

Affinity Water Limited

Regulatory Annual Performance Report Adjustments

2022/23 Regulatory Annual Performance Report

Following the publication of our 2022/23 Regulatory Annual Performance Report ('APR') in July 2023 and the subsequent review period by Ofwat, the below tables and associated narrative have been restated.

We have not obtained an updated audit opinion from our auditors, PricewaterhouseCoopers LLP, for the changes made to sections 1 and 2 of our APR, as none of the changes we have made require any material changes to the narrative of the APR or the conclusions reached thereon.

With regard to changes made to sections 3 and 4 of our APR, none of the changes we have made require any material changes to the narrative of the APR or to our overall commentary and conclusions.

Summary of changes

The table below summaries the changes made.

Change number	Data table	Description of change
1	1E - Net debt analysis (appointed activities)	Inflation assumptions reported in table '4B – Analysis of net debt' have been updated, changing the full year nominal interest cost and indicative weighted average nominal interest rate reported in table 1E.
2	1F - Financial flows	Restated for the fisher equation - the calculation now provided does not deduct CPIH but has adjusted cost of debt for inflation using the Fisher equation. Updated cost of debt, return of regulatory equity (RoRE), shareholder value and retained value.
3	3A - Outcome performance - Water performance commitments (financial)	No change for 2022/23 but 2021/22 and 2020/21 3A.6 unplanned outage have been updated due to an overstatement of PWPC in 3F.8. These have an impact on table 3A.
4	3D - Developer services measure of experience (D-MeX) table	3D.4 Developer services revenue was reported to 2dp rather than 3dp. This caused there to be a difference with the RAG 4.11 definition. Now updated to 3dp.
5	3F - Underlying calculations for common performance commitments - water and retail	3F.8 unplanned outage has been updated due to an overstatement of PWPC in 2020/21 and 2022/21 and understatement in 2022/23. 2022/21 changed from 1,353.99 to 1,215.07 and 2021/20 changed from 1,365.83 to 1,224.37. This has also impact table 3I.
6	3I - Supplementary outcomes information	3I.1 planned outage has been update due to an understatement in 2022/23. This has also impact table 3F.
7	4B - Analysis of debt	Inflation assumptions reported have been updated, changing the full year nominal interest cost.
8	6A - Raw water transport, raw water storage and water treatment data	The changes in 3F.8 and 3I.1 have been reflected in 6A.28. 2022/21 changed from 1,353.99 to 1,215.07 and 2021/20 changed from 1,365.83 to 1,224.37.
9	6F - WRMP annual reporting on delivery - non-leakage activities	Customer side demand management for 2020/21 and 2021/22 have been updated as they did not reflect our restatement of 4L nor did they include inflation (CPIH).
10	11A - Operational greenhouse gas emissions reporting	A data entry error in the carbon accounting workbook (CAB) for burning of fossil fuels 11A.1 for 2020/21. The CAW has been updated.

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Section 1 – Regulatory financial reporting

1E - Net debt analysis (appointed activities) at 31 March 2023

	Fixed rate £m	Floating rate £m	Index linked RPI CPI/CPIH £m £m		Total £m
Interest rate risk profile					
Borrowings (excluding preference shares)	196.421	0.000	696.835	514.600	1,407.856
Preference share capital					-
Total borrowings					1,407.856
Cash					(71.960)
Short term deposits					(66.709)
Net debt					1,269.187
Gearing					
Gearing					74.06%
Adjusted gearing					73.39%
Interest					
Full year equivalent nominal interest cost	7.183	-	110.727	57.400	175.310
Full year equivalent cash interest payment	7.183	-	14.610	5.022	26.815
Indicative interest rates					
Indicative weighted average nominal interest rate (%)	3.657%	-	15.890%	11.154%	12.452%
Indicative weighted average cash interest rate (%)	3.657%	-	2.097%	0.976%	1.905%
Time to maturity					
Weighted average years to maturity	15.729	-	12.372	13.308	13.183

Capitalised debt issue costs and bond premiums/discounts, and amortisation thereon, have been excluded from total borrowings presented in the above table. A reconciliation to total borrowings as presented in table 1C is provided below:

	£m
Total borrowings (excluding preference shares) presented in table 1C	(1,437.570)
Less: capitalised bond premium/issue costs - Fixed	8.260
Less: capitalised bond premium/issue costs - RPI	6.701
Less: capitalised bond premium/issue costs - CPI	14.753
Net debt presented above	(1,407.856)

Adjusted gearing is calculated using the definition of net debt set out in the company's WBS documentation, as presented in the following table.

	Fixed rate £m	Floating rate £m	Index linked RPI CPI/CPIH £m £m		Total £m
Borrowings (excluding preference shares)	188.584	0.000	696.835	514.600	1,400.019
Preference share capital					-
Less: loan from intermediate parent company					(3.550)
Add: accrued interest on borrowings					6.768
Total borrowings					1,403.237
All cash and short-term deposits					(145.492)
Net debt					1,257.745

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Section 1 – Regulatory financial reporting (continued)

1F – Financial flows for the 12 months ended 31 March 2023 and for the price review to date - (2017-18 financial year average CPIH)

	12 months ended 31 March 2023					
	%			£m		
	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
Regulatory equity						
Regulatory equity	550.309	550.309	352.113			
Return on regulatory equity						
Return on regulatory equity	4.14%	2.65%	4.14%	22.800	14.588	14.588
Financing						
Impact of movement from notional gearing	-	1.49%	1.07%	-	8.211	3.783
Gearing benefits sharing	-	0.00%	0.00%	-	0.000	0.000
Variance in corporation tax	-	2.32%	3.63%	-	12.772	12.772
Group relief	-	0.00%	0.00%	-	0.000	0.000
Cost of debt	-	(4.85%)	(8.48%)	-	(26.697)	(29.845)
Hedging instruments	-	1.49%	1.07%	-	13.228	13.228
Return on regulatory equity including financing adjustments	4.14%	4.02%	4.13%	22.800	22.102	14.526
Operational Performance						
Totex out / (under) performance	-	(2.35%)	(3.67%)	-	(12.914)	(12.914)
ODI out / (under) performance	-	(2.10%)	(3.28%)	-	(11.542)	(11.542)
C-Mex out / (under) performance	-	(0.19%)	(0.30%)	-	(1.041)	(1.041)
D-Mex out / (under) performance	-	(0.05%)	(0.08%)	-	(0.292)	(0.292)
Retail out / (under) performance	-	(0.48%)	(0.75%)	-	(2.640)	(2.640)
Other exceptional items	-	0.04%	0.06%	-	0.227	0.227
Operational performance total	-	(5.12%)	(8.01%)	-	(28.203)	(28.203)
Return on Retained Earnings ('RoRE')	4.14%	(1.11%)	(3.88%)	22.800	(6.100)	(13.677)
Regulatory Capital Value ('RCV') growth	10.53%	10.53%	10.53%	57.948	57.948	37.078
Voluntary sharing arrangements	-	(0.02%)	(0.03%)	-	(0.100)	(0.100)
Total shareholder return	14.67%	9.40%	6.62%	80.747	51.747	23.301
Dividends						
Gross dividend	0.82%	-	-	4.218	-	-
Interest received on intercompany loans	-	-	-	-	-	-
Retained value	13.85%	9.40%	6.62%	76.235	51.747	23.301
Cash impact of 2015-20 performance adjustments						
Totex out / under performance	-	(0.00%)	(0.00%)	-	(0.014)	(0.014)
ODI out / under performance	-	(0.52%)	(0.81%)	-	(2.838)	(2.838)
Total out / under performance	-	(0.52%)	(0.81%)	-	(2.852)	(2.852)

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Section 1 – Regulatory financial reporting (continued)

1F – Financial flows for the 12 months ended 31 March 2023 and for the price review to date (2017-18 financial year average CPIH) (continued)

	Average 2020-2025					
	%			£m		
	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
Regulatory equity						
Regulatory equity	515.130	515.130	314.297			
Return on regulatory equity						
Return on regulatory equity	4.09%	2.50%	4.09%	21.074	12.858	12.858
Financing						
Impact of movement from notional gearing	-	1.59%	1.05%	-	8.216	3.681
Gearing benefits sharing	-	(0.14%)	(0.22%)	-	(0.769)	(0.769)
Variance in corporation tax	-	0.45%	0.70%	-	2.449	2.449
Group relief	-	0.00%	0.00%	-	0.000	0.000
Cost of debt	-	(4.51%)	(7.86%)	-	(24.840)	(27.679)
Hedging instruments	-	2.46%	3.85%	-	13.560	13.560
Return on regulatory equity including financing adjustments	4.09%	2.35%	1.60%	21.074	11.474	4.101
Operational Performance						
Totex out / (under) performance	-	(0.35%)	(0.55%)	-	(1.930)	(1.930)
ODI out / (under) performance	-	(1.19%)	(1.86%)	-	(6.541)	(6.541)
C-Mex out / (under) performance	-	(0.16%)	(0.24%)	-	(0.862)	(0.862)
D-Mex out / (under) performance	-	(0.02%)	(0.04%)	-	(0.129)	(0.129)
Retail out / (under) performance	-	(0.38%)	(0.59%)	-	(2.068)	(2.068)
Other exceptional items	-	0.05%	0.08%	-	0.284	0.284
Operational performance total	-	(2.04%)	(3.19%)	-	(11.246)	(11.246)
Return on Retained Earnings ('RoRE')	4.09%	0.30%	(1.59%)	21.074	0.228	(7.145)
Regulatory Capital Value ('RCV') growth	6.25%	6.25%	6.25%	32.186	32.186	19.637
Voluntary sharing arrangements	-	(0.02%)	(0.03%)	-	(0.100)	(0.100)
Total shareholder return	10.34%	6.53%	4.63%	53.259	32.314	12.392
Dividends						
Gross dividend	0.82%	-	-	4.224	-	-
Interest received on intercompany loans	-	-	-	-	-	-
Retained value	9.52%	6.53%	4.63%	49.035	32.314	12.392
Cash impact of 2015-20 performance adjustments						
Totex out / under performance	-	0.00%	0.00%	-	(0.013)	(0.013)
ODI out / under performance	-	(0.54%)	(0.88%)	-	(2.758)	(2.758)
Total out / under performance	-	(0.54%)	(0.88%)	-	(2.772)	(2.772)

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Section 1 – Regulatory financial reporting (continued)

1F – Financial flows for the 12 months ended 31 March 2023 and for the price review to date (2017-18 financial year average CPIH) (continued)

12 months ended 31 March 2023

The return on regulatory equity was 4.14% as determined at PR19. It increases to 5.22% after adjusting for the company's actual capital structure (1.07%, as reported in the impact of movement from notional gearing line of this table). The PR19 determination was carried out on a notional capital structure with 60% net debt to RCV gearing, the actual average level of gearing of 74.0% creates an adjustment of +1.07%. The gearing benefits sharing adjustment has been set to nil. There was an adverse adjustment before hedging instruments of -8.48% resulting from the company's actual cost of debt underperforming against the 2.24% allowed in the PR19 determination after taking into account the movement in average CPIH during 2022/23 of 8.79%. Our hedging instruments have partially offset the adverse adjustment by +3.76%. The variance in corporation tax (calculated as the difference between the amount allowed for corporation tax in the PR19 determination and actual tax payable, before any fair value adjustments, after taking into account adjustments for capital allowances and prior year adjustments, refer to the reconciliation on page 81) increases the adjustment by 3.63%.

The adverse 4.13% regulatory return on equity including financing adjustments is worsened by -16.02% when considering the impact of operational performance, such that RoRE is -3.88%. Totex outperformance in the year results in a -3.67% decrease (refer to table 4C), ODI underperformance in the year (refer to table 3A, including the estimated PCC penalty for the year) results in a -3.28% reduction with C-MeX and D-MeX underperformance resulting in a further -0.38% reduction. The performance of the retail business unit (refer to table 2C) also creates a -0.75% adverse adjustment. There was a further adjustment of +0.06% for other exceptional items which included 50% of the share of protected land sales in the year as per table 2L.

After factoring in RCV growth due to indexation and voluntary sharing arrangements, the total shareholder return for the year is 6.62%. No dividend was paid out by the regulated business, which equates to a 0.00% adjustment.

Average 2020-2025

Average figures have been calculated using the average of 2020/21, 2021/22 and 2022/23 tables. Gross dividends – notional returns and notional regulatory equity for the year ended 31 March 2023 has been updated following the publication of financial flows data for the year ended 31 March 2023. Prior year ODI penalties for leakage and PCC have been updated following restatement of the base years, impacting the average 2020-2025 totals.

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Section 3 – Performance summary

3D – Developer services measure of experience (D-Mex) table

Item	Unit	Value
Qualitative component annual results	Number	72.75
Quantitative component annual results	Number	99.97
D-MeX score	Number	86.36
Developer services revenue (water)	£m	14.998

Water UK performance metric	Unit	Reporting period (1 April to 31 March)	Quantitative score (annual)
W1.1 Pre-Development Enquiry	%	100.00%	
W3.1 S45 Quotations	%	99.98%	
W4.1 S45 Service Pipe Connections	%	99.47%	
W6.1 Mains Design <500 Plots	%	100.00%	
W7.1 Mains Design >500 Plots	%	100.00%	
W8.1 Mains Construction	%	100.00%	
W17.1 Mains Diversions Quotations	%	100.00%	
W18.1 Mains Diversions Construction	%	100.00%	
W27.1 Self Lay Permanent Water Supply	%	100.00%	
W30.1 Self Lay Plot Reference and Costing Details	%	100.00%	
WN1.1 Confirmations Issued to the Applicant	%	100.00%	
WN2.2 Bulk Supply Offer Letters Issued	%	100.00%	
WN4.1 Mains Laying Schemes Constructed & Commissioned	%	100.00%	
SLPM-S1/2 Review PoC Proposal	%	100.00%	
SLPM-S2/2a Provide Design	%	100.00%	
SLPM-S2/2b Water Company to Provide Design Acceptance	%	100.00%	
SLPM-S3 Review/Revise Water Adoption Agreement	%	100.00%	
SLPM-S4/1 Source of Water Delivery Date	%	100.00%	
SLPM-S5/1a Review Request and Carry Out Final Connection	%	100.00%	
SLPM-S7/1 Validate Notification & Provide Consent	%	100.00%	
D-MeX quantitative score (for the relevant reporting period)	%	99.97%	
D-MeX quantitative score (annual)	Number		1.00

Although we saw our D-Mex score increase from 2021/22, we are disappointed to achieve a 2022/23 full year industry league table position of tenth. We aspire to become one of the leading water companies when it comes to the service we provide our customers through Developer Services.

More details can be found in our non-financial line commentary published on our website at affinitywater.co.uk/reportspublications.

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Section 3 – Performance summary (continued)

3F – Underlying calculation for common performance commitments – water and retail

Performance commitments set in standardised units - Water	Unit	Standardising data indicator	Standardising data numerical value	Performance level – Actual (current reporting year)	Performance level - Calculated (i.e. standardised)
Mains repairs - Reactive	Mains repairs per 1000 km	Mains length in km	16,969.15	2,296	135.30
Mains repairs - Proactive	Mains repairs per 1000 km	Mains length in km	16,969.15	582.00	34.30
Mains repairs	Mains repairs per 1000 km	Mains length in km	16,969.15	2,878.00	169.60
Per capita consumption (PCC)	lpd	Population	3896.30	612	157.00

Performance commitments measured against a calculated baseline	Unit	Performance level – actual (2017-18)	Performance level – actual (2018-19)	Performance level – actual (2019-20)	Baseline
Leakage	MI/d	178.7	203.9	178.7	187.1
Per capita consumption (PCC)	lpd	151.0	158.3	152.8	154.0

Performance commitments measured against a calculated baseline	Unit	Performance level – actual (2020-21)	Performance level – actual (2021-22)	Performance level – actual (2022-23)	Performance level 3 year average	Calculated performance level to compare against PCLs
Leakage	MI/d	167.9	154.3	150.7	157.6	15.8
Per capita consumption (PCC)	lpd	167.0	157.9	157.0	160.6	-4.3

Water supply interruptions	Unit	Standardising data indicator	Standardising data numerical value	Performance level - actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
Water supply interruptions	Average number of minutes lost per property per year	Number of properties	1,568.90	14,027.78	336,666.81	00:12:53

Unplanned or planned outage	Current company level peak week production capacity (PWPC) MI/d	Reduction in company level PWPC MI/d	Outage proportion of PWPC %
Unplanned outage	1,212.82	25.29	2.09%

Priority services for customers in vulnerable circumstances	Total residential properties (000s)	Total number of households on the PSR (as at 31 March)	PSR reach	Total number of households on the PSR over a 2 year period	Number of attempted contacts over a 2 year period	Attempted contacts %	Number of actual contacts over a 2 year period	Actual contacts %
Priority services for customers in vulnerable circumstances	1,443.07	120,261	8.3%	58,226	57,157	98.16%	32,326	55.5%

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Section 3 – Performance summary (continued)

3I – Supplementary outcomes information

Unplanned or planned outage	Current company level peak week production capacity (PWPC) MI/d	Reduction in company level PWPC MI/d	Outage proportion of PWPC %
Planned outage	1,212.82	60.20	4.98%

Risk of severe restrictions in drought	Deployable output	Outage allowance	Dry year demand	Target headroom	Total population supplied	Customers at risk
Risk of severe restrictions in drought	978.70	38.57	959.01	63.00	3,913,124	2,859,832

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Section 4 – Additional regulatory information – service level

Accounting separation policy

Table 4B within section 4 has been prepared in accordance with the company's Accounting Separation Methodology Statement, which can be found on the company's website: affinitywater.co.uk/reports-publications. The methodology statement explains the basis for the allocations of costs and assets and has been updated for changes to the requirements in 2022/23. Changes to the methodology are also explained within the company's Accounting Separation Methodology Statement on the company's website. Wherever possible, direct costs and assets have been directly attributed to business units. Where this is not possible, appropriate cost allocations have been applied and assets have been allocated to business units based on an assessment of the principal user, as described in the methodology.

Details on our non-financial reporting methodology in section 4 include assumptions made in producing our nonfinancial numbers and further explanation where necessary.

Table 4B has not been included within the Annual Performance Report 2022/23 due to its size as permitted by RAG 3.14 but has still been submitted to Ofwat.

Tables and sections relating to wastewater and bioresources have been omitted from this publication as they are not relevant to the company.

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Section 6 – Additional regulatory information – water network plus

6A – Raw water transport, raw water storage and water treatment data for the 12 months ended 31 March 2023

Raw water transport and storage	Units	Input
Total number of balancing reservoirs	Nr	4
Total volumetric capacity of balancing reservoirs	MI	133
Total number of raw water transport stations	Nr	37
Total installed power capacity of raw water transport pumping stations	kW	8847
Total length of raw water transport mains and other conveyors	Km	203.00
Average pumping head ~ raw water transport	m.hd	20.28
Energy consumption – raw water transport (MWh)	MWh	37,564.570
Total number of raw water transport imports	Nr	1
Water imported from 3rd parties to raw water transport systems	MI/d	8.10
Total number of raw water transport exports	Nr	-
Water exported to 3rd parties from raw water transport systems	MI/d	-
Total length of raw and pre-treated (non-potable) water transport mains for supplying customers	km	36.93

Water treatment – treatment type analysis	Surface water		Ground water	
	Water treated MI/d	Number of works	Water treated MI/d	Number of works
All simple disinfection works	-	-	16.00	4
W1 works	-	-	-	-
W2 works	-	-	15.29	7
W3 works	-	-	8.65	3
W4 works	-	-	305.35	56
W5 works	394.74	5	208.77	15
W6 works	-	-	-	-

Water treatment – works size	% of total DI	Number of works
WTWs in size band 1	2.7%	23
WTWs in size band 2	5.3%	20
WTWs in size band 3	10.4%	24
WTWs in size band 4	9.8%	11
WTWs in size band 5	17.8%	10
WTWs in size band 6	10.1%	3
WTWs in size band 7	-	-
WTWs in size band 8	43.9%	3

Water treatment – other information	Units	Input
Peak week production capacity	MI/d	1,212.82
Peak week production capacity having enhancement expenditure for grey solution improvements to address raw water quality deterioration	MI/d	251.02
Peak week production capacity having enhancement expenditure for green solutions improvements to address raw water quality deterioration	MI/d	-
Total water treated at more than one type of works	MI/d	-
Number of treatment works requiring remedial action because of raw water deterioration	nr	7
Zonal population receiving water treated with orthophosphate	000's	2,979.255
Average pumping head – water treatment	m.hd	11.16
Energy consumption - water treatment (MWh)	mWh	20,671.627
Total number of water treatment imports	nr	-
Water imported from 3rd parties to water treatment works	MI/d	-
Total number of water treatment exports	nr	-
Water exported to 3rd parties from water treatment works	MI/d	-

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Section 6 – Additional regulatory information – water network plus (continued)

6F – WRMP annual reporting on delivery – non-leakage activities

Activity – Classification	Delivery year (in use)	2020/21	2021/22	2022/23	2023-24	2024-25	After 2024-25
Capital expenditure							
AFF-CTR-WRZ4-4001 : Egham to Iver Internal interconnectors delivering benefits in 2020-2025	2023/24	-	0.121	0.095	0.839	1.751	-
AFF-RTR-WRZ7-0639 : Deal Continuation After 2020 Supply-side improvements delivering benefits in 2020-2025	2020/21	-	-	-	-	-	-
Sundon – Supply-side improvements delivering benefits in 2020-2025	2024/25	0.426	4.514	3.650	6.132	0.367	-
Customer side demand – Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	2020-25	1.878	1.348	0.152	5.885	4.066	n/a
Total		-	0.121	0.095	0.839	1.751	-
Opex costs							
AFF-CTR-WRZ4-4001 : Egham to Iver Internal interconnectors delivering benefits in 2020-2025	2023/24	-	-	-	0.136	0.272	0.272
AFF-RTR-WRZ7-0639 : Deal Continuation After 2020 Supply-side improvements delivering benefits in 2020-2025	2020/21	-	-	-	-	-	-
Sundon – Supply-side improvements delivering benefits in 2020-2025	2024/25	-	-	-	-	4.014	2.810
Customer side demand – Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	2020-25	1.068	5.063	6.739	1.407	1.407	n/a
Total		-	-	-	0.136	0.272	0.272
Benefits							
AFF-CTR-WRZ4-4001 : Egham to Iver Internal interconnectors delivering benefits in 2020-2025	2023/24	-	-	-	17.000	17.000	17.000
AFF-RTR-WRZ7-0639 : Deal Continuation After 2020 Supply-side improvements delivering benefits in 2020-2025	2020/21	0.070	0.070	0.070	0.070	0.070	0.070
Sundon – Supply-side improvements delivering benefits in 2020-2025	2024/25	-	-	-	-	41.000	41.000
Customer side demand – Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	2020-25	0.560	21.720	47.350	80.020	97.920	97.920
Total		0.63	21.79	47.42	97.09	155.99	155.99

Activity – Classification	Delivery use (in year)	Length (km)	Diameter (mm)	Pipe material	Pumping capacity installed (kW)	Storage capacity installed (m3)
AFF-CTR-WRZ4-4001: Egham to Iver – Internal interconnectors delivering benefits in 2020-2025	2023/24	N/A	N/A	N/A	747	N/A

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Section 6 – Additional regulatory information – water network plus (continued)

6F – WRMP annual reporting on delivery – non-leakage activities (continued)

More details can be found in our non-financial line commentary published on our website at affinitywater.co.uk/reportspublications, with a high level summary included below.

Internal interconnectors delivering benefits in 2020–2025

We have one scheme, AFF-CTR-WRZ4-4001: Egham to Iver, which is captured under this category. This is for the installation of a new booster pump to enable an additional 17MI/d to be transferred from our Wey community to Pinn community.

Supply-side improvements delivering benefits in 2020–2025

We have one scheme that falls within this category. AFF-RTR-WRZ7-0639: Deal Continuation After 2020: This is the continuation of an existing bulk transfer agreement. The transfer agreement only entitles us to utilise it under emergency conditions and therefore is not forecasted within our opex budget to be utilised so no opex has been included. There is no new infrastructure required so there are no capex costs associated with the scheme. The benefits have been included for all years at 0.07MI/d as per the terms of the agreement.

Supply-side improvements delivering benefits starting from 2026

Sundon conditioning plant (Sundon Reservoir) is the work required to upgrade the existing conditioning plant at Sundon, with the upgraded plant scheduled to become operational in 2024/25. The delivery of this project will remove water quality constraints that currently prevent the full utilisation of our bulk import from Anglian Water into WRZ3 (Lee) enabling us to increase our utilisation of the Anglian Water Grafham bulk supply up to its full 91MI/d capacity (pre climate change impact), which is currently capped at 50MI/d.

Demand-side improvements delivering benefits in 2020–25 (excluding leakage and metering)

We have worked continuously to reduce overall demand throughout the year via water efficiency device installation and innovative behavioural change campaigns. We have developed water sector, national and community partnerships to support the delivery of our challenging demand reduction target. These partnerships have allowed us to target our demand reduction campaigns, intervention and support to specific communities and geographies.

Within 6F Demand management spend is included under capex as this is how it is funded, however for statutory purposes a proportion of the spend has to be treated as opex in 4L. For consistency we have continued to report this as capex in 6F.

Schemes not included in Table 6F

We had three schemes in our WRMP19 which have not been captured within this table. Two of which sit within our WRZ7/ Dour community. These schemes are not required for security of supply as we have a surplus in Dour (Affinity Water's Southeast region), so we have not progressed them. The two schemes are:

1. AFF-EGW-WRZ7-0629: Lye Oak Licence Variation – Scheme not required due to the surplus in WRZ7.
2. AFF-RNC-WRZ7-0900: Dover Constraint Removal – Scheme not required due to the surplus in WRZ7.

The other scheme not included is AFF-NGW-WRZ4-0624: Canal and River Trust and GSK Slough Boreholes. This was selected in WRMP19 for delivery in 2025/26. Through the preparation of our draft WRMP24 we have continued to investigate this option and the need for it. Our current modelling is not suggesting