landowners and interested parties
 - General customers and stakeholders
- Non-statutory public consultation. This will be our second consultation associated with the project and a key element of a successful DCO submission

Our non-statutory public consultation planned for mid-2022 will build on our initial consultation undertaken in early 2021. This will give all stakeholders the opportunity to comment on and shape our emerging proposals in a clear, consistent and equitable manner.

Further information on stakeholder engagement can be found in Section 2.8 of the Annex 2, Water Recycling Technical and Annex 3, Havant Thicket Technical.

Key deliverables to be submitted at Gate 3 that will update on our ongoing Stakeholder engagement are:

- Gate 3 Stakeholder and Customer Update

3.9 Identify impacts of solution on current supply-demand balance delivery plan with simple comparison to current programme solutions

Under this category heading we include our extraordinary activities associated with management of the WRMP process. These activities apply to both the Selected Option and Back-up Option. The outcomes of the below activities are a key input to technical development, provide the need for the DCO application and give confidence to the market that the Selected Option is supported by an approved WRMP.

The need for new source in the Hampshire region is a key part of SW's WRMP19. The proposed SRO solution will therefore be developed to meet the need already established within the WRMP.

Southern Water has included information on the Selected Option and the Back-Up Option in its Annual Review of WRMP19, submitted on 3rd December 2021. The Selected Option and the Back-Up Option will also be reflected in WRMP24, which will be published for consultation in 2022.

Key deliverables to be prepared as part of the Gate 3 submission are:

- Water Resources Modelling of the Options - Gate 3 Annex

3.10 Identification of any changes in solution partner or solution substitutions

Under this category heading we include activities and costs associated with the negotiation and agreement on necessary bulk supply agreements with our solution partner. These activities apply to the Selected

Option. The outcomes of the below activities will interface and input into our technical designs, procurement activities and DCO pre-application activities.

Our solution Conceptual Design Reports detail each solution partner (at Gate 2 this is Portsmouth Water). SW's Gate 3 Summary and Submission Guide will highlight any changes in Solution Partners that will influence the project going forward.

As part of our current and future activities, we proactively monitor and manage any potential changes in solutions of solution partners ahead of future gates in the RAPID Gated process. Should there be any change in the future, we will communicate and collaborate directly with any new Solution Partners and with RAPID. This aligns to SW's 'no surprises' approach in moving through the Gated process.

Key deliverables to be prepared as part of the Gate 3 submission are:

- Gate 3 Summary Statement

3.11 Develop solution programme plan to determine the activities that need to be undertaken prior to each subsequent gate

Under this category heading we include all of our strategic programme management, project management, programme controls and PMO activities. These activities apply to both the Selected Option and Back-up options. These activities support the effective planning, management, control and delivery of a highly complex Project of National Significance. These activities cover the entirety of the programme and project scope to ensure the development of an integrated team that can effectively manage and deliver this highly complex project.

This team will also provide specific outcomes required by RAPID as detailed below.

The overall project delivery schedule provided at Gate 3 will continue to be optimised between Gate 2 and Gate 3, as a result of the following outcomes:

- Constructability input will be further developed for key construction and commissioning activities
- The scope of land referencing and acquisition activities will evolve in line with site and route option development and stakeholder engagement
- Further development of the Selected Option procurement schedule to demonstrate to Ofwat that the Selected Option continues to deliver 'Value for Money' and is a suitable project to be procured using the detailed procurement strategy to be developed as part of Stage 3 of the DPC process; and
- Improved clarity on the engineering and technical requirements following additional surveys, incorporation of specialist capabilities and market and stakeholder engagement.

At Gate 3 a schedule will be presented for the Selected Option. This will detail the specific activities and deliverables associated with Gate 4 and 5 milestones. The schedule at Gate 3 will also propose a Gate 4 milestone date, which is to be confirmed by RAPID.

During the phase to Gate 3, and through various market engagement exercises, indicative construction methodologies and schedules for discrete elements of the Selected Option and other options proposed to be progressed past Gate 3 will be developed. In addition, and following completion of the Concept Design, various other construction aspects will commence. These will include, but are not limited to:

- Development of the outline construction logistics strategy
- Initial construction traffic modelling

- Development of the outline construction waste management strategy
- Initial estimates of construction vehicle and temporary activity noise and emissions.

Key deliverables to be developed ahead of the Gate 3 submission are:

- Detailed schedules and accompanying narrative showing the end-to-end process that delivers the Selected Option.

3.12 Proposals for Gate 4 activity and outcomes, and penalty scale, assessment criteria and contributions

The Gate 3 submission will include our proposals on Gate 4 activities and outcomes. This will include penalty scales, assessment criteria and contributions as appropriate. In parallel to completing Gate 3 activities, SW will continue to engage with RAPID, detailing progress in development of the project in the lead up to Gate 3.

Key deliverables to be prepared as part of the Gate 3 submission are:

- Gate 4 Activity Plan, detailing the activities to be completed between gates 3 and 4.

3.13 Details of efficient spend to Gate submission on Gate 3 activities, including a breakdown of costs against activities and evidence of efficiency of spend (benchmarking or tenders) and assurance

SW will prepare and submit our Gate 3 Costs and Efficiency Report in accordance with the requirements set out in PR19 Final Determinations, following a similar process to detailed in Annex 6, Efficiency of Expenditure.

Key deliverables to be prepared as part of the Gate 3 submission are:

- Gate 3 Efficiency of Expenditure Report.

3.14 Penalty / Reward Scales, Assessment Criteria and Contributions for the Gate 3 Submission

In line with feedback from RAPID with respect to our Gate 1 submission we propose to keep the standard arrangements for incentives that applied at Gate 1 and Gate 2. This is a maximum penalty of 30% of the total efficient gate funding that could be applied to Options that have not made an adequate progress, are of inadequate quality, or miss the submission deadline. Penalties will be determined on a case-by-case basis taking into account:

- The level of completeness and the overall quality of the work carried out in investigating and developing the solution based on the evidence summarised in the submission;
- The evidence and justification provided where aspects of the work carried out fall short of expectations; and
- The impact on the decisions and delivery of solutions, including the extent to which deficiencies adversely impact customers.

Penalties will be applied through the PR24 reconciliation mechanism, as described in 'PR19 final determinations: Strategic water resource solutions'.

There are no external contributions that form part of the programme. Please see the Level 1 and 2 Conceptual Design Reports for the allocation of funding between Southern Water and Portsmouth Water.

3.15 Solution Delay Impacts

The date that the Selected Option can be commissioned is circa 3 years later than the target delivery date of 31st March 2027. We have engaged extensively with affected stakeholders ahead of the RAPID submission and are developing a comprehensive mitigation strategy to offset the impacts associated with this. For further information please see the Conceptual Design Reports.

The proposed Gate 3 date of November 2022 is 5 months later than the original date envisaged by RAPID with the Final Determination document. We have undertaken significant schedule development activities during our Gate submission and propose a revised date that will allow fundamental information to be developed, collated and assured. This will ensure that Gate 3 is a relevant and meaningful gateway that provides confidence in the continued development of the Selected Option. The reasons why we propose to undertake the gate later are:

- To further develop the technical and engineering aspects of the project and ensure that can meet all legal, technical, and regulatory requirements. This crucially includes conditions and constraints associated with the development of the Havant Thicket reservoir which are current evolving through the planning process associated with the reservoir;
- To allow the update of WRMP to ensure that the new proposed solutions can replace the currently identified solutions, mitigating risk to changing the solutions previously identified;
- To allow for Control Point C to be determined by Ofwat. This will give a high degree of confidence in the commercial viability and deliverability of the Selected Option, back-up by market insight and support; and,
- To allow the undertaking of our second non-statutory consultation and ensure that we secure high quality stakeholder feedback that will inform, validate and adjust our development plans. We will be able to give an overview of this at Gate 3, again providing confidence around ongoing stakeholder support, viability and consentability of the project.

Securing each of the above outcomes is currently scheduled to be completed after June within our current delivery plan. Accordingly, we consider that November 2022 is the appropriate time for RAPID Gate 3 to take place, enabling us to secure the necessary high quality input from the above processes.

At this stage, we are confident that November 2022 is practicable and achievable. In line with our current arrangements with RAPID, we will be transparent and open around schedule progress within the next phase of activity. If any key risks emerge that could impact on the delivery schedule, and particularly on the RAPID Gate 3 date, we will communicate these as they arise to allow all parties the maximum time to make decisions on mitigation actions and change control where necessary.

3.16 Key Risks to Gate 3

Please see the Risk section of Annex 2, Water Recycling Technical and Annex 3, Havant Thicket Technical, for a comprehensive overview of the risks inherent within the delivery of the project. The key risks associated with the delivery of a successful Gate 3 submission are time related. In the next phase of project development, we are progressing firmly into the delivery phase of activity. Key to this is the development of the Outline Business Case.

Our key risks are related to the development of the deliverables that will ensure technical viability, market support and stakeholder backing. This is primarily evidenced through our Gate 3 Developed Design Snapshot Report, our Control Point C Submission and evidence from our non-statutory consultation.



Delays to any of these areas could impact on the proposed timing of the Gate 3 submission.

Most time critical of these is the securing of the S35 Direction and consequential scoping and non-statutory consultation, which are all sequentially dependent. This consultation must be of a high standard in order to be able to demonstrate appropriate stakeholder support. It is critically interlinked with our wider project development activities. The non-statutory consultation is due to complete in mid-July 2022, which gives an approximate 4 month window prior to the proposed Gate 3 in November 2022 to summarise the outcomes and advise on solution viability. Significant delay to the non-statutory consultation would impact on the ability to demonstrate stakeholder support at Gate 3.

Evidencing market support is also critical. Control Point C is due to be submitted to Ofwat in July 2022. Again, delays to this could impact on the RAPID Gate 3. These may be easier to mitigate given that we propose to work collaboratively with Ofwat to develop our Outline Business Case and Ofwat will be party to the market engagement and business case development activities.

There is a small degree of float to accommodate delays in activities that support the proposed Gate 3 date of November 2022. In line with our 'All Best Endeavours' obligation, and the need to progress the project with pace to ensure the need is met, this float is limited, reinforcing the need to progress our next phase activities in line with our delivery plan.