

Latest information on our PR24 business plan

Since submission of our PR24 business plan to Ofwat in October 2023, we have made changes to parts of our plan. These have been in response to requests from Ofwat or other regulators and to clarify some points in our original plan. The result of these changes to date is that Ofwat is now considering a PR24 business plan for Southern Water that includes total expenditure of £7,161 million up from £6,597 million in our October 2023 plan, and average annual customer bills of £727 by 2030 up from £681 in our October 2023 plan. Ofwat's draft determinations will be based on this expenditure and these bills.

The main reasons for the changes to our total expenditure for PR24 and associated average annual customer bills are described in the table below:

	Expenditure requirement change	Reason
Water Industry National Environment Programme (WINEP)	£361m	Updated to reflect delivery of agreed WINEP during 2025-2030 rather than over a longer period of time
Enhanced Network and Information Systems (NIS) regulations	£99m	Updated to satisfy additional requirements
Business rates	£98m	Updated methodology on calculation of business rates
Other adjustments	£6m	Updated following a query process with Ofwat, plus other minor updates

Changes proposed to WINEP have resulted from discussions between Southern Water, Defra, the Environment Agency and Ofwat with respect to the scope of a WINEP which meets the latest understanding of statutory requirements. The principal WINEP changes relate to nutrient removal, chemicals removal, and the storm overflows programme. Details of the changes are explained in addendums to our SRN39 and SRN40 enhancement business cases which can be found published alongside this document [SRN 39 Addendum Wastewater Treatment and SRN40 Addendum Storm Overflows]. This is an interpretation of requirements and reflects the output of discussions with regulators in December 2023 and January 2024. It is not the final signed-off WINEP as this is yet to be agreed with the regulators and there remains uncertainty on the final scope of activity that could be phased into the period beyond 2030.

We provide the following updated business plan information as part of this March 2024 update:

- Calculation of PR24 Business Plan costs – March 2024
- Updated business plan data tables and commentaries – March 2024
- Updated financial model
- Business case addendums:
 - o SRN 39 Addendum Wastewater Treatment
 - o SRN40 Addendum Storm Overflow

Although there has been no opportunity to assure the updated information resulting in changes to parts of our plan, the Board of Southern Water has approved this submission.