

UUWR_77

PR24 Draft Determination: UUW Representation

Area of representation: New WINEP

August 2024

This document outlines the changes to the WINEP since our business plan submission, risks around ongoing uncertainty and their associated impact on our determination.

Reference to draft determination documents:

IN 24/02: 2024 price review – update for water companies

IN 24/06 Post PR24 draft determination information for companies

1. Key points

- **Latest version of the WINEP:** The Environment Agency shared an updated version of the WINEP on the 5 July 2024 and additional amendments made since this date. To provide certainty for the Draft Determination representation we have taken a snapshot of the live WINEP on 23 July 2024. This recent version of the WINEP results in an increase in AMP8 totex of £279m and the additional regulatory obligations should be reflected in Ofwat's Final Determination.
- **Going further in Windermere:** 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. As this is significant in scale, has some unusual delivery risks and were added late to the WINEP, we recognise that these obligations may be best served via Ofwat's large scheme gated process.
- **Doubling the number of storm overflow investigations:** The latest WINEP has increased regulatory investigation requirements, with UUW now required to deliver 773 investigations by 30 April 2027. These investigations involve both water quality modelling, which is a specialist skillset, and sampling and analysis of rivers and overflows in requisite storm conditions which is particularly challenging to plan and resource for at this scale.
- **Bathing waters:** Both the newly designated bathing waters, and any additional designations that arise before PR29, present ongoing uncertainty for companies resulting in the potential need for additional enhancement allowances prior to PR29. Newly designated bathing waters will require improvement to CSO spill frequency and disinfection of discharges. Whilst Ofwat recognises the uncertainty around improvements needed to storm overflows, and have developed a suitable approach, the same is not true for schemes needed to disinfect wastewater treatment works effluent, which is more likely to be required to support new bathing water designations than storm overflow improvements. This issue needs to be addressed to ensure a timely response to new designations. We propose that the approach that Ofwat has proposed for additional storm overflow investment for new bathing waters is mirrored for new disinfection schemes.
- **Managing ongoing uncertainty:** Although the WINEP is now largely settled, it is anticipated that the Environment Agency will publish its 'final' WINEP in September 2024, after companies have submitted their representations to Ofwat. Although we do not expect there to be significant change in the final WINEP, any significant changes need to be reflected within Ofwat's Final Determination. Additionally, the Environment Agency's WINEP Alteration process remains an important mechanism for companies to propose changes to schemes within 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.

2. UUW's PR24 approach

Throughout PR24 we have worked to ensure our plan can deliver the statutory requirements set out in the WINEP and we continue to do so.

In our main business plan submission of 2 October 2023 UUW included a document, UUW79 Statutory Obligations Summary, which set out several variants of our plan reflecting the continuing discussions with the Environment Agency at that time.

On 17 November 2023 we provided Ofwat with updated data tables which added additional cost to maximise the likelihood of meeting WINEP regulatory dates, where significant delivery risks had been identified. The associated additional costs increased transitional investment on some large schemes to allow earlier starts and providing for additional measures to target regulatory dates irrespective of efficient delivery of the schemes. In this submission,

5 bathing water schemes remained undeliverable to the imposed 2026 regulatory dates, which the Environment Agency were unwilling to consider altering until after the Final Determination.

On 25 January 2024 we provided Ofwat with revised sets of data tables in response to Ofwat’s email of 11 January 2024, which requested an updated set of data for alternative plans, distinct from our submitted plan. In this submission, we provided three versions of the tables to Ofwat:

- An updated version of our submitted plan, which also include 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 they then stood. The most significant change (in addition to IED) is a reduced cost for the Pennington Flash scheme; and
- An additional “possible future variant plan” scenario that reflected the alternative WINEP positions that we were discussing with the EA, and where we were hopeful of changes (most notable being the phased delivery in BOD improvements at Davyhulme).

Ofwat confirmed that it has based United Utilities Draft Determination on the ‘possible future variant plan’. The latest version of the WINEP (23 July 2024) now reflects the proposals made by United Utilities to the Environment Agency and as such we now have certainty on the schemes, solutions, costs and are confident with their deliverability.

3. Draft determination position

On 5 July 2024 we received a new WINEP from the Environment Agency which contained changes to our AMP8 programme and has implications for the Final Determination. The WINEP remains a live working version until its finalisation, which is anticipated to be in September 2024.

The Environment Agency has made further changes to the WINEP since 5 July 2024, to provide the latest version to use as the basis of the Draft Determination response we have taken a copy of the WINEP on the 23 July 2024. The changes that impact on UUW’s business plan are itemised in this document and, overall, they lead to a change in the enhancement totex requirement for AMP8 which is set out in the table below.

Table 1: Summary of changes to the WINEP

WINEP item	£m	Details contained in section
New WINEP actions	£242m	0
Change to WINEP actions	£21m	3.2
Removal of WINEP actions	-£2m	3.3
Subject to WINEP alteration request (post FD)	£18m	4
Total	£279m	

Source: UUW analysis

The following sections summarises the changes to the WINEP and where information on the impact of the changes on our plan. In addition, the following documents are referenced to aid Ofwat in its review:

- [UUWR 03 Company representation proforma](#);
- [UUWR 93 Data table commentary](#);
- [UUWR 78 Windermere - Enhancement case](#);
- [UUWR 79 Village Drains - Enhancement case](#);

- [UUWR 80 Water WINEP - Enhancement cases;](#)
- [UUWR 84 Princes Street - Enhancement case;](#)
- [UUWR 85 Staveley – Enhancement case;](#)
- [UUWR 86 Bunbury – Enhancement case;](#) and,
- [UUWR 87 Eccles – Enhancement case.](#)

3.1 New WINEP actions

The 5 July 2024 WINEP contained a large number of new requirements. A key area of change is the addition of more 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.

The new requirements contained within 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.

Document [UUWR 78 Windermere – Enhancement case](#) sets out where the Environment Agency requires us to enhance service standards to deliver environmental benefits, which they will enforce by varying our Environmental Permits.

Table 2 below details the WINEP actions associated to Windermere which have been added since our business plan submission and not contained in the Draft Determination received from Ofwat.

Table 2: New WINEP Actions - Increased ambition for Windermere

WINEP action ID	Action name	Primary drivers	Impact on AMP8 totex
08UU102480	Grasmere WwTW P	25YEP_IMP	£0.3m
08UU102482	Ambleside WwTW P	25YEP_IMP	£0.8m
08UU102483	Langdale WwTW P	25YEP_IMP	£5.6m
08UU102484	Outgate WwTW P	25YEP_IMP	£3.0m
08UU102485	Far Sawrey WwTW P	25YEP_IMP	£0.8m
08UU102486	Near Sawrey WwTW P	25YEP_IMP	£2.6m
08UU102487	Hawkshead WwTW P	25YEP_IMP	£4.1m
08UU102488	Troutbeck WwTW P	25YEP_IMP	£1.1m
08UU102489	Ferry House WwTW P	25YEP_IMP	£1.8m
08UU102491	Glebe Road Pumping Station LAK0045SO	EnvAct_IMP3	£77.4m
09UU102492	Grasmere WwTW SO 017370027SO	EnvAct_IMP4	£42.1m
08UU102490	Hawkshead PS LAK0107SO	EnvAct_IMP4	£33.4m
08UU102493	Near Sawrey WwTW	WFD_ND	£2.6m
08UU102494	Langdale WwTW	WFD_ND	£4.4m
08UU102495	Hawkshead WwTW	WFD_IMPg*	£4.2m
08UU102496	Troutbeck WwTW	U_IMP1	£1.1m
08UU102497	Far Sawrey WwTW	U_IMP1	£0.8m

Source: WINEP Update 23/07/2024

In addition to the new requirements for Windermere, the Environment Agency has added additional requirements in its latest WINEP. Details of these can be found below in Table 3.

Table 3: New WINEP Actions -new requirements

WINEP action ID	Action name	Primary drivers	Impact on AMP8 totex
New WINEP action: Diversion of Village drains to new treatment plant			
– See UUWR 79 Village Drains – Enhancement case for details of the associated enhancement case			
08UU101391	Hilton Village Drains	WFD_IMPg	£3.7m
08UU101392	Grinsdale Village Drains	WFD_IMPg	£3.3m
08UU101393	Knock Village Drains	WFD_IMPg	£1.9m
New WINEP action – investigation of options for fish passage improvements			
– See UUWR 80 Water WINEP - Enhancement cases for details of the associated enhancement case			
08UU102499a	Naden Brook Gauging Weir	WFD_INV_PHYSHAB	£0.1m
New WINEP action – removal of redundant weir			
– See UUWR 80 Water WINEP - Enhancement cases for details of the associated enhancement case			
08UU101394b	Blea Weir - removal	SSSI_IMP	£5.0m
New WINEP action – Acceleration of Princes Street CSO			
– See UUWR 84 Princes street – Enhancement case for details of the associated enhancement case			
08UU102453a	Princes Street CSO STK0108SO	U_IMP4	£4.9m
New WINEP action – Acceleration of interventions at Staveley			
– See UUWR 85 Staveley – Enhancement case for details of the associated enhancement case			
08UU102454a	STAVELEY WwTW 017370061ST	EnvAct_IMP2	£13.7m
New WINEP action – triggered by confirmation of discharge location for Alpraham WwTW			
– See UUWR 86 Bunbury – Enhancement case for details of the associated enhancement case			
08UU102498a	Bunbury WwTW	WFD_IMPg	£1.7m
New WINEP action – Acceleration at Eccles			
– See UUWR 87 Eccles – Enhancement case for details of the associated enhancement case			
08UU102455a	Eccles WwTW	WFD_IMP_CHEM	£0.0m
08UU102456a	Eccles WwTW	WFD_IMP_CHEM	£0.0m
09UU100040a	Eccles WwTW	EnvAct_IMP1	£21.4m

Source: WINEP Update 23/07/2024

3.2 Amended WINEP actions

In addition to the new scope added in the latest WINEP, the Environment Agency has made amendments to schemes which were already included within the United Utilities Business plan. The following actions have been amended in the WINEP which result in either an accelerated spend profile to meet an earlier delivery date or additional scope on an existing WINEP scheme.

WINEP amendments resulting from accelerated delivery dates

The WINEP actions associated with schemes impacted by the Environment Agency accelerated delivery requirements are shown in Table 4 below.

Table 4: Amended WINEP Actions – Accelerated delivery date

WINEP action ID	Action name	Primary drivers	Impact on AMP8 totex
Acceleration of Regulatory date to meet U_IMP4			
08UU101378a	Westminster Road CSO MAC0062SO	U_IMP4	£0.0m
08UU101205a	GREAT SALKELD WwTW 017670061SO	U_IMP4	£0.0m
08UU101189a	Baycliffe PS LAK0001SO	U_IMP4	£0.0m
08UU101183a	Withnell Fold PS SO CHR0065SO	U_IMP4	£0.5m
08UU101160a	EASTLANDS FARM CSO ALL0017SO	U_IMP4	£0.0m
08UU101018a	Rookery CSO NEW0038SO	U_IMP4	£0.0m
08UU101006a	Leasowe Road CSO WIR0060SO	U_IMP4	£0.0m
08UU100999a	Hale Storm Tanks and WwPS TRA0102ST	U_IMP4	£0.0m
08UU100994a	Gaskell Street Bridge CSO STH0056SO	U_IMP4	£0.0m
08UU100980a	Bexton Road SO MAC0001SO	U_IMP4	£0.0m
Environment Agency agreed WINEP alteration to enable phased delivery over AMP8 and AMP9 – See UUWR 11 Gated Mechanism for further details of the scheme			
09UU100039a	Davyhulme WwTW	EnvAct_IMP1	£0.0m
08UU102339c	Davyhulme WwTW	WFD_IMPg	£0.0m
WINEP delivery date accelerated to 30 April 2028 due to designation of Ribble at Edisford Bridge as a new bathing water			
08UU101237a	ADJ No3 SPRING GARDENS CSO RIB0004SO	EnvAct_IMP	£0.1m
08UU101237c	West Bradford PS SO RIB0031SO	EnvAct_IMP	£0.0m
08UU101237h	WADDINGTON WwTW 017160048ST	EnvAct_IMP	£0.2m
08UU101237f	Barnoldswick WwTW	BW_IMP2	£1.3m
08UU101237g	Settle WwTW	BW_IMP2	£0.5m
WINEP delivery date accelerated to 30 April 2028 due to designation of Coniston as a new bathing water			
08UU101291a	Coniston WwTW 017370035ST	EnvAct_IMP2	£2.1m

Source WINEP Update 23/07/2024

WINEP amendments resulting from changes to scope

In addition to the new requirements, the 5 July 2024 WINEP contained changes to a large number of existing schemes. A key area of change is the storm overflow investigations programme required for the Environment Act, which 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, which is particularly challenging to plan and resource for at this scale.

We are currently 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 AMP8¹”. Due to the recent nature of this letter, 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.

Table 5 below details the WINEP actions associated with the Environment Agency’s changes to existing scope.

Table 5: Amended WINEP Actions – Changes to scope

WINEP action ID	Action name	Primary drivers	Impact on AMP8 totex
Environment Agency increased the number of storm overflow investigations from 350 to 773			
Multiple	Multiple	EnvAct_INV4	£9.0m
Increase in the number of monitors required for AMP8 from 600 to 633			
08UU101383a	Continuous Water Quality Monitoring Holding Line - PR24	EnvAct_MON4	£4.4m
More onerous requirements – nutrient significant plant designation			
08UU100919a	Dalston WwTW	HD_IMP_NN	£1.6m
Change to WINEP requirement to reflect confirmed discharge location			
08UU100192a	Alpraham WwTW	U_IMP1	£0.0m
New bathing water investigation triggered by Defra designation			
08UU102462a	Derwentwater at Crow Park	BW_INV2	£0.5m
08UU102465a	Coniston Water, Brown Howe	BW_INV2	£0.4m
08UU102466a	Coniston Water, Boating Centre	BW_INV2	£0.3m
08UU102467a	Coniston Water, Monk Coniston	BW_INV2	£0.3m

Source WINEP Update 23/07/2024

¹ Environment Agency letter to United Utilities, dated 19/08/24, EA Ref: EnvAct_INV4

3.3 Removal of WINEP action

The revised WINEP contains four schemes where the action has been removed from the WINEP and therefore no longer requires a cost allowance. Our revised data tables include the reductions presented below in Table 6.

Table 6: Removed WINEP Actions

WINEP action ID	Action name	Primary drivers	Impact on AMP8 totex
Removed from WINEP following better information on hydraulic connectivity			
08UU102345a	Worthington Lake	EnvAct_INV4	-£0.9m
Removed as WINEP action has been split into three separate investigations for Coniston's new bathing waters			
00UU100284a	Coniston	BW_INV5	-£0.8m
Removed from the WINEP as no proposal for designation materialised			
08UU100285a	Pennington Flash	BW_INV5	£0.0m
08UU100287a	Daisy Nook Country Park	BW_INV5	£0.0m

4. Managing ongoing uncertainty

4.1 WINEP Alteration requests

Five Bathing waters

There are five bathing water schemes which have regulatory dates identified in 2026, but where UUW has consistently said they are not deliverable by that date for reasons beyond reasonable management control. We have been working closely with the Environment Agency team via the WINEP Alteration Process to reprofile the schemes to 2029, which aligns with our previous Business Plan submissions to Ofwat and recognised in the data tables.

The Environment Agency has acknowledged the deliverability challenge and advised that a decision on these schemes will not take place until after our company representation to Ofwat. We would expect the 'final' version of the WINEP to include the revised profile and we will continue to provide Ofwat with ongoing information and evidence in relation to these changes.

Storm Overflow Investigations

The latest WINEP increased the regulatory investigation requirements from 350 to 773 investigations by 30 April 2027. Due to the significant increase in investigations, we currently have a WINEP alteration in process with the Environment Agency to smooth the profile of storm overflow investigations throughout AMP8, with the full programme complete by 31 March 2030

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'. The extension to complete an EnvAct_INV4 investigation is on the condition that:

- There is agreement from the EA's technical driver lead for the driver that the extension is in the best interest for the environment.
- The requested extended completion date must not compromise your ability to complete optioneering for inclusion as an improvement in PR29.
- Evidence is provided to support the need for the extension and demonstrate compliance with the conditions below.
- The requested extended completion date must not compromise your ability to meet the statutory requirements and deadlines set out below:
 - 75%+ storm overflows discharging in or close to high ecological priority sites by 2035
 - Interim target of 38% of overflows discharging in or close to high ecological priority sites by 2030.
 - 100% overflows discharging in or close to high ecological priority sites by 2045
 - all remaining storm overflow sites by 2050.

Due to the recent nature of this letter, we have not included 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.

While we do not anticipate changes made to the profile to impact the overall cost for delivering the schemes, we do plan to proceed with the WINEP alteration request to minimising resource risks and associated difficulties in scheduling for forecasted summer storms.

Yearl Weir

We currently have a WINEP alteration in process with the Environment Agency which is likely to lead to the addition of a requirement in the AMP8 WINEP. This obligation relates to Yearl Weir which is a barrier to fish migration in the River Derwent and up to Bassenthwaite Lake.

In AMP7 a project to investigate and identify a solution to the issues identified deliverability issues with all the potential solutions to the requirement as originally set out. Following extensive liaison with the Environment

Agency and wider stakeholders a large perturbation fish pass, or artificial riverbed, has now been identified as a viable way forwards. This is substantially different to the original AMP7 requirement and therefore the Environment Agency is considering inclusion in the AMP8 WINEP. Further information on the enhancement case for this scheme can be found in [UUWR 80 Water WINEP - Enhancement cases](#).

4.2 New Bathing Waters

Our AMP8 WINEP is largely settled based on existing guidance and legislation; there is however a risk of new requirements emerging, as recognised by Ofwat in the PR24 draft determination. A particular area of risk is for bathing waters where the appetite to designate new bathing waters is significant, but it is hard to predict over a five-year period where they may occur. Even once a bathing water is designated the level of work required to meet bathing water standards is not clear until investigations have been completed.

The potential for newly arising designated bathing waters is noted in Ofwat's PR24 Draft Determination expenditure allowances section 4.7.5. We agree that this is a risk and that an approach to deal with this for storm overflows is set out however this does not appear to apply to disinfection of final effluents. As most wastewater treatment works discharge 24 hours a day, 7 days a week the final effluents are more likely to require improvement than the storm overflows, so the approach set out in the Draft Determination, whilst welcome, appears to have an important gap that needs to be addressed. It is therefore proposed that a mirror scheme should exist for disinfection of wastewater effluents to enable companies to respond to emerging needs.

In terms of potential for further new bathing waters we have also recently become aware that the Clean Mersey Group are working on a bathing water designation application for New Brighton on the Wirral Peninsula, which they intend to submit to Defra in March 2025. As this is uncertain, we have not specifically included any investment in our plan to cover a scenario if this location is designated although we do have a strategic investigation included to find the best value way to address the Environment Act requirements more broadly for the Mersey Estuary, as this may require systemic change.

4.3 Windermere

Due to the late addition of these schemes to the WINEP, we have not been able to assess the scope and develop interventions through United Utilities standard options development processes in the limited time available for representations, although the principles of this process have been followed, ensuring we have adopted the correct approach to option identification, development and selection to maximise the realisation of benefits.

While we are confident that the scope we have developed could meet the requirements, we have not however been able to do detailed optioneering or optimisation of the programme of work and therefore complete a detailed value assessment of multiple options.

Given the late addition of these requirements, the large scale of the schemes, plus the complexity of working in the Lake District we propose that the schemes may be more appropriate for Ofwat's large scheme gated process as a grouped programme of work. Justification for this is included in [UUWR 11 Gated Mechanism](#) with further details of the Windermere options contained within [UUWR 78 Windermere – Enhancement case](#).

5. 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. Although we have taken every effort to minimise this risk, by working collaboratively with the Environment Agency throughout; taking the last possible version of the WINEP issued on 5 July 2024 and the snapshot taken on the 23 July 2024, there remains a risk that the WINEP changes during this time which will need to be reflected in Ofwat's 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.

In addition to reflecting the 'Final' WINEP, there is also a need to ensure that UUW can respond on a timely manner to either new evidence on bathing water impact or newly designated bathing waters. This is a particular issue for disinfection of wastewater treatment works effluents which does not seem to be covered by the proposed uncertainty mechanism set out in the draft determination.

6. Approach for Final Determination

To enable UUW to meet its statutory obligations and deliver its WINEP obligations in full there is a need to reflect the latest WINEP in the Final Determination. This is important to enable UUW to respond to the significant public interest in moving further and faster with enhancing the water quality in Windermere as well as responding to various updates in regulatory requirements from the Environment Agency which have resulted in updates to the WINEP.

We anticipate the Environment Agency will publish the 'Final' version of the WINEP in September 2024, after companies have responded to Ofwat's Draft Determination. Although we do not expect for there to be significant change within the final version, Ofwat should take into consideration any significant changes that are proposed by the Environment Agency and allow companies to provide further supporting evidence, post representations for these to be included within the Final Determination.

We ask Ofwat to consider its proposed uncertainty mechanism, to ensure that suitable provisions are included for bathing waters. Specifically, to ensure issues of disinfection of wastewater treatment works effluents are appropriately provided for within the mechanism.

The WINEP alteration process managed by the Environment Agency continues to be a vital mechanism for companies to propose changes to the WINEP. This mechanism for changes to the WINEP should not be hindered by the addition of Price Control Deliverables. We ask Ofwat to consider the EA's WINEP alteration process alongside our representations on PCD's in document [UUWR 20 Cost and PCDs](#).

For the Final Determination we recognise that the schemes related to Lake Windermere shown in Table 2 may be appropriate to be included in Ofwat's large project gated process. This reflects the scale of the additional requirements in the WINEP for Windermere and associated uncertainty relating to the schemes due to its late addition in the WINEP.

For the remainder of the changes, we expect these regulatory obligations to be reflected in the Final Determination, and as such both the cost and output data tables have been updated to reflect the changes set out to enable Ofwat to determine cost allowances.