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Mr David Black Chief Executive Officer OFWAT 11 Westferry Circus Canary Wharf London E14 4HD

By email to; <a>PressOfficeTeam@ofwat.gov.uk

2 April 2024

Dear Mr Black

Teddington Direct River Abstraction scheme (TDRA) - Thames Water

We write to ask that you reject this scheme which is currently included in Thames Water's business plan 2025-30 under consideration by OFWAT. We will outline specifically why later in this letter but would like to make these general points first;

- Details about our campaign group SOLAR are available on our website (link above). We formed 11 months ago because of the breadth, depth and seriousness of public concern about TDRA. On all these fronts this continues to rise. Nearly 100 affected communities, and organisations have already endorsed a Shared Statement of Opposition to TDRA, as set out on our website.
- We have also written to Philip Duffy (<u>here</u>) given the EA's remit around Thames Water's revised draft Water Resources Management Plan 2024 (rdWRMP24). Given your environmental role we would ask you to consider this letter as well.
- We had hoped to write to you with complete clarity about how Thames Water decided TDRA was selected as a "preferred best value" scheme. Despite repeated, clear and specific requests for information, Thames Water continues to provide what they

want to say, not the detail the public needs. Our ask has been consistent and unambiguous - "show us your workings". Thames Water has placed "best value" at the heart of their scheme choice but the public has not been given the information on which to make a fair judgement. We are at a loss to understand why Thames Water persistently fails to take the opportunity to demonstrate the validity and reliability of this methodology. Our latest letter to Chris Weston at Thames Water is <u>Here</u>

• We are well aware of the challenges faced by climate change, population growth, the selections under consideration around environmental destination, and their impacts on water demand and supply. The key issue is that selecting TDRA is a poorly considered choice by Thames Water when there are far better, greener alternatives. Including this scheme in the enormous price rises needing to be faced by customers is dreadful value for money alongside the whole host of other factors that mean it should be scrapped.

We'd make the following general points covering your consideration of Thames Water's 2025-30 business plan and specific ones about TDRA as a proposed scheme within it;

- Overall, Thames Water's business plan is completely unrealistic in terms of capability of delivery. It fails on multiple fronts as a turnaround plan. There are too many schemes, trying to cover too many areas, in too short a time. Insufficient skilled resources, overloading leadership/management bandwidth alongside no financial resilience means this plan has no credible chance of effective execution. Thames Water's leadership and Board has failed completely to translate the complex issues they face into a plan with clarity and credibility, choosing to believe simply throwing money at challenges is enough. They are manifestly not focusing, laser like, on "the vital few" sewage, leaks, optimising/maintaining existing assets and future proofing with very selective new, scaleable investments.
- The context above is very relevant to TDRA, one of the proposed enhancement cases (TMS 27). Millions of pounds of customer money has already been wasted on this project even though it was rejected in 2019 on environmental grounds alone when proposed at a much larger scale. Now the customer is being asked to pay some £ 750 million*, via their bills, on a proposed investment white elephant when there are much better, greener alternatives. We saw Thames Water make this type of judgement with the Beckton desalination scheme. This has all the same hallmarks and it is not lost on the public that had Beckton worked as was promised we would not need TDRA at all. We simply should not punish the customer's purse by repeating the same mistake.

- The proposed design and operation of the scheme means it will be largely a redundant asset from the outset. Thames Water has told the public that the abstraction facility will only actually be used some 4 out of every 30 months. That means for over 85% of its existence this asset will sit idle a 25 year asset which for nearly 22 years it will do absolutely nothing but stand as a monument to wasted customer money. This fact alone raises an enormous red flag when there is so much emphasis from OFWAT, the National Infrastructure Commission and many others about ensuring infrastructure assets are being used wisely and that we do not get left with "stranded assets".
- The scheme is not a water abstraction scheme. It is a treated sewage disposal scheme. The proposed design of the scheme means treated sewage will be tipping into the Thames at up to 25% of the scheme's capacity 24 x 7 x 365 to help keep the machinery running. The effect of this means a new source of treated sewage, with acknowledged pollutants and contaminants, will tip into the Thames at around 2.5 times the amount of water abstracted, and it gets worse.
- The treated sewage going into the Thames is not sufficiently well treated to go straight to the reservoir because it is only treated to tertiary level. Advanced tertiary level is available although more expensive but this avoids chemicals polluting the water that are being shown to have long term impacts. This is Thames Water conducting a live experiment on long term river health. Thames Water's assertion that they "won't make the river quality any worse" for generations to come is woefully inadequate and an appalling vision for England's largest water company serving a major global capital.
- Subsequent to our letter to Philip Duffy above outlining that TDRA is not a resilient scheme because of multiple river flow and operational integrity uncertainties, two further issues have come to light to reinforce the points we made about the size of risk and uncertainty;
 - First, we have seen information from the UK Centre for Ecology and Hydrology that shows the summer flows in the river Thames have been slowly getting less over decades, and that this is the likely future pattern. So Thames Water is proposing to abstract during the most environmentally vulnerable river conditions for biodiversity and the ecosystem (low flow, higher temperatures) and the pattern of evidence clearly shows increasing vulnerability over the coming years.

- Second, the recent publication of the enormous increase in 2023 sewage overflow incidents across England, with Thames Water's increase over 2022 rising more than any other water company. This reinforces our point to Philip Duffy that a scheme needing to say "we will switch off the system if sewage comes down to the abstraction facility" is the exact opposite of it being resilient.
- The average volume of water the scheme **will actually deliver** is less than 0.5 % of the 2 billion litres water London needs each day. This is not a strategic asset, it is far too small. It could claim to have had a case in its previous guise at 300 mlpd but it is now a quarter of that. These sorts of delivery figures are simply rounding errors. Further it is not a scalable asset with the Environment Agency already having rejected a larger scheme back in 2019 on environmental damage grounds. The proposed scheme therefore has no protection against future uncertainties nor can it qualify as a sensible resilience asset.
- The customer research on which Thames Water has relied is flawed. The full details of the impact of the scheme were not part of the customer research. More importantly, that research is completely at odds with what the public has been saying to us in the past 9 months as shown above in the public endorsements of the Shared Statement of Opposition to TDRA. From their Gate 2 final letter, RAPID specifically mentioned that Thames Water needed to improve community engagement. We've been at these events and conducted our own "exit polls". Of the hundreds of people we have spoken to, the number of people who believed TDRA was a sensible scheme was zero. That is correct, not a single person. We stand by this type of overwhelming rejection level unless Thames Water publish information to challenge it. Simply publishing information saying how many people attended misses the point. Thames Water has announced it will not make available for 6/7 months the results of the feedback they requested (to Ipsos) following their public "Information Events" last November. This has caused public expressions of dismay and suspicion. This date of course may well put public feedback later than your consideration of key parts of their business plan. In addition, despite recognition by Thames Water's acting CEO of SOLAR as community representative, Thames Water has refused our requested opportunity to contribute to their Environmental Impact Assessment Scoping Report consultation process.
- Thames Water's business plan lacks emphasis on optimising their current asset base to provide further water supply. There are plenty of requests for investment about ageing infrastructure, but no sense of ensuring they get the most out of their existing assets.
 On page 41 of TMS 27 Thames Water states that their model "did not pick TDRA

automatically ". The issue here is that there are a number of smaller schemes, using existing assets better that could meet this need. Here's just one;;

 Queen Mary reservoir in West London has 4.8 billion litres of water in it that is not in Thames Water's supply/demand plan. We now have this in writing from Thames Water. Thames Water extracted and sold gravel over many years so the reservoir is deeper. The "spare" water would cover half the requirement of TDRA. Not using this water exemplifies a lack of leadership commitment to do the very best for customers and the environment. We have no doubt the costs to get this water out would be way lower than 50% of the TDRA cost.

In conclusion, it is widely recognised now that TDRA falls down on so many fronts;

- Dreadful value for money.
- No validation of the cornerstone "best value" methodology selecting TDRA.
- Environmentally damaging to water and environments.
- A non-resilient, non scaleable asset.
- Based on flawed, unreliable and outdated customer research.
- Worsening approach from Thames Water about open consultation and feedback.
- Complete absence of social, health and flood risk implications.
- Ignoring better alternatives, many for better use of existing assets that will not require this level of enhancement funding to be unnecessarily pushed onto customer bills.

On behalf of the many communities affected and widespread public dismay at Thames Water's assertion of the need and appropriateness of TDRA, we ask you to reject this scheme.

Yours sincerely

Ian McNuff

For and on behalf of SOLAR

C.C Munira Wilson, Sarah Olney, Ruth Cadbury, Sir Ed Davey MPs,

Steve Barclay (Secretary of State DEFRA), Philip Duffy CEO Environment Agency.

*Latest totex as at 22/23 cost plus estimated asset life debt interest. Figure was used by SOLAR in a Richmond Council public meeting with Thames Water 27th November 2023. No-one challenged it.