August 2026

Notification of the PR24 cost change process draft determination for United Utilities

Ofwat

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Dear Louise

Cost change draft determination 2026

13 August 2026

I enclose in Appendix 1, the cost change draft determination by the Water Services Regulation Authority (Ofwat).

This draft determination is published on our website. We also publish the following documents, which support our cost change draft determination for United Utilities:

- Cost change draft determinations 2026 - Sector Overview;
- Cost change draft determinations 2026 – Asset health cross cutting issues appendix;
- Cost change draft determinations 2026 – Price control deliverables (PCD) appendix;
- Cost change draft determinations 2026 – Asset health PCDs; and the
- Cost change draft determinations models for Asset health, Large Gated Schemes and Growth.

I enclose the following additional information relevant to our decisions within the appendices of this document:

Appendix 2: Our draft determination on how United Utilities' expenditure allowances are funded

Appendix 3: Our detailed assessment of, and decision on, United Utilities' submitted claims.

United Utilities should ensure that it reads all the information referred to above before responding to this consultation. The closing date for responding to this draft determination consultation is 24 September 2026. United Utilities has published its cost change submission on its website. We include a link to this publication on our website.

Yours sincerely,

Helen Campbell

Executive Director, Delivery

Contents

Appendix 1: Cost change draft determination

In United Utilities' 2026 cost change submission, we received ten claims across the following cost areas:

- Asset Health – Boreholes
- Asset Health – Gravity sewers inspections
- Asset Health – Gravity sewers rehabilitation
- Asset Health – Rapid gravity filters
- Asset Health – Trickle filters
- Asset Health – Water network storage assets
- Growth – Growth at sewage treatment works
- Windermere Gated Programme (Package 1 and 2)

Table 1 below provides a summary of our draft determination total cost change expenditure allowance compared to the cost change expenditure you requested in your submission. We explain our decisions in Appendix 3 of this document.

Table 1: Breakdown of the difference between United Utilities' view and Ofwat view of costs (£million, 2022-23 FYA CPIH prices)

	2025-30 period	2030-35 period
Company total cost change claim	1,086.5	26.5
Ofwat 'insufficient evidence of need' or 'out of scope of cost change process' assessment[1]	-33.1	0.0
Company total 'in scope' cost change claim[2]	1,053.4	26.5
Ofwat 'best option' challenge[3]	0.0	0.0
Ofwat efficiency challenge[4]	-78.7	-5.9
Ofwat draft determination cost change allowance	974.7	20.6

Our draft determinations include price control deliverables (PCDs) to hold United Utilities to account for delivery. Our approach to PCDs is set out in the Cost Change Draft Determinations 2026 – Price control deliverables appendix. Please note that the cost change allowances above incorporate a late correction to the modelling inputs for our draft determination decision for large gated schemes. However, due to time constraints, this change has not been reflected in the draft determination PCDs.

[1] Details of costs excluded are set out in Appendix 3.
[2] The company's total eligible cost claim that demonstrates the need for the required step change in investment and is within the scope of the cost areas. For United Utilities, the 'in scope' cost change claim also includes the element of its water resources growth claim related to third party services that is not to be funded by the generality customers (see section A3.2).
[3] Our review of the company's evidence of optioneering and associated cost benefit analysis and that the options put forward are the best option for customers.
[4] Our review of the company's evidence of efficient unit costs and associated methodology.

The impact of our draft determination for revenue and regulatory capital value (RCV) adjustments by price control are set out in tables 2 and 3 below.

Table 2: United Utilities' draft determination revenue adjustments by price control and when they apply (£million, 2022-23 FYA CPIH prices)

	Water resources	Water network plus	Waste-water network plus	Bio-resources	Total
Total in-period revenue adjustment for 2027-28	0.000	0.000	0.000	0.000	0.000
Total in-period revenue adjustment for 2028-29	0.000	0.000	0.000	0.000	0.000
Total in-period revenue adjustment for 2029-30	0.000	0.000	0.000	0.000	0.000
Total end of period revenue adjustment at PR29	1.552	24.365	85.094	0.000	111.011

Table 3: United Utilities' draft determination RCV adjustments by price control (£million, 2022-23 FYA CPIH prices)

	Water resources	Water network plus	Waste-water network plus	Bio-resources	Total
Total end of period RCV adjustment at PR29	16.736	138.421	513.223	0.000	668.380

Since our draft determination does not include any in-period revenue adjustments resulting from the cost change process, there are no changes to the company's last determined price controls[5].

[5] For United Utilities, the last determined priced controls are those updated for the 2025 blind year reconciliation.

Appendix 2: Our decisions on how we fund United Utilities' expenditure allowances

United Utilities did not request in-period funding in its cost change submission. Therefore, we set out in this draft determination that funding of the additional expenditure allowances over the period to 31 March 2030 will be provided through an adjustment to RCV at 31 March 2030 and an adjustment to revenues over the 2030-35 period.

As part of the cost change process, we assess progress by companies in delivering their existing investment programme. We set out our assessment of delivery for United Utilities.

A2.1 Delivery assessment

AMP8 delivery

We reviewed the company's May 2026 delivery plan update. On balance, although we have concerns about the company's output forecasts, overall, we consider that the company provides sufficient and convincing evidence to demonstrate that it remains on track to deliver its PR24 commitments by the end of the 2025-30 period. We provide a summary of our assessment below for water and wastewater.

Water

In its May delivery plan update, the company showed positive indicators in relation to 2025-30 delivery progress:

- The company showed good progress in relation to water price control deliverables (PCD) outputs, delivering most of its baseline target in 2025-26 (see section below on delivery in 2025-26)
- The company spent most of its water PCD allowances in 2025-26 and is forecasting to spend its PCD allowances by the end of the 2025-30 period.
- The company is forecasting to have 84% of capital schemes in construction or delivered by the end of 2027-28. This should provide the company with sufficient headroom to respond to unforeseen events and manage any delivery risks.
- The company remains confident that it will deliver 100% of its PCD outputs by the end of the 2025-30 period.

However, there are still some indicators that raise concerns in relation to the company's delivery forecasts

- The company reported meeting 63% of its interim milestones in 2025-26 which is below the sector average. This is due to delays for resilience schemes, which

the company explained in its delivery plan is due to reprofiling of the programme to generate programme level efficiencies.
- The company is forecasting to have 54% of capital schemes not yet released to the supply chain by the end of 2026-27. This is above the sector average. However, we understand that most of these capital schemes are due to be delivered in the 2030-35 period.

Wastewater

In its May delivery plan update, the company showed some positive indicators in relation to 2025-30 delivery progress:

- The company showed good progress in relation to wastewater PCD outputs, delivering slightly below the baseline target in 2025-26 (see section below on delivery in 2025-26).
- The company reported meeting most of its interim milestones (90%) in 2025-26.
- The company is forecasting to have 72% of its capital projects in construction or delivered by the end of 2027-28.
- The company remains confident that it will deliver all of its PCD outputs by the end of the 2025-30 period. This is with the exception of some Water Industry National Environment Programme (WINEP) obligations which are no longer required and therefore no longer part of the WINEP.

However, there are still some indicators that raise concerns in relation to the company's delivery forecasts:

- The company underspent allowances in 2025-26 by 37%. The company explained that this is because expenditure profiles have deviated from delivery plan assumptions. This includes bundling some projects together where it is more efficient to do so. The company forecasts to catch-up with expenditure by the end of 2028-29, forecasting to slightly overspend its allowances by the end of the 2025-30 period.
- The company is forecasting to have 53% of capital schemes not yet released to the supply chain by the end of 2026-27 which is above the sector average. We are concerned that this could lead to slippage later in the period.

Delivery in 2025-26

Based on its May 2026 delivery plan update, the company has demonstrated that it is not behind delivery in 2025-26:

- On water, the company reported delivering 4% less PCD outputs (in value terms) in 2025-26 compared to baseline target. We consider this underperformance to be small given the early stage of the regulatory period.
- On wastewater, the company reported delivering 2% more PCD outputs (in value terms) in 2025-26 compared to baseline target.

A2.2 Financeability assessment

United Utilities did not request in-period funding within its cost change submission. As such, we have not assessed financeability for the company. The company set out that it would likely request in-period funding as part of a future cost change process. In this case, we will assess its financeability at that stage along with the other factors relevant to in-period funding set out in the cost change draft determinations sector overview.

Appendix 3: Our assessment of and decision on United Utilities' submitted claims

This appendix sets out our detailed assessment of, and decision on each of the company's 2026 cost change claims. It should be read alongside the documents specified in the first page of this draft determination.

In its response to the draft determination, the company should confirm, to the extent that it has not already done so, which proposed schemes could impact sites of special scientific interest (SSSIs) or land in National Parks, or areas of outstanding natural beauty.

A3.1 Asset health

3.1.1 Water network storage assets

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	United Utilities requests an additional £78.3 million for network storage asset health across the 2025-2030 investment period. The request includes interventions across 24 network storage assets at 18 sites compromising 5 tank replacements (£17.3 million), 4 new membrane installations (£18.7 million), 3 tank refurbishments (£5.0 million), 1 new roof installation (£0.8 million), 7 tank division schemes (£6.8 million), and 4 tank recommissioning schemes (£29.8 million).		
Need for a step change in investment	**Decision summary – Conditional Pass.**	**Conditional Pass**	**£29.8 million Excluded as**

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	£29.8 million of investment items are out of scope of the asset health cost change process, and are excluded from the assessment.[6] For the remaining £48.4 million of expenditure request, the company provides a portfolio-level case for increased investment, but there are currently gaps in demonstrating how need is defined and triggered at an asset level. To achieve a pass at final determination, the company must provide sufficient and convincing evidence on its asset level proposals and sufficient and convincing evidence for customer willingness to pay. **Company evidence** - The company presents its need case as a transition from a reactive, compliance-led approach to a proactive, asset health-led investment strategy.[7] It forecasts deterioration under a base maintenance scenario, with "70% of assets projected to be at end of life by 2040" (equivalent to 444 of 634 treated water storage assets) [8] and states proactive capital investment is required to restore risk to tolerable levels and maintain alignment with the company's stated risk appetite.[9] The modelling incorporates multiple factors (e.g. asset age, condition assessment, replacement cost, criticality and planned maintenance assumptions), and scenario analysis demonstrates that proposed investment defers asset deterioration by 7–10 years by the late 2040's, and forecast reduced risk.[10] The company also provides a DWI "commend for support" letter.[11]		**out of scope** **Conditional challenge on £48.4 million in scope request** Conditions met: £48.4 million Conditions missed: £0 million

[6] See 'Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix', section 4, for further detail of the general rationale that applies to out-of-scope elements, and assessment section below for details of the investment items removed.
[7] United Utilities Water, 'UUW26-13 Asset Health Business Case - Enhancing Water Network Storage Assets', May 2026, Sections 3.3.7, p.15.
[8] United Utilities Water, 'UUW26-13 Asset Health Business Case - Enhancing Water Network Storage Assets', May 2026, Section What Base Buys, p.3.
[9] United Utilities Water, 'UUW26-13 Asset Health Business Case - Enhancing Water Network Storage Assets', May 2026, Section 3.5.16, pp.23-24.
[10] United Utilities Water, 'UUW26-13 Asset Health Business Case - Enhancing Water Network Storage Assets', May 2026, Figures 7-9, paragraphs 3.3.14-3.3.22, pp. 17-19.
[11] United Utilities Water, 'UUW26-25 Letters of support', May 2026, pp. 12-14

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	Our assessment - Our current analysis indicates that there is a sector-wide health issue for network storage assets.[12] We exclude £29.8 million of costs which are out of scope for asset health.[13] This includes four tank recommissioning schemes for intervention "recommission out of service tank on same site".[14] [15]. In summary, in our guidance, we said "that investment proposals may be required to: address a step-change in direct risks to assets from external factors; address a step change in risk because of higher-than-expected rates of deterioration; and/or address high consequence risks for assets that require infrequent but major investment".[16] Sites that are not currently in use are unlikely to pose a risk to service, as they are not contributing to service, therefore bringing these sites back into service is associated with increased resilience to supply and not the primary driver of asset health. We accept the company's view of 'what base buys' (implicit allowance) across its asset proposals, which is clear and in line with a view of what base buys based on historical sector		

[12] Further detail can be found in 'Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix'
[13] Costs of sites excluded have been calculated using United Utilities Water Query Responses ref, 'OFW-UUW-CCP-019', June 2026; 'OFW-UUW-CCP-026', June 2026; and United Utilities Water, 'UUW26-13 Asset Health Business Case - Enhancing Water Network Storage Assets', May 2026, Table 10,19.
[14] United Utilities Water, Query Response 'OFW-UUW-CCP-026', June 2026; United Utilities Water, Query Response 'OFW-UUW-CCP-019', June 2026, Table 7: Intervention categories/types and expected proportions, p.17.
[15] Further information about the general rationale behind exclusions can be found in 'Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix, section 4'.
[16] Ofwat, 'Asset-Health-Assessment-Guidance.pdf', December 2025, p.6.

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	expenditure rates. This provides reassurance that the requested investment is incremental to base allowances, and that customers are not paying twice for investment.[17] For the remainder of the proposal (£48.4 million) we consider there to be evidential gaps in demonstrating sufficient and convincing evidence to meet the requirements for 'Need for a step change in investment' to maintain long term asset health. While the company provide programme level asset deterioration modelling, realisation of the benefits are however, limited to pre- 2040[18]. In query responses[19] the company provides greater site level evidence of why additional investment is needed with reference to risk or forecast deterioration for each site, as well as asset-level evidence of risk (likelihood and consequence), which has helped to provide a rationale of why intervention is proposed for assets with condition grades 'good' and 'adequate' (i.e., not currently in 'poor' condition). However, there remain concerns, on the benefit of intervention on assets in 'adequate' to 'good' condition and whether customers would be willing to pay now, for what appear only marginal risk reductions, over the next 10years (c.1%). This is important, because much of the investment is proposed before assets reach 'poor' condition, requiring clear evidence that intervention now is justified, and what the implications are for the frequency of likely intervention in future. Though the company evidences willingness to pay within its submission, it is not possible to		

[17] Our assessment and further detail can be found in 'Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix'
[18] United Utilities Water, 'UUW26-13 Asset Health Business Case - Enhancing Water Network Storage Assets', May 2026, Figures 7-9.
[19] United Utilities Water, Query Response 'OFW-UUW-CCP-026', June 2026; United Utilities Water, Query Response 'OFW-UUW-CCP-019', June 2026

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	assess the strength of customer willingness-to-pay support for the benefits of the proposed intervention for this asset class.[20] It is noted that the company has made an OPEX adjustment of £165k for avoided repair costs, which is a welcome recognition and demonstrable predicted benefit of intervention. We have not suggested any amendment to this, on the basis that removing the out-of-scope recommissioning schemes for out-of-service assets is unlikely to affect the estimated repair savings.[21] To achieve a pass at final determination, the company must provide sufficient and convincing evidence to demonstrate: • How risk scores have been used to determine intervention timing for all assets (i.e. why intervention is required now), in particular the demonstration of risk reduction through the interventions and the benefit this brings to the asset health scores; • Further evidence of asset health issues for the assets proposed for investment; and / or • Evidence of level of support for customer willingness to pay for the proposed investment / predicted benefits . If this evidence is not provided, we may challenge the proportion of the need case that fails to meet the standard of evidence required at final determination.		

[20] United Utilities Water, 'UUW26-26 Customer Research Approach-Regional Growth and Asset Health', April 2026

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Best option for customers	**Decision summary – Pass.** The company provides sufficient and convincing evidence to demonstrate that the proposed investment meets the 'Best option for customers' criteria. **Company evidence** - The company presents a structured two-stage optioneering process, moving from unconstrained to constrained options, and a cost-benefit assessment using a 30-year whole-life appraisal supported by benefit-cost ratios. [22] **Our assessment** -The company provides sufficient and convincing evidence to demonstrate that it has considered a wide range of options, with a clear progression from unconstrained to constrained options, as set out in the query response. The cost-benefit assessment uses a 30-year whole-life appraisal, discounted cashflows and comparison of credible options, providing a basis for assessing whether selected interventions provide value for customers. The company articulates the benefits of the proposed investment, including quantified risk reduction and wider system impacts such as reduced outage complexity and better asset condition for future generations.	**Pass**	**0%**
Robust and efficient costs	**Decision** – Pass. The company provides sufficient and convincing evidence to demonstrate that costs are robust and efficient. The submission is supported by a transparent costing methodology, comprehensive benchmarking evidence and detailed cost breakdowns demonstrating that costs are broadly aligned with or below comparator levels.	**Pass**	**0%**

[22] United Utilities Water, 'UUW26-13 Asset Health Business Case - Enhancing Water Network Storage Assets', May 2026, Sections 5.1.3, 5.4.9-5.4.13.

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	Company evidence - The company applies a structured bottom-up methodology for direct and indirect costs, defining cost components and consistently applying these across programmes. Direct costs are derived from engineering scope and a database of historic outturn costs, while indirect costs, risk, cost to serve and corporate overheads are applied based on historic schemes and organisational cost structures. The approach is consistent with PR24 and Green Book principles and is supported by worked examples demonstrating how unit costs are constructed and applied at scheme level. The company has undertaken comprehensive benchmarking using a combination of internal data and external benchmarking by a third party. Benchmarking covers c.89% of costs, and includes comparisons across direct costs, indirect costs, risk allowances and overheads. The company also provides benchmarking ranges and programme-level cost breakdowns to support its assessment of cost efficiency company benchmarking. **Our assessment** - The company provides sufficient and convincing evidence to demonstrate that its cost estimation approach is robust and that the proposed costs are broadly efficient. The use of historical outturn costs, engineering-based cost build ups and clearly defined approaches to direct and indirect costs demonstrates that costs are grounded in actual delivery experience, clearly linked to engineering scope, and developed through a transparent and established methodology. The provision on worked examples provides a clear audit train from engineering scope to cost which strengthens confidence in the final cost estimates in that they are appropriately linked to the underling intervention. The benchmarking evidence provides a strong indication that costs are broadly efficient and gives a reasonable level of confidence in the relevance of the comparator data used. Benchmarking covers the majority of the cost base and results indicate that direct costs are		

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	aligned with comparator levels, while indirect costs, risk allowances and overheads are below comparator levels, indicating overall alignment with, or outperformance against, comparator data. This provides confidence that costs are consistent with efficient delivery assumptions and are not overstated. While the company has not benchmarked directly against Ofwat PR24 datasets, it provides a reasonable explanation for this approach and has instead undertaken benchmarking against alternative comparator sources through the third party. Taken together, the company has therefore provided sufficient and convincing evidence to demonstrate that costs are robust and efficient, and no cost challenge is applied at draft determination.		
Customer protection	**Decision summary – Adequate.** The company provides sufficient and convincing evidence to demonstrate that customers will be protected if the company under-delivers against the proposed investment. **Company evidence** - The company proposes Price Control Deliverables (PCDs) that cover both the investment that will be delivered by existing PR24 base expenditure allowances, and the investment delivered through the requested additional allowance. Both proposed PCDs are for water tanks. The investment that will be delivered by PR24 base allowances is based on expenditure, and the investment through additional allowances is defined at the scheme level.[23] Both are end-of-period adjustments, with no time incentive proposed for early delivery. **Our assessment** - The company's proposed non-delivery PCDs are in line with our expectations set out in the Asset Health guidance document and aligns to the approach set	**Adequate**	

[23] United Utilities Water, 'UUW26-13 Asset Health Business Case - Enhancing Water Network Storage Assets', May 2026, pp. 54-55.

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	out in the PR24 Final Determinations. If the company under-delivers, the funding will be returned to customers.		
Investment delivery plan	**Decision summary – Adequate.** The company provides sufficient evidence to demonstrate that the programme is deliverable, supported by risk identification, strategic stakeholder engagement, regulatory alignment and supply chain readiness. **Company evidence** - The company provides key delivery risks, including capacity, weather and supply chain risks, with risk scoring and mitigation measures integrated into programme planning. The submission includes an outline plan and indicative timelines for the programme. The company demonstrates stakeholder engagement including customers (Your Voice), DWI, and the EA. Supply chain readiness and AMP8 integration are evidenced, including capacity assessments and programme alignment. The company has provided a site-wise investment delivery programme as part of the query response.[24] **Our assessment** - The company provides sufficient and convincing evidence to demonstrate that it understands the main delivery risks and has integrated risk scoring and mitigation measures into programme planning. Evidence of stakeholder engagement supports the deliverability of the programme at a strategic level and provide assurance that the programme is aligned with relevant regulatory expectations.	**Adequate**	**N/A**

[24] United Utilities Water, Query Response, 'OFW-UUW-CCP-019 – UUW Asset Health Network Storage – capital programme', June 2026

3.1.2 Boreholes

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	United Utilities requests £13.34 million of investment in the 2025-2030 period (AMP8) across 24 boreholes. The proposed programme comprises replacement of headworks at 18 of the boreholes, cleaning of five of the boreholes, and renewal of four boreholes through relining or redrilling. These interventions are to address structural degradation, raw-water quality risk and yield decline.[25]		£2.5m
Need for a step change in investment	**Decision summary** - **Pass** The company provides sufficient and convincing evidence that the proposed investment meets the 'Need for step change in investment' criteria. We exclude £2.5 million which is out of scope for asset health. **Company Evidence** The company provides evidence on the current condition of its borehole and headworks assets using condition grading based on CCTV and inspection surveys. For operational boreholes surveyed, around 42% are in Condition Grade 3 and approximately 46% are in Condition Grades 4 and 5 combined. For headworks, Condition Grade 4 represents the largest condition category, although more than half of assets are in Condition Grade 3 or better. The company also presents separate analysis indicating that around 45% of borehole assets are at end of life.[26]	**Pass**	**£2.5m**

[25] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, p.6
[26] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, Figures 6 and 7. Percentages as estimated based on the charts provided in figure 6 and 7 (Table 3)

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	The company provides evidence of deterioration mechanisms affecting borehole assets and links this issue to reduced performance and yield.[27] The company also provides information of increasing risks to security of supply, water quality and safe operation as assets deteriorate, supported by stakeholder engagement including a letter of commendation for support from the Drinking Water Inspectorate.[28] The company provides forward-looking evidence through scenario modelling of asset health and risk. The company shows that the proportion of assets at end of life increases from around 45% currently to 86% by 2050-2055 period under a no-investment scenario and 78% under the AMP8 base plan, compared to around 70% with the proposed investment. The company also provides risk forecasting, showing risk increasing by around 42% under a no-investment scenario and 17% under the base plan, whereas the proposed investment reduces risk by around 9% relative to the current position and by around 27% compared to the base plan.[29] The company also provides evidence on historical and baseline expenditure. It states that historical expenditure has averaged £18.3 million per price control period. It presents an estimate of "what base buys" for boreholes of £6.4 million.[30]		

[27] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, p.12, Section 3.1.11,
[28] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, Sections 3–4; United Utilities, UUW26-25 Letters of Support, DWI Boreholes Letter of Support (UUT01).
[29] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, Figure 8, Figure 9, Table 3 and Appendix C
[30] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026,Figure 13, Figure 11

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	Our Assessment We accept the company's view of 'what base buys' (implicit allowance) across its asset proposals, which is clear and in line with a view of what base buys based on historical sector expenditure rates. This provides reassurance that the requested investment is incremental to base allowances, and that customers are not paying twice for investment.[31] We exclude costs (£2.5m) associated with [redacted] Borehole 1, [redacted] Borehole 2, [redacted] Borehole 2 and [redacted] Borehole, which are out of scope for asset health.[32] In our guidance, we said that *"investment proposals may be required to: address a step-change in direct risks to assets from external factors; address a step change in risk because of higher than expected rates of deterioration; and/or address high consequence risks for assets that require infrequent but major investment"*. Sites that are not currently in use are unlikely to pose a risk to service, as they are not contributing to service. Therefore, bringing these sites back into service is associated with increased resilience to supply and not the primary driver of asset health.[33] It is noted that OPEX adjustment is made by the company of £129k. We have retained this adjustment for repairs saved for returning out of service boreholes to use, assuming these do not impact on this saving estimate. For the remaining £10.96 million the company provides sufficient and convincing evidence that a step change in investment is required to manage deterioration and increasing risk		

[31] Our assessment and further detail can be found in 'Cost Change draft determinations 2026 – Asset health cross cutting issues appendix'.
[32] Costs of sites excluded have been calculated using Query Response ref, 'OFW-UUW-CCP-021' and United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, table 9
[33] Further detail can be found in 'Cost Change draft determinations 2026 – Asset health cross cutting issues appendix', Section 4 Scope Boundaries

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	across its borehole asset base. The evidence demonstrates that without additional intervention, asset health continues to decline over time, while the proposed investment reduces and delays this deterioration, which is further supported by the risk forecasting. The need for investment is supported by our assessment that there is a sector-wide health issue for boreholes. This indicates that poor health of boreholes reflects a broader, systemic challenge which may require additional allowances.[34] The company provides additional information in query responses which strengthens the link between the identified need and asset health. This shows that the proposed interventions are targeted at assets in poor condition and sets out the primary driver for each intervention, providing further confidence that the programme is addressing deterioration within the asset base. Overall, the company provides sufficient and convincing evidence of need for a step change in investment, particularly where interventions address deterioration and associated risk within the borehole asset base.		
Best option for customers	**Decision summary –Pass** - The company provides sufficient and convincing evidence that the proposed investment meets the 'Best option for customers' criteria. **Company Evidence** - The company sets out a structured optioneering process to identify its preferred programme, including unconstrained and constrained stages to assess and filter a	**Pass**	**0%**

[34] Further detail can be found in 'Cost Change draft determinations 2026 – Asset health cross cutting issues appendix'

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	range of intervention options across its borehole asset base. These options include borehole cleaning, renewal/redrilling and headworks upgrades. [35] The submission provides evidence of cost benefit analysis to support option selection, including whole-life cost assessments and cost-benefit ratios for individual preferred options. The company states that the preferred interventions are generally cost beneficial based on this analysis, with quantified outputs presented at scheme level. [36]The company also sets out the benefits considered within its analysis, including security of supply, health and safety risks, water quality compliance. [37] In addition, the company provides further detail through query responses, including a table of interventions at site level. This sets out the condition of borehole and headworks components and identifies the primary driver for each intervention, demonstrating how the preferred programme has been selected from the wider set of potential interventions based on condition and risk.[38] **Our Assessment** - The company provides sufficient and convincing evidence that the proposed programme represents the best option for customers. It presents a structured optioneering process supported by cost benefit analysis and whole-life costing, demonstrating how preferred interventions were selected from a wider range of options.[36] The additional information provided in query responses further improves transparency by setting out the condition and primary driver for each intervention, providing sufficient and		

[35] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, Sections 5.1–5.3, Appendix A, Table 21
[36] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, Section 5.4 and Table 8
[37] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, p.35
[38] United Utilities, 'OFW-UUW-CCP-010 Response', May 2026

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	convincing evidence that the programme is targeted at assets in poor condition and aligned to identified risks.[38]		
Robust and efficient costs	**Decision – Pass** The company provides sufficient and convincing evidence that the proposed costs are robust and efficient. The submission is supported by a clearly defined costing methodology, comprehensive benchmarking and strong cost transparency, providing a high level of confidence that costs reflect efficient delivery. **Company evidence** - The company applies a bottom-up costing methodology informed by detailed engineering scope, unit rates, quantities and total costs. Cost estimates include direct costs, indirect costs, risk, costs to serve and corporate overheads. Historical delivery data has been used where appropriate, and optimism bias is applied to direct costs based on asset knowledge and scheme maturity. The company has undertaken comprehensive benchmarking using a third party. Benchmarking has been undertaken on 100% of the proposed costs and results have been presented by both cost category [redacted] and activity type (including (borehole cleaning, redrilling, headworks etc). The submission includes detailed scheme-level cost breakdowns, unit rates and quantities. **Our assessment** - The company provides sufficient and convincing evidence that its costing methodology is robust, and final cost estimates are efficient. Costs are developed using a detailed bottom-up approach linked directly to engineering scope and supported by historical delivery data. The submission clearly demonstrates how costs have been constructed and includes a transparent breakdown of cost categories, quantities and unit rates which	**Pass**	**0%**

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	provides confidence in the final cost estimates. Benchmarking has been undertaken across the full cost base using a comprehensive external dataset. Benchmarking results indicate that proposed costs are aligned with industry expectations and around [redacted] more efficient than external benchmarks. Taken together, the breadth of benchmarking coverage, combined with the transparency of the cost build up provides strong assurance that costs reflect efficient delivery assumptions. The company has therefore provided sufficient and convincing evidence that costs are robust and efficient, and no challenge is applied at draft determination.		
Customer protection	**Decision – Adequate.** The company provides sufficient and convincing evidence that customers will be protected if the company under-delivers against the investment. **Company evidence** - The company proposes PCDs that cover both the investment that will be delivered by existing PR24 base expenditure allowances, and the investment delivered through the requested additional allowance. The investment that will be delivered by PR24 base allowances is based on expenditure, and the investment through additional allowances is defined by the intervention type proposed. The company proposes five intervention types for boreholes: new headworks, structural clean, renew/redrill, redrill (complex sealing), and new headworks (structural clean).[39] Separate unit rates for different intervention types are provided, aligned to the cost of scheme delivery. Both PCDs are end-of-period adjustments, with no time incentives proposed for early delivery.	**Adequate**	

[39] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, p.51

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	Our assessment - The company's proposed base PCD is in line with our expectations set out in the Asset Health guidance document. If the company under-delivers, the funding will be returned to customers. **Decision** To enable us to protect customers, we propose to apply a PCD on the requested additional allowance which is tied to named schemes. Further detail on this PCD can be found in the Cost Change Draft Determinations 2026 – Price control deliverables appendix.		
Investment delivery plan	**Decision** - **Adequate** The company provides sufficient and convincing evidence to demonstrate that the in-scope programme is deliverable. **Company evidence** - The company provides evidence of delivery capability through a programme risk register, stakeholder engagement and letters of support from delivery partners. It also provides an outline delivery programme and indicative timelines for the proposed interventions, together with evidence of supply chain engagement and delivery planning.[40] The company provides additional information through query responses, including a programme-level delivery schedule for the proposed works. It explains how interventions will be phased and sets out key milestones in the programme.[41] **Our assessment**	**Adequate**	

[40] United Utilities, 'UUW26-14 Asset Health Business Case – Upgrading Boreholes', May 2026, Section 8; UUW26-02 Growth Unlocked: Water for the New Economy, Section 7, UUW26-27 Deliverability risk register; and UUW26-25 Letters of Support

[41] United Utilities, 'OFW-UUW-CCP-004 Response and OFW-UUW-CCP-004-UUW Borehole Project Plan', May 2026

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	The company provides sufficient and convincing evidence that the proposed programme is deliverable. The submission demonstrates that delivery risks have been identified and considered, supported by a programme risk register, stakeholder engagement and evidence of supply chain readiness. The additional information provided in query responses strengthens this position by providing greater visibility of the proposed delivery programme and phasing of works.		

3.1.3 Gravity sewers inspections

Assessment criteria	Assessment	Decision
Approach and Robust and Efficient Costs	**Decision summary** The company provides sufficient and convincing evidence that its sampling approach is appropriate and that its costs are efficient. We propose to provide the full allowance.	**Pass**

Customer Protection	**Decision – Adequate**. The company provides sufficient and convincing evidence that customers will be protected if the company under-delivers against the investment. **Company Evidence** - The company proposes a price control deliverable (PCD) for the investment funded by the requested additional allowance. The additional allowance will fund a programme of random and representative inspections covering 0.5% of the company's gravity sewer network. This PCD consists of a single element to ensure delivery of random surveys (inspections). The company proposes a unique non-delivery PCD rates for sewer inspections. **Our assessment** - The company's proposed non-delivery PCD is in line with our expectations, as set out in the asset health guidance document, and aligns to the approach set out in the PR24 Final Determination. If the company under delivers, the funding will be returned to customers.	**Adequate**

3.1.4 Gravity sewers rehabilitation

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	United Utilities Water is requesting an additional £183.7 million of investment in the 2025-30 period (AMP8) to deliver a proactive gravity sewer rehabilitation programme. This comprises targeted, condition-led remediation across 345km of sewers, supported by survey activity including a random sampling programme (0.5% of the network) to improve evidence on asset condition. This is in addition to its existing gravity sewer rehabilitation programme to deliver 3,741km within the AMP8 base plan, giving a total of 4,086km sewer remediation.		

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	The proposal includes £170.4 million for 313km proactive sewers remediation to target asset health-related flooding and infiltration, and £12.7 million for 32km sewer remediation that is based on the random sampling survey outputs. This proposal also includes 4,173 km survey (including the random sampling) and interceptor trap removal (£0.8 million) in the proactive sewer remediation programme.		
Need for a step change in investment	**Decision - Partial Pass.** We exclude £0.8 million of costs that are out of scope for asset health. The company provides sufficient and convincing evidence that £182.91 million of the proposed investment meets the 'Need for step change in investment' criteria for additional asset health investment for its gravity sewer assets. **Company evidence:** The company provides evidence to demonstrate that its gravity sewers' condition is deteriorating, supported by quantified risks related to structural failure, infiltration, flooding and environmental impacts. The company's deterioration model demonstrates that Grade 3 assets increase from 8.5% (2022-23 sample) to 16.4% (2025-26 sample) and Grade 4 assets increase from 8.2% (2022-23 sample) to 10.9% (2025-26 sample)[42], indicating a growing proportion of assets reaching the optimal intervention window. It states that without increased intervention, deterioration will continue to outpace remediation, leading to higher long-term cost and disruption. The company also explains	**Partial Pass**	**0.44% or £0.8m**

[42] United Utilities,'UUW26-15 Asset Health Business Case - Supporting Gravity Sewers', May 2026, p.17, Table 5

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	that with current investment focused on managing in-period risks rather than stabilising long-term asset condition, the existing base allowances are insufficient to achieve a sustainable remediation rate, which it claims is approximately 2% of the network per year[43], based on a typical 50 year design life for sewer relining. The company emphasises that the proposed investment focuses on long-term risk reduction and asset health stabilisation, rather than short-term performance improvements. **Our assessment** - We accept the company's view of 'what base buys' (implicit allowance) across its asset proposals, which is clear and in line with a view of what base buys based on historical sector expenditure rates. This provides reassurance that the requested investment is incremental to base allowances, and that customers are not paying twice for investment.[44] The company provides sufficient and convincing evidence that the proposed additional investment of £182.91 million through increased renewals is required to prevent deterioration in asset health over the long-term. The combination of observed deterioration trends, risk modelling and evidence on what base buys supports the need for additional capital maintenance. While it shows that historical investment has been sufficient to maintain stable network performance, its forecast models show deteriorating performance without a significant increase in rehabilitation rates. This demonstrates a change in asset risk in the future and that a step change in investment is required. Additionally, the		

[43] United Utilities, 'UUW26-15 Asset Health Business Case - Supporting Gravity Sewers', May 2026, p.15, Section 3.3
[44] Our assessment and further detail can be found in the 'Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix'

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	company demonstrates a clear link between the deteriorating structural condition of the sewers and the observed declining asset performances such as flooding and infiltration as required in our guidance[45]. In Appendix A2 of our guidance[46], we confirm 'silt and sediment traps' as one of the ancillary items that is out of scope of the cost change process. In its query response, the company explains that the interceptor trap removal (£0.8 million) is part of the remediation within the proposed programme. The company does not provide sufficient and convincing evidence to demonstrate this part of the request is asset-health driven and why this cannot be funded appropriately by base allowances. On this basis, £0.8 million of the proposed scope is assessed as out of asset health investment scope and is removed.		
Best option for customers	**Decision – Pass**. The company provides sufficient and convincing evidence that £182.91 million of the proposed investment meets requirements for 'Best option for customers' for additional asset health investment. **Company evidence**: The company demonstrates a structured optioneering process, including a two-stage optioneering approach (unconstrained and constrained) to identify a feasible programme for the 2025-2030 period and has considered reactive-only, proactive innovative rehabilitation, and trenched replacement options as its shortlisted options. It also compares different sewer remediation approaches against different pipe materials. The	**Pass**	**0%**

[45] Ofwat, 'Ofwat-gravity-sewers-assessment-guidance', February 2026, p.15, Section 2.3.2
[46] Ofwat, 'Ofwat-gravity-sewers-assessment-guidance', February 2026, p.26, Appendix A2

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	company provides a whole-life cost-benefit assessment, showing that proactive innovative rehabilitation delivers a higher cost-benefit ratio than traditional replacement approaches and demonstrates that early intervention preserves access to lower-cost trenchless techniques and reduces long-term disruption and cost. The preferred solution is described in terms of km and cost of rehabilitation over the next three years, plus a longer term 25 year profile, split by different activity types (e.g. lining, replacement, cleaning) within the overall programme.[47] It also provides figures to show the service benefits of the additional investment for AMP8 and AMP9.[48] The company also provides evidence to demonstrate customer and stakeholder support through engagement with the Environment Agency and research with the independent Challenge Group for the North West, indicating preference for proactive, long-term investment. **Our assessment:** The company provides sufficient and convincing evidence that it has considered a wide range of options. Although the longlist of unconstrained options were not included in its submission, the company used deterioration modelling to determine future requirements and conducted cost benefit analysis for the shortlisted option. The company's preferred investment option maintains stable performance for the key service measures, which we consider appropriate to achieving long-term asset health. The company further strengthened the investment proposal through the provision of quantified cost benefit		

[47] United Utilities,'UUW26-15 Asset Health Business Case - Supporting Gravity Sewers', May 2026, p.34, Section 5.3
[48] United Utilities,'UUW26-15 Asset Health Business Case - Supporting Gravity Sewers', May 2026, p.50, Section 7.2

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	analysis outputs and a description of other options that were considered, and reasons why they were not taken forward.		
Robust and efficient costs	**Decision Summary – Pass**. The submission provides sufficient and convincing evidence that the proposed costs are robust and efficient. The submission is supported by market-tested pricing, historical delivery experience and external benchmarking demonstrating that costs are below comparator levels. **Company Evidence**-The company applies a costing methodology informed by commercially tendered market rates and actual AMP8 delivery costs for similar activities. Cost estimates are adjusted to reflect asset characteristics, including sewer size, region, depth, surface coverage and operating pressures. The submission includes direct costs, indirect costs and associated programme costs and draws on historical remediation and investigation activities, together with competitively tendered market rates for random sampling activities. The submission includes external benchmarking undertaken by a third-party using a combination of industry models, bottom-up estimates and proxy approaches where direct comparators are unavailable. The submission also includes programme-level cost breakdowns covering direct costs, risk, cost to serve and corporate overheads. **Our assessment** - The submission provides sufficient and convincing evidence that the costing methodology is robust. Costs are informed by both competitively tendered market rates and actual delivery costs from similar AMP8 activities, demonstrating that estimates	**Pass**	**0%**

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	are grounded in current market evidence and delivery experience. The methodology also demonstrates a clear relationship between engineering scope and cost by reflecting key asset characteristics within the cost estimates. This is consistent with Ofwat's expectation that costs should be informed by relevant delivery and market evidence. The submission also provides sufficient and convincing evidence that costs are efficient. Independent benchmarking undertaken by the third-party indicates that proposed costs are approximately 15% below comparator levels, demonstrating that costs are consistent with efficient delivery assumptions. While the benchmarking is not directly aligned to PR24 datasets and is presented primarily at programme level, it provides an independent assessment of cost efficiency using relevant industry comparator data. The submission also provides transparency over how total programme costs have been developed through the inclusion of programme-level cost breakdowns covering direct costs, risk allowances, cost to serve and corporate overheads. In addition, the proposed unit cost of approximately [redacted] per metre is comparatively low and is consistent with the benchmarking evidence indicating that costs are below comparator levels. While benchmarking outputs are not presented at a detailed intervention level this does not materially undermine confidence in the efficiency of the proposed costs. Taken together, the market-tested pricing, historical delivery evidence and independent benchmarking demonstrate that costs are robust and efficient.		

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Customer protection	**Decision – Adequate.** The company provides sufficient and convincing evidence that customers will be protected if the company under-delivers against the investment. **Company evidence** - The company proposes Price Control Deliverables (PCDs) covering both the investment to be delivered through existing PR24 base expenditure allowances and the investment delivered through the requested additional allowance. The investment delivered through base allowances is defined by expenditure, while the investment delivered through additional allowances is defined by km of sewers rehabilitated. The company proposes two interventions for "proactive" remediation, one delivered through base allowance and one through additional allowance, and applies the same PCD unit rates to both. **Our Assessment** - The company's proposed base PCD is in line with our expectations set out in the Asset Health assessment guidance. The company's proposed non-delivery PCD tied to the requested additional investment is also reasonable and provides appropriate protection for customers against under-delivery. We consider that for asset health submissions, a PCD linked to specified named schemes is generally appropriate. For gravity sewer rehabilitation, because there are not necessarily distinct schemes at this stage, we instead propose to link the PCD to intervention type, pipe diameter and location classification. The proposed structure is set out in Cost Change Draft Determinations 2026 – Price control deliverables appendix	**Adequate**	**N/A**

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Investment delivery plan	**Decision summary – Adequate.** The company provides sufficient and convincing evidence to demonstrate that the programme is deliverable. **Company evidence** - The company sets out the delivery plan by providing its existing 'Base Enhanced Targeting Programme' delivery profile[49] and the forecast of gravity sewer investment up to 2029-30[50]. It also identifies the delivery risks and mitigation measures at programme and site level, including access constraints at rural or remote sites[51], demonstrating a structured approach to managing delivery challenges such as resources, aging infrastructure complexity, and permit restrictions and local authority constraints. The company states that supply chain capacity and resource availability have been assessed to support deliverability and it outlines the delivery schedule supported by its existing delivery models under the AMP8 base programme. Additionally, the company suggests that its mains renewal delivery has "the most relevance"[52] in terms of evidence to demonstrate that AMP8 investment is on track and states that "In the May 2026 Delivery Plan progress update we are reporting delivery against this PCD as Green, showing that we are on track with delivering the requirements of this base investment to Ofwat's FD requirements."	**Adequate**	**N/A**

[49] United Utilities, 'UUW26-15 Asset Health Business Case - Supporting Gravity Sewers', May 2026, p.53, Section 8.1
[50] United Utilities, 'UUW26-15 Asset Health Business Case - Supporting Gravity Sewers', May 2026, p.53, Figure 18
[51] United Utilities, 'UUW26-15 Asset Health Business Case - Supporting Gravity Sewers', May 2026, p.55, Section 8.3
[52] United Utilities, 'UUW26-15 Asset Health Business Case - Supporting Gravity Sewers', May 2026, p.57, Section 8.5

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	Our assessment - The company provides sufficient and convincing evidence that its proposed investment is deliverable in the timescales proposed. The company demonstrates a clear identification of key risks across different phases; appropriate mitigation strategies for any delivery risks; and alignment between programme scope and delivery capacity availability. It also provides sufficient and convincing evidence that the delivery timescale of its gravity sewer rehabilitation is realistic, considering the risks of design and delivery includes appropriate protections for customers from any further delays.		

3.1.5 Rapid gravity filters

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	United Utilities requests £17.9 million of additional funding for the 2025-30 period to undertake structural remediation and floor refurbishment of 44 Rapid Gravity Filters (RGFs) across five water treatment works (WTWs). The programme includes concrete remediation of deteriorating filter structures and refurbishment of filter floors, pipework and nozzles, where failure risks have increased due to asset age and condition. The company states that the proposal is incremental to its 2020-2025 base programme, which is focused on granular		

	activated carbon replacement and wider water treatment works refurbishment activities. The proposed investment aims to reduce the risk of filter failure, protect treatment headroom and maintain resilient drinking water supplies.[53]		
Need for a step change in investment	**Decision summary – Pass.** The company provides sufficient and convincing evidence to demonstrate that the proposed investment meets the 'Need for step change in investment' criteria. **Company evidence** - In the company's submission, they state that RGFs provide approximately 93% of regional treatment capacity and that a "significant proportion" of the asset class was constructed during the 1950s to 1970s.[54] They also state that of the 483 filters they operate in total, 86 filters have already exceeded their nominal 60-year design life (c. 18%) and that a further 67 filters will exceed this threshold (c. 14%) during the 2025-30 period.[55] The company provides evidence of increasing deterioration, including concrete degradation, floor failures and underdrain defects, supported by asset condition information, site-specific examples and asset health modelling.[56] The company assert that 2025-30 base funding is focused on other priority activities, including granular activated carbon replacement and refurbishment of post-privatisation treatment works, limiting the funding available to address structural RGF deterioration.[57] [58] The DWI has provided a letter of support and notes the asset health rationale for the proposed investment.[59] **Our assessment** - We accept the company's view of 'what base buys' (implicit allowance) across its asset proposals, which is clear and in line with a view of what base buys based on	**Pass**	**0**

[53] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 2-3, 6.
[54] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 2-6
[55] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 11-21
[56] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 11-21
[57] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 11-21
[58] United Utilities, 'Query Response, REF: OFW-UUW-CCP-008', May 2026, pp. 5-6
[59] United Utilities, 'Letters of support', April 2026, pp. 8-10

	historical sector expenditure rates. This provides reassurance that the requested investment is incremental to base allowances, and that customers are not paying twice for investment.[60] We are not convinced that there is a sector-wide asset health issue for RGF.[61] However, we consider that the company has submitted sufficient and convincing evidence that a step change in investment is needed. This is in line with our approach at PR24 and provides reassurance that additional allowances are required.[62] The company provides clear and well-evidenced justification that the proposed investment addresses a genuine asset health need. The evidence demonstrates that the affected assets are approaching or have exceeded their design lives and that deterioration is increasing the risk of capacity loss and operational failure.[63] The company evidences this position through condition information, failure history, and site-specific, (including photographic) information.[64] We consider the evidence sufficient to demonstrate that the proposed sites represent a targeted response to identified asset health risks rather than a broad programme of asset renewal.[65] [66] The query response also provides additional assurance on site selection and confirms that the proposed interventions are separate from planned 2025-30 base-funded refurbishment activities.[67] The DWI's assessment further supports the position that asset health is the primary driver for the investment.[68]		
Best option for customers	**Decision summary – Pass**	**Pass**	**0%**

[60] Our assessment and further detail can be found in the 'Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix'
[61] Further detail can be found in the Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix
[62] Further detail can be found in the Cost Change Draft Determinations 2026 – Asset health cross cutting issues appendix
[63] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 11-21
[64] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 11-21
[65] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 11-21
[66] United Utilities, 'Query Response, REF: OFW-UUW-CCP-008', May 2026, pp. 5-6
[67] United Utilities, 'Query Response, REF: OFW-UUW-CCP-008', May 2026, pp. 5-6
[68] United Utilities, 'Letters of support', April 2026, pp. 8-10.

	The company provides sufficient and convincing evidence to demonstrate that the proposed programme represents the best option for customers. **Company evidence** - The company describes a structured optioneering process involving both unconstrained and constrained option development. It identifies candidate sites through risk-based assessment and subsequently evaluates alternative intervention approaches, including minor refurbishment, major refurbishment and do-nothing options.[69] The company undertakes whole-life cost-benefit analysis for each site and concludes that major refurbishment represents the preferred option.[70] The company also provides customer research and stakeholder engagement evidence, which indicates support for proactive investment that protects drinking water quality, reliability and long-term resilience.[71] The proposal is also supported by the DWI.[72] **Our assessment** - The company provides sufficient and convincing evidence to demonstrate that alternative options have been considered and assessed in a structured manner. The optioneering process demonstrates how sites were identified, how intervention options were developed and how preferred solutions were selected.[73] The cost-benefit analysis indicates that the preferred major refurbishment options deliver greater whole-life value than the alternatives considered.[74] In addition, the company provides customer research showing support for proactive management of long-term risks and protection of drinking water services.[75]		
Robust and efficient costs	**Decision summary – Pass.** The company provides sufficient and convincing evidence to demonstrate that the proposed costs are robust and efficient.	**Pass**	**0%**

[69] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 27-29
[70] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 27-29
[71] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, p. 30
[72] United Utilities, 'Letters of support', April 2026, pp. 8-10.
[73] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 27-29
[74] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, p. 29
[75] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, p. 30

	Company evidence - The company provides a bottom-up cost estimate supported by engineering scope development, historic project information, competitively tendered quotations and industry cost databases.[76] The company explains its approach to estimating direct and indirect costs and provides detailed cost breakdowns at both programme and project level.[77] It also commissioned a third party to undertake independent benchmarking.[78] The company subsequently provided further benchmarking information through its query response, explaining the comparator set, benchmark ranges applied and how proposed costs compared to those benchmarks.[79] **Our assessment** - The company provides a detailed explanation of how costs have been developed and demonstrates that the estimates are based on identifiable scope and established costing methodologies.[80] The cost build-up includes direct costs, risk allowances, cost-to-serve and overhead costs, with supporting evidence provided for the principal assumptions used.[81] Independent benchmarking undertaken by a third party concluded that the methodology used to develop the costs is robust and that the proposed costs are consistent with comparable industry projects.[82] The additional information provided through the query response further improves transparency and demonstrates that the proposed costs are within expected industry benchmarking ranges.[83] We therefore consider that the company has provided sufficient and convincing evidence to demonstrate that the proposed costs are robust, and efficient.		
Customer protection	**Decision summary – Adequate**. The company provides sufficient and convincing evidence to demonstrate that customers will be protected if the company under-delivers against the investment.	**Adequate**	

[76] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 31-33
[77] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 31-33.
[78] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 38-40.
[79] United Utilities, 'Query Response, REF: OFW-UUW-CCP-008', May 2026, pp. 5-6.
[80] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 31-33.
[81] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 31-33.
[82] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 38-40.
[83] United Utilities, 'Query Response, REF: OFW-UUW-CCP-008', May 2026, pp. 5-6.

	Company evidence - The company proposes price control deliverables (PCDs) that cover both the investment that will be delivered by existing PR24 base expenditure allowances,[23] and the investment delivered through the requested additional allowance. The company proposes the PCD covering the requested additional allowance is split into concrete remediation and floor refurbishment components. Separate unit rates for different components are provided, aligned to the cost of scheme delivery. All proposed PCDs are end-of-period adjustments, with no time incentive proposed for early delivery. **Our assessment** - The company's proposed non-delivery PCDs are in line with our expectations set out in the asset health guidance document and aligns to the approach set out in the PR24 Final Determination. If the company under delivers, the funding will be returned to customers. To enable us to protect customers and ensure companies, we propose to apply a PCD on the requested additional allowance which is tied to named schemes. Further detail on this PCD can be found in Cost Change Draft Determinations 2026 – Price control deliverables appendix.		
Investment delivery plan	**Decision summary – Adequate.** The company provides sufficient and convincing evidence to demonstrate that the proposed investment can be delivered within the 2025-30 period. The programme is supported by established delivery arrangements, a defined delivery approach and identified mitigation measures for key delivery risks. **Company evidence** - The company states that the programme will be delivered through its established 2025-30 delivery model and existing supply chain arrangements. It explains that programme-level capacity assessments have been undertaken across its 2025-30 growth and asset health portfolio and that engagement with delivery partners has confirmed sufficient	**Adequate**	

	design, construction and programme management capacity to deliver the proposed investment.[84] The company identifies key delivery risks, including maintaining treatment capacity during construction, dry weather constraints, interfaces with live operational assets and supply chain availability. It sets out mitigation measures including refurbishment of one filter at a time, operational impact assessments, early engagement with operational teams and use of established delivery frameworks.[85] The company also explains that each site has undergone deliverability and constructability assessment, with programme sequencing designed to maintain operational service levels throughout delivery. The proposed interventions are refurbishment activities within existing operational sites and are planned to be completed between January 2027 and March 2030.[86] **Our assessment** – The company provides a clear and credible delivery strategy for the proposed programme. The investment comprises refurbishment of existing assets at operational treatment works rather than construction of new facilities, reducing the complexity of delivery. The company demonstrates that deliverability has been considered at both programme and site level through operational impact assessments, constructability reviews and supply chain planning. [87] The company identifies a range of delivery risks and provides proportionate mitigation measures. In particular, it proposes a phased delivery approach that limits outages by refurbishing one filter at a time, helping to maintain treatment capacity during construction.		

[84] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 45–46
[85] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 45–46
[86] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 46–48, pp. 51–54
[87] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 45–48

	It also demonstrates awareness of potential constraints associated with live operational assets, outage planning and supply chain availability.[88] The query response provides additional assurance that the proposed sites were selected through a process that considered both need and deliverability, including the exclusion of sites where delivery constraints or competing investment programmes would limit delivery during the 2025-30 period.[89] Taken together, we consider the evidence sufficient to demonstrate that the proposed investment programme is deliverable within the 2025-30 period.		

3.1.6 Trickle Filters

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	United Utilities requests **£41.4 million** additional investment to conduct refurbishment and replacement of 87 trickle filters across 30 sites. Of the proposed interventions, 22 are planned specifically for floor remediation works for nitrifying trickle filters where subfloor supports have collapsed.		

[88] United Utilities, 'Asset Health Business Case: Protecting Rapid Gravity Filters', April 2026, pp. 45-47
[89] United Utilities, 'Query Response, REF: OFW-UUW-CCP-008', May 2026, pp. 7-9

Need for a step change in investment	**Decision summary – Pass.** The company provides sufficient and convincing evidence to demonstrate that the proposed investment meets the 'Need for step change in investment' criteria. **Company evidence** - The company provides evidence to show investment in trickle filters across 2015-2020 (AMP6) and 2020-2025 (AMP7) changing, with investment predominantly focussed on conversion of these assets to activated sludge process (ASPs) due to site efficiencies. The company provides evidence demonstrating deterioration across its trickle filter asset base, with the majority of trickle filters constructed between 1961-1980 and 48% of trickle filter assets now at or beyond design life. Additionally, the company provides evidence of the nitrifying trickle filter structural deterioration through a case study. The company presents forecast deterioration scenarios for investment scenarios up to the end of AMP13 (2050). It also sets out the increasing risks associated with deterioration, including: compliance; environmental; safety; and resilience risks. The company additionally provides asset condition assessment details showing the current sites proposed for intervention with evidence of their condition showing significant asset deterioration. **Our assessment** - The need for investment is supported by our assessment that there is a sector-wide health issue for trickle filters. This indicates that poor health of trickle filters reflects a broader, systemic challenge which may require additional allowance. The company provides sufficient and convincing evidence at an asset level that asset health risks are increasing and that existing base expenditure alone is insufficient to manage long-term asset deterioration. The use of condition data, risk modelling and forward-looking scenarios demonstrates a step change in investment is required to manage the asset risks prior to reaching	**Pass**	**0%**

	end of life. Sites have been prioritised for investment for the 2025-2030 period based on their condition grade with the nitrifying trickle filters requiring specific intervention based on asset risk. We accept the company's view of 'what base buys' (implicit allowance) across its asset proposals, which is clear and in line with a view of what base buys based on historical sector expenditure rates. This provides reassurance that the requested investment is incremental to base allowances, and that customers are not paying twice for investment.		

A3.2 Growth

United Utilities submitted two demand growth claims in relation to water resources options. These relate to data centre and green energy developments.

Within the price control framework, these activities are normally classified as 'third party services', either 'non-potable water (which is not a bulk supply)' or through identifiable 'rechargeable works'. Such costs are traditionally recovered directly from the customers asking for supply, not the generality of customers.

PR24 included a cost reconciliation mechanism for third party services where activity levels differ to that forecast. But that framework reflects the stable position presented at the time, with no or little demand for expenditure on non-potable assets and other services expected, leading to limited risk to the generality of customers. The reconciliation mechanism remunerates companies for the lesser of the additional cost incurred or revenue received over the five-year price control period. It is an effective cost reconciliation mechanism where:

- the company charges the third party at the start for all costs incurred in the period; and
- the profiling of costs and revenues align throughout the price control period.

However, the proposals from United Utilities are a material step change in expenditure to deliver the required infrastructure compared to historical levels and the company's forecasts at PR24, as well as a proposed change in the timescales for the cost recovery from the third parties. Conscious of the consumer objective, we do not consider that it is appropriate for other customers to bear the risk of funding this investment if the costs are not recovered from the relevant third parties. Therefore, we do not think it is appropriate for these costs to be funded in the usual way.

We are proposing that costs classified as third party services are ring-fenced and that, at PR29:

- United Utilities will be allowed to retain any additional revenue (compared to forecasts) recovered from the parties concerned during 2025-30 through the PR24 third party services reconciliation mechanism; and
- we will ensure that there is an appropriate mechanism so that United Utilities can retain recovered from the relevant third parties from 2030 onwards to recoup the costs already incurred.

Ringfencing third party costs will protect the generality of customers from potentially funding assets that could be stranded should the developments not go ahead or if there are delays in the costs being covered from the relevant third parties. It also ensures that United Utilities can retain the revenue it receives from those third parties for the costs it incurs, even though it expects to recover those costs over a longer period than normal.

3.2.1 Growth at sewage treatment works

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	United Utilities is requesting £309.4 million[90] of end-of-period funding across the 2025-2030 period and 2030-2035 period for a 34[91]-site growth at sewage treatment works programme. This is in addition to its existing £97.3 million[92] growth allowance in the 2025-30 period. Of this request, the company states that it would spend £286.3 million[93] in the 2025-30 period and £23.1 million in the 2030-35 period, with 27 schemes planned for delivery in the 2025-30 period[94]and the remainder planned for delivery in the 2030-35 period.		
Need for a step change in investment	**Decision summary** - **Partial pass.** The investment partly meets the criteria for additional growth at sewage treatment works enhancement investment and additional customer funding. [95] We consider part of the request to relate to regaining compliance with existing DWF permits. **Company evidence** - The company states that the additional investment is needed to facilitate higher than expected demand growth.[96] The company provides detail on the population equivalent (PE) increase from 2025 up to the site's design horizon for each	**Partial pass**	**18.7%**

[90] United Utilities, 'UUW26-07 Growth at Sewage treatment works – WwTW capacity for New Homes', April 2026, pp.2-5
[91] United Utilities, 'UUW26-07 Growth at Sewage treatment works – WwTW capacity for New Homes', April 2026, p.5
[92] Ofwat, 'PR24-FD-CA14-Enhancement-costs-aggregator-model-2', December 2024
[93] United Utilities, 'UUW26-21 Cost change tables, 6_1STW', April 2026
[94] United Utilities, 'UUW26-21 Cost change tables, 6_1STW', April 2026
[95] We have rejected the growth-related need for investment for the Fazakerley STW on the basis of DWF exceedance and significant DWF adjustment has been applied.
[96] United Utilities, 'UUW26-07 Growth at Sewage treatment works – WwTW capacity for New Homes', April 2026, pp.5-14

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	sewage treatment works for which it is requesting funding. The company provides evidence of a shortfall in capacity at sewage treatment works level and states that for each of the proposed sites it has undertaken a demand forecast assessment, using forecast population data to calculate future DWF. The company outlines the need in increase in DWF permit requirements for all proposed sites. The company also states that the submission aligns with its drainage and wastewater management plan (DWMP) and a 25-year planning horizon. The company highlights that for 14 sites, Imax considerations impact on the revised FFT (flow to full treatment) permit requirements. **Our assessment** - The company provides sufficient and convincing evidence to demonstrate that additional investment is needed to facilitate higher than expected demand growth, and that the proposed investment is above and beyond what was funded at PR24 final under growth at STWs allowances. All the proposed schemes are additional to those that the company proposed in PR24. We have minor concerns regarding the low increase (below 10%) in PE at some sites, as to why they do not have sufficient headroom and resilience to accommodate the PE load if growth is the primary driver. Also, for five of the 14 sites for which the company proposes a review, the FFT to DWF ratio increase is over 20%, which the company attributes to its review of Imax, but which we have some concerns may indicate that population growth is not the primary driver.		

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	We have assessed DWF exceedances, and while the company states that all sites meet DWF permit requirements in 2025, we have identified that eight sites exceeded DWF permit levels at least three times in five years (2019-24).[97] We consider that part of the funding requested is therefore for regaining compliance with DWF permits. To address this, we propose to apply an adjustment of £52.01 million based on an amended PR24 methodology for the cost change process, [98] resulting in an overall 18.7%[99] challenge to address DWF exceedances. To achieve a pass at final determination, the company must provide sufficient and convincing evidence that: There is no overlap with investment that should be delivered with existing base allowances so that customers do not pay twice; specifically what action the company has taken to address existing permit compliance issues including evidence that this has been successful, or how the company has adjusted its investment request to ensure that it has not requested funding to regain permit compliance.		
Best option for customers	**Decision summary** - **Pass**: Requested costs for schemes not subject to a deep-dive assessment (32 of the 34 schemes) were assessed at a programme level as being in line with the PR24 Growth at STW modelled cost benchmark. For these schemes we consider the optioneering completed by United Utilities is proportionate to the cost of	**Pass:** 32 sites	**Not applicable**. Specific site allowance will

[97] Ofwat, Cost Change Draft Determinations 2026 – Sector Overview, August 2026, section 4.4.1
[98] Ofwat, Cost Change Draft Determinations 2026 – Sector Overview, August 2026, section 4.4.1
[99] Ofwat, CCPCA 2026 DD Growth at STWs model. August 2026

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	intervention. As these schemes are efficient, or show a small cost gap against our model, we do not apply a further adjustment under the best option for customers in addition to our robust and efficient costs challenge. We therefore consider that the company provides sufficient and convincing evidence that the selected options are the best option for customers. **Some concerns**: We have some concerns about two schemes (Rochdale STW and Warrington North STW), as the company provides limited evidence that alternative options have been fully considered and that the chosen option is the best option for customers. **Company evidence**: The company describes its optioneering[100] methodology and its approach for small, medium and large sewage treatment works. Stakeholder engagement is generally well evidenced, and there is alignment with DWMPs and 2025-30 period planning. The company outlines the customer support for proactive interventions. The company states that any changes to permit limits will be agreed with the Environment Agency and written into environmental permits following completion of a scheme. For Rochdale STW and Warrington North STW, the company outlines that those schemes form part of its wider growth strategy for sewage treatment works and refers to its planning frameworks and supporting technical work. United Utilities suggests that the preferred solution for each of these two sites is the appropriate response to capacity. The	**Some concerns:** Two sites	be based on our indicative benchmarking modelling assessment of the "need for investment" and "robust and efficient costs".

[100] United Utilities, 'UUW26-07 Growth at Sewage treatment works – WwTW capacity for New Homes', April 2026, pp.16-23

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	company provides a high-level view of the options[101] considered to enable its final preferred solution. **Our assessment**: For 32 of the 34 schemes assessed under the best option for customers, we do not apply a challenge under this "best option for customers" assessment. The remaining two sites (Rochdale STW and Warrington North STW) are not deemed efficient against the indicative benchmark. The company provides limited evidence that the proposed solution represents the best option for customers in relation to the Imax requirements at these sites. In particular, the company has not adequately explained why managing infiltration at network level was fully discounted. This is particularly relevant, given that the final effluent permit requirements are not being tightened for Warrington North STW. In addition, the PE growth is relatively limited at 7.3% for Warrington North STW and 8.8% for Rochdale STW, when considering the PE increase between 2025-26 and the proposed design horizon for the site. For these two sites, the company provides limited supporting evidence on alternative options and rejected solutions, with gaps in cost information for the rejected options. Although an alternative option cost benefit ratio is included in the company's submission, it provides limited quantification of benefits and cost benefit analysis (CBA) across the full range of options for Rochdale STW and Warrington North STW. The company does not		

[101] United Utilities, 'UUW26-08 Growth at Sewage treatment works – WwTW capacity for New Homes Annex', April 2026, pp.16-22

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	provide sufficient and convincing evidence of regulatory engagement and agreement with the Environment Agency on the permit for these two proposed sites. **Detailed decision**: For 32 of the 34 schemes assessed under the best option for customers, we do not apply a further challenge under this "best option for customers" assessment. For Rochdale STW and Warrington North STW, we base our allowance on the modelled cost benchmark, which is equivalent to a 30% challenge and comprises a 10% best option for customers challenge and a 20% efficient cost challenge. To achieve a pass for best option for customers at final determination, the company must provide sufficient and convincing evidence that: • infiltration measures have been fully exhausted, which may be related to maintenance issues and may lead to a more efficient overall cost.		
Robust and efficient costs	**Decision summary - Some concerns**: We apply a 1.28% programme-level challenge to 32 of the 34 proposed schemes, excluding Rochdale STW and Warrington North STW (32 schemes in total). This challenge reflects the difference, at programme level, between United Utilities' requested costs and our PR24 modelled benchmark costs for these 32 schemes).	**Some concerns:** 32 of 34 sites	**32 schemes:** Modelled allowance (or requested if efficient scheme)

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	Significant concerns: For Rochdale STW and Warrington North STW the company has not provided sufficient and convincing evidence to demonstrate that the proposed costs are efficient or to justify the significant gap between its requested costs and our modelled allowance. **Company evidence**: The company has benchmarked its requested costs against Ofwat's PR24 Growth at STWs model. It also seeks to explain[102] the deviation from the benchmark as resulting from the revised requirement for iMAX within the flow to full treatment (FFT) calculation, which it states is not reflected in the PR24 Growth at STW model, and provides an amended growth at STW model that utilises FFT, and therefore accounts for iMAX. **Our assessment**: We have assessed all the schemes against the PR24 Growth at STWs modelled cost benchmark. Our indicative cost benchmarking demonstrates that after excluding the two outliers schemes, requested costs at a programme-level are 1.28% higher than the PR24 cost benchmark. We therefore apply a 1.28% cost challenge to the 32 schemes to align programme-level costs to our cost benchmark.	**Significant concerns:** 2 sites	including a 1.28% program challenge. **2 schemes:** Modelled allowance

[102] United Utilities, 'UUW26-07 Growth at Sewage treatment works – WwTW capacity for New Homes', April 2026, pp.25-30

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	For the remaining two sites (Rochdale STW and Warrington North STW), we have undertaken a deep dive assessment. Whilst the company provides some evidence of its cost approach, the company's proposal has some limitations, such as: partial benchmarking coverage, reliance on assumptions and bottom-up estimates that are not fully validated. While the company has provided programme-level benchmarking, and a high-level cost breakdown for Rochdale STW and Warrington North STW, the site-specific cost breakdown and benchmarking detail for these outlier sites was not assured. The on-costs included for the specific schemes (Warrington North STW and Rochdale STW) are higher than we would generally expect, and so we have concerns about whether these are efficient. **Decision**[103]: For 32 schemes, excluding Rochdale STW and Warrington North STW, we propose to apply a 1.28% programme-level cost challenge to align programme-level costs to our PR24 modelled benchmark costs. For Rochdale STW and Warrington North STW, we base our allowance on the modelled benchmark, which is equivalent to a 30% challenge, this is equivalent to a 10% best		

[103] We have not identified evidence of a direct link between the proposed schemes, including Warrington North and Rochdale STW, and land within Protected Landscapes, including National Parks and Areas of Outstanding Natural Beauty, or Sites of Special Scientific Interest. If the company considers that further evidence is relevant to our assessment under the cost change process, it should provide this as part of its representation.

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	option for customers challenge and a 20% efficient cost challenge. This is on the basis that there was no site-specific benchmarking evidence provided to support this cost gap, and the on-costs applied to the two sites are above the expected range. To achieve to a pass for robust and efficient costs at final determination, the company must provide sufficient and convincing evidence that the requested costs are efficient based on: • Site-specific benchmarking for the two sites. • Supporting evidence that on-costs are efficient.		
Customer protection	**Decision summary – Adequate.** The company provides sufficient and convincing evidence that customers would be protected through a new scheme-level price control deliverable (PCD) for Growth at STWs. **Company evidence** - The company proposes a new scheme-level PCD aligned to FD PCDWW27, with one line for each 2025-30 period site and a PR29 iteration for seven sites delivered early in the 2030-35 period. It states that clawback would be calculated mechanistically using the FD growth model and a separate Imax model, so customers are protected against under-delivery of both PE and FFT-related allowances. The company also proposes flexibility to change scope or substitute schemes where population	**Adequate**	

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	forecasts change, subject to restrictions to avoid funding previous non-compliance or storm overflow improvements. **Our assessment** We consider that the proposal contains appropriate mechanisms to protect customers from non-delivery. Applying the updated CCP growth at sewage treatment works PCD to the additional schemes provides a clear mechanism to hold the company to account for delivery and to return funding to customers where outputs are not delivered. Further detail on the proposed PCD can be found in Cost Change Draft Determinations 2026 – Price control deliverables appendix. We propose to apply an under-performance time incentive to schemes that are due to be delivered in the 2030-35 period to protect customers from under-performance in the 2030-35 period.		
Investment delivery plan	**Decision summary** - **Adequate.** The company provides sufficient and convincing evidence that the in-scope programme is deliverable. **Company evidence** - The company provides a phased delivery plan supported by supply chain engagement, programme-level risk assessment and scheme-level constructability reviews. It states that delivery will use its 2025-30 period runway-based delivery model, with programme categorisation, resource levelling, long-lead procurement planning and	**Adequate**	

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
	mitigation plans for key risks including land, planning, ecological constraints and interfaces with existing assets. **Our assessment**-The delivery plan is credible. The company has identified relevant delivery risks, set out mitigation actions, assessed supply chain capacity and developed a phased programme that reflects project complexity and constraints. While some detail remains programme-level rather than scheme-level, the evidence provides sufficient confidence that the programme is deliverable.		

3.2.2 Demand and supply side water resource (Data centres)

United Utilities' cost change submission represents a total of **£178.94 million** investment (£175.04 million during 2025-30 and £3.91 million during 2030-35). This is to develop water treatment, water resource, pipeline and network reinforcement infrastructure to support potable demand from data centres located in East Manchester and North Manchester. United Utilities has split the investment case into two stages. Stage 1 is to be delivered by the end of December 2029 and comprises additional treatment at [redacted] with dedicated pipeline connections to data centre sites served from the Manchester Main Ring. Stage 2 is to be delivered by 2030-31 and comprises water resource, treatment and network interventions at Northern Gateway Rochdale to provide dedicated water for a new data centre.

We have accepted United Utilities' application under the cost change process as the claim represents growth beyond what was forecast at PR24.

We accept £92 million of the amount requested by United Utilities to be funded through the cost change process as the corresponding efficient cost for the strategic source elements of the proposed scheme. United Utilities will need to agree with the third-party customers to recoup these costs from them.

We accept that £20 million of the claim represents shared-developer network connection costs which have been accepted without a cost challenge.

We also find that connections amounting to £67 million are direct connections to data centres and therefore sit within third party services. We have not made an assessment of the efficiency of these costs. United Utilities will need to recover the costs directly from the third parties. At PR29 United Utilities will be allowed to retain any additional revenue (compared to forecasts) recovered from the parties concerned during 2025-30 through the PR24 third party services reconciliation mechanism. At PR29 we will ensure that there is an appropriate mechanism so that United Utilities can retain revenue recovered from the relevant third parties from 2030 onwards to recoup the costs already incurred.

We propose a PCD of £92 million on the amount funded for strategic scheme financing risk. For further details of the proposed PCD please see Cost Change Draft Determinations 2026 – Price control deliverables appendix.

Table 1: Water Resources Growth – Data Centres

Requested (£ million)	Expenditure in scope of cost change (£ million)	Allowed (£ million)	Overall cost challenge	In-period / End-of-period
178.94	111.05	£91.52 million (through cost change process) £19.54 million (through cost change process as shared developer services)	0%	End-of-period adjustment

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
Summary of request	United Utilities' submission is for **£178.94 million** in total, (£175.04 million in the 2025-2030 period (AMP8) and £3.91 million in the 2030-2035 period (AMP9)) for investment in water treatment, water resources, pipeline, and network reinforcement to support potable demand from eleven data centres located in East Manchester and North Manchester. The company has split the investment case into two stages. Stage 1 is to be delivered by the end of December 2029, and comprises additional treatment at [redacted] with dedicated pipeline connections to data centre sites served from the Manchester Main Ring. Stage 2 is to be delivered by 2030-31 and comprises water resource, treatment and network interventions at Northern Gateway Rochdale to provide dedicated water for a new data centre.		
Need for a step change in investment	**Summary of decision: Conditional Partial Pass.** United Utilities provides sufficient and convincing evidence to demonstrate that high-certainty plans for data centre development in the Greater Manchester region has emerged since PR24. This gives rise to potable water demands which are incremental to its Water Resources Management Plan 2024 (WRMP24) forecasts and PR24 allowances. We appreciate the importance of data centres in supporting the region's economic growth and the government's industrial strategy. The company uses a re-baselined WRMP24 to demonstrate the need for investment to maintain supply demand surplus in the strategic zone given these new demands. Although we have used the re-baselined WRMP to progress this assessment, our decision is conditional on regulatory approval of the re-baselined WRMP and the company evidencing customer preference for accepting potential bill impacts to safeguard planned temporary use ban (TUB) frequency changes.	**Conditional Partial Pass**	**37.94% (£67.83m) partial costs removed** **Up to 100% (£111.05m) remaining costs conditional pass**

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
	We assess £67.89 million associated with site specific connections to be categorised as third party services. As these costs do not represent a strategic benefit to customers, we exclude them at the needs case stage as this should not be funded by the customer base. **Company evidence:** United Utilities states that it has received several applications for connections to prospective data centres, 11 of which are high confidence sites in East and North Manchester[104]. The company has presented evidence of engaging with developers, the Environment Agency, and the Greater Manchester Combined Authority on the scale, pace, and location of data centre growth that requires water infrastructure[105]. It shows that average annual demand from these data centres is forecast to rise from 3.5 Ml/d in 2027 to 28.4 Ml/d by 2032[106]. The proposed case is split into stages focussing on specific components and actions in the potable network requiring investment including water treatment capacity, network reinforcements, and storage enhancement[107]. The company acknowledges in a query response that the primary purpose of the investment is to supply water to specific data centre sites and any benefit (under both- annual average and peak demand scenarios) to household customers is in maintaining supply resilience in the strategic resource zone and safeguarding the planned for shift of TUB (hosepipe ban) levels of service from 1 in 20 years to 1 in 40 years in 2029-30 (this planned change results in a significant loss in available water to the supply-demand balance of 100 Ml/d).[108] It refers to customer research undertaken during the development of its WRMP24 to show customer		

[104] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026, p.2
[105] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026, pp.7-10
[106] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026, p.8
[107] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026, p.13; Enabling data centre growth annex, Appendix A, p4.
[108] United Utilities 'Query Response OFW-UUW-CCP-013', June 2026

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
	support for improved levels of service and highlights this preference as a driving factor behind the need for additional water from 2029-30. The company has proposed a bespoke cost recovery arrangement which initially funds all components of the investment (including strategic supply sources, network reinforcements, and direct connections) through the cost change process. The company then proposes a "special agreement" mechanism to fairly recover costs from data centre developers, where special agreement revenues (recovered from developers) will be deducted from the total revenue required before general customer charges are calculated. The company states this mechanism would reduce barriers to development by enabling the company to recover costs from a developer over a longer period of time compared to an upfront developer payment[109]. The company also provided its re-baselined WRMP24 forecasts that using recent population and housing forecasts to demonstrate supply demand balance deficits of up to 23.7 Ml/d between 2030 and 2035 if additional demand from data centres is not met. This is a significant change from a final plan surplus reported in its final WRMP24. **Our assessment:** United Utilities provides sufficient and convincing evidence that plans for new data centres have emerged since WRMP24 and PR24 final determinations and that there is sufficient certainty about the data centres it proposes investment to support. We recognise the importance of this investment to support economic growth in the Manchester region and the government's growth strategy. The company also provides evidence that investment is necessary to maintain security of supply in its strategic resource zone under this additional demand, however, our assessment has determined that this is conditional on regulator		

[109] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026. pp.25-29

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
	acceptance of its re-baselined supply demand balance through statutory planning processes (WRMP) and customer preference on financial risk and changes to levels of service. The company uses a re-based WRMP24 to demonstrate the need for investment, which reduces its supply demand balance surplus compared to its current final WRMP24 due additional housing growth that was not captured at WRMP24. The re-based WRMP24 has not yet been assessed and accepted by regulators and government through the statutory WRMP annual review process. As such, our assessment is conditional on the outcomes of the annual review process. The company does not sufficiently evidence that customers accept potential bill rises resulting from this investment to safeguard the planned shift in TUBs level of service to 1 in 40 years. Though it has provided research from its WRMP24 to demonstrate customers' willingness to pay for improved levels of service, these findings do not directly indicate their acceptance to bear the financial risk for this investment as a result of third-party needs. The evidence does not conclude whether customers would prefer the risk was placed on a lower (or delayed increase to) TUBs level of service, or not accept the risk at all. The proposed investment cannot be considered a full pass through the cost change process until the company provides in its draft determination response: • Evidence that it has informed customers of the bill impact risk they face in the context of United Utilities' re-baselined WRMP, the planned improvement of TUBs level of service, and this investment case; • Evidence that customers accept the financial risk to bills as a result of third-party investment, to safeguard the planned TUBs frequency change from 1:20 years to 1:40 years by 2030; and • In order that the company's market dominant position should not be leveraged confirmation it has made data centre developers aware that:		

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
	○ other third parties with access to raw water could provide this service; and ○ United Utilities' general or household customer bases is not expected to fund or bear financial risk for activities that could be delivered by third parties If the evidence above cannot be provided, up to 100% of the remaining assessed costs (£111.05m) may be reassessed at final decisions, and therefore remain conditional at draft determination. Our assessment has considered the categorisation of the investment components against the needs for enhancement investment from customers. We have categorised the company's component investment stages by PR24 definitions, based on our assessment of the evidence provided by United Utilities. Based on this categorisation, we have classified options under stage 1B of the case (£67.89 million) as site-specific direct connections for developer services. As a third-party service with no potential benefit to customers generally, these costs have been excluded from the cost change process. Conscious of the consumer objective, we do not consider that it is appropriate for other customers to bear the risk of funding the remaining amount of this investment claim (£111.05 million) if the costs are not recovered from the relevant third parties. At PR29 United Utilities will be allowed to retain any additional revenue (compared to PR24 forecasts) recovered from the parties concerned during 2025-30 through the PR24 third party services reconciliation mechanism. At PR29 we will ensure that there is an appropriate mechanism so that United Utilities can retain the revenue recovered from the relevant third parties from 2030 onwards to recoup the costs already incurred. Should United Utilities disagree with this outcome, the company can provide further context or evidence to challenge this categorisation through its draft determination response.		

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
Best option for customers	**Summary of decision: Pass.** United Utilities provides sufficient and convincing evidence that the proposed investment meets the 'Best option for customers' criteria. **Company evidence:** The company submission sets out its optioneering process beginning with an unconstrained long list of options. These were scored against three metrics comprising feasibility, deliverability in AMP8, and environmental and social benefit- to arrive at a constrained list of options. Further assessment was undertaken to determine if selected options were technically feasible or had a lower delivery risk. A cost-benefit analysis of the constrained options has been completed, with whole life costs and benefits presented for each option[110]. **Our assessment:** United Utilities provides sufficient and convincing evidence that it has considered a wide range of options, used appropriate screening criteria to arrive at the constrained list, and conducted cost benefit analysis for each shortlisted option. The company's preferred option is technically feasible, deliverable within time.	**Pass**	**0%**
Robust and efficient costs	**Summary of decision: Pass.** Overall, United Utilities has provided sufficient and convincing evidence that parts of the proposed costs meet the robustness and efficiency criteria for additional investment to meet data centre growth demand. We determine that £91.52 million of costs corresponding to the strategic source element of the investment case will be allowed through the cost change process. United Utilities will need to agree with the third-party customers to recoup these costs from them. £19.54 million of costs corresponding to network interconnectors are also allowed as shared developer costs for network reinforcements. It is the £91.52 million of strategic source development costs that are assessed at this stage for cost efficiency.	**Pass**	**0%**

[110] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026, pp.11-22

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
	Company evidence: United Utilities has applied a bespoke cost estimation approach, using internal cost models cross-referenced with delivery experience across similar assets and comparable engineering evidence to develop cost estimates for each stage of the investment development, cost estimation, and benchmarking[111]. It relies on an independent cost benchmarking report to demonstrate cost efficiency. The report shows that the company's costs are within the upper to mid interval of the cost range identified by the external report[112]. Additional commentary is provided by the company in relation to specific regional and site factors to support why costs are in the mid to upper cost range[113]. It also provides the split between direct and indirect costs for each stage of the project, as well as the breakdown of indirect costs into three sub-categories (direct costs, risk, and costs to serve) at a programme-level. **Our assessment:** While there are no specific Ofwat PR24 benchmarks which align with the proposed programme as a whole, the underlying investment components in the potable network are not novel. To apply relevant cost change process principles and PR24 benchmarks, we have categorised these components based on the following considerations: • Type of scheme - (supply side improvement/connections) • Complexity of work/scheme - (high/medium/low/treatment) • Total cost of scheme including source and downstream connections • Avoiding double counting benefits through capacity improvements Based on this categorisation, we reach the following conclusions: 1. Potable supply-side improvements represent £91.52 million of the total claim. Because these options increase source and treatment capacity, they could be a strategic benefit to		

[111] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026, pp.29-30
[112] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026, p.30
[113] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026, p.31

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
	customers in United Utilities' strategic zone. These are assessed against Ofwat's PR24 water supply enhancement unit cost benchmark. The unit cost analysis is published in Ofwat's cost models under the cost change process. Within these, we find: ○ Stage 1A [redacted] investment is efficient relative to Ofwat's PR24 benchmark based on a medium complexity category. ○ The unit cost of the combined stages 2A to 2E investment is inefficient relative to Ofwat's PR24 unit cost benchmark based on a treatment complexity category. Across all supply side investments (which represent 51% of the programme) United Utilities costs are efficient relative to Ofwat's PR24 unit cost benchmark. As such, these costs will be allowed to be funded through the cost change process under the company's proposed special agreement mechanism, at the end of the current price control period. This adjustment is subject to the following arrangements: • These costs must be recouped from data centre developers via the special agreement proposed by the company. • These costs shall be added to a Price Control Deliverable (PCD) to appropriately allocate the risk of financing strategic schemes. This decision is further expanded in the customer protection section. 2. Stages 2F and 2G represent costs for network reinforcements amounting to £19.54 million. This is referenced against Ofwat's PR24 network reinforcement cost adjustment claim assessment. We find these costs to be efficient and allow them through the cost change process as shared developer costs.		
Customer protection	**Summary of decision: Some gaps.** The company provides a limited framework of customer protection and needs to commit to further protection measures. **Company evidence:** United Utilities has proposed two non-delivery PCDs covering different parts of the proposal. The first PCD covers investment in new supply options and is a non-delivery PCD based on £m spend per supply option delivered. The second PCD covers	**Some gaps**	**N/A**

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
	investment in dedicated pipeline connections and network reinforcement and is a non-delivery PCD based on % completion[114]. The company proposes any overspend would be recovered directly from the third party and any underspend would be clawed back- based on United Utilities' bespoke cost recovery arrangement[115]. It also provides independent commercial assurance on its investment case[116]. **Our assessment:** We acknowledge the non-delivery PCDs set out by United Utilities cover the different parts of its investment case. However, the proposed PCDs are not aligned with our overall decisions on cost allowances. We therefore propose to apply a two-stage PCD tracking delivery of the funded output (Ml/d benefit) and recovery of third-party revenue. For further details of the proposed PCD please see 'Cost Change draft determinations 2026 – Price control deliverables appendix'		
Investment delivery plan	**Summary of decision: Adequate.** The company provides sufficient and convincing evidence that the in-scope programme is deliverable. **Company evidence:** United Utilities has provided evidence to demonstrate readiness for delivery- including delivery timelines and risk mitigation. Supply chain constraints, ground investigation risks, lead in times, and enabling requirements have been considered and checks are presented as mitigations against them. The company states that the proposed supply option package is within the delivery scope of its current procurement framework and delivery schedule.[117] It also provides independent technical assurance on its delivery plan by Jacobs solutions.[118]	**Adequate**	**N/A**

[114] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth', May 2026, pp.32-34
[115] United Utilities, 'Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth, May 2026, p.33
[116] Jacobs U.K. Limited, 'Growth business cases Commercial Assurance, Independent Assurance Report', April 2026, pp. 3-8
[117] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Enabling data centre growth, p35-38.
[118] Jacobs U.K. Limited, Growth business cases Technical Assurance, Independent Assurance Report, pp. 1-5.

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
	Our assessment: The delivery plan is credible and well developed, demonstrating: alignment between programme scope and delivery capacity; clear identification of key risks (e.g. planning, land, commissioning); and appropriate mitigation strategies.		

3.2.3 Demand and supply side water resource (Clean Energy)

Requested (£ million)	Expenditure in scope of cost change (£ million)	Allowed (£ million)	Overall cost challenge	In-period / End-of-period
251.01	0.00	0.00	N/A	End-of-period adjustment

Assessment criteria	Assessment	Decision	
		Criteria	% adjustment
Summary of request	United Utilities' requests **£251.01 million** in total (£175.60 million in the 2025-2030 period (AMP8) and £75.40 million in the 2030-2035 period (AMP9)) for investment in additional source connections, central blending and storage, transfer reinforcement and local distribution to industrial customers to support non-potable water demand and enable clean energy-led growth within the Hynet cluster and the Ellesmere Port industrial area (Peel Park).		
Need for a step change	**Summary of decision: Partial Pass**.	**Partial Pass**	**N/A**

in investment	United Utilities provides sufficient and convincing evidence that the industrial development in the Ellesmere Port area has advanced since PR24 and required additional investment to meet the development's water demand. We recognise this is important to meet growth and decarbonisation objectives in the northwest. United Utilities is proposing that the cost of the investment be recovered from the relevant third parties over more than one price control period. Customers should not bear the additional risk of funding this investment should the revenue not be recovered from the relevant third party over time. Therefore, we do not think it is appropriate for these costs to be funded through the cost change process. We propose that at PR29: • United Utilities will be allowed to retain any additional revenue (compared to PR24 forecast) recovered from the parties concerned during 2025-30 through the PR24 third party services reconciliation mechanism; and • we will ensure that there is an appropriate mechanism so that United Utilities can retain revenue recovered from the relevant third parties from 2030 onwards to recoup the costs already incurred. **Company evidence:** United Utilities states that confirmed projects within the HyNet cluster, including large-scale hydrogen production at Stanlow and the wider Peel Park development are progressing and require a secure, non-potable water supply[119]. This demand was not part of PR24 final determinations as HyNet-related demand and wider industrial development in Ellesmere Port was not sufficiently mature to support inclusion within water resources management plan (WRMP24) assumptions[120]. The company provides evidence of engagement with the Hynet cluster and Peel Park developments to show that average annual demand from these developments is forecast to rise from 8 Ml/d in 2027 to 49 Ml/d by 2033[121]. This rise is higher than what was assumed during the development of the company's WRMP24. It also states that the company cannot reliably confirm its ability to deliver the required non-potable		

[119] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p2.
[120] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p12-13.
[121] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p9.

	benefit due to treatment and distribution constraints at Ellesmere Port, which require targeted reinforcement and additional source capacity to be resolved[122]. The company has proposed a bespoke cost recovery arrangement which initially funds all components of the investment through the cost change process. The company then proposes a "special agreement" mechanism to fairly recover costs from data centre developers, where special agreement revenues (recovered from developers) will be deducted from the total revenue required before general customer charges are calculated. The company states this mechanism would reduce barriers to development by enabling the company to recover costs from a developer over a longer period of time compared to an upfront developer payment[123]. **Our assessment:** United Utilities demonstrates that industrial development in the Hynet cluster and Peel Park has progressed since PR24. It also provides convincing evidence that investment is necessary to resolve non-potable capacity constraints in the Ellesmere industrial area. We recognise the importance of this investment to support economic growth and decarbonisation objectives in the North of England. However, the company's investment case focuses on providing non-potable water to developing enterprises in the Ellesmere Port industrial area. The source and network benefits from this investment do not overlap with the company's household customers. Hence, we have classified revenues from the cost recovery of this investment as third-party revenue and these will not be allowed through the cost change process. If United Utilities disagrees with this categorisation, it should provide evidence in its draft determination response to demonstrate the benefit of this proposal to its household and general customer base.		
Best option for customers	**Summary of decision: Not Assessed**. This investment case does not deliver potable water available for use (WAFU) benefit to the company's general customer base. We have therefore not assessed the submission against this criterion.	**Not Assessed**	**N/A**

[122] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p10.
[123] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p29-32.

	Company evidence: The company submission sets out its optioneering process beginning with an unconstrained long list of options. These were scored against three metrics comprising feasibility, deliverability, and environmental and social benefit- to arrive at a constrained list of options. Further assessment was undertaken to progress technically proven options with a justifiable delivery horizon. A cost-benefit analysis of the constrained options has been completed, with whole life costs and benefits presented for each option. The company has chosen the least cost option as its preferred option[124]. The company has engaged with industrial developers, the Environment Agency and regional growth bodies including Enterprise Cheshire and Warrington to validate the demand profile and confirm the need for non-potable water capacity[125]. It has also stated there are wider benefits associated with the selected option which are not captured by the cost-benefit analysis and the delivery risk is substantially lower for the selected option[126]. **Our assessment:** This option package does not benefit household customers in the company's strategic zone. We have therefore not assessed the proposal for the "best option for customers" criterion. We would expect the third party to engage with United Utilities on its assessment and justification for the best option.		
Robust and efficient costs	**Summary of decision: Not Assessed**. This investment case is classified as third-party services as it is for non-potable water (and is not a bulk supply). We have therefore not assessed the submission against this criterion. **Company evidence:** United Utilities has applied a bespoke cost estimation approach, using internal cost models cross-referenced with delivery experience across similar assets and comparable engineering evidence to develop cost estimates for each stage of the investment. It provides the split between direct and indirect costs for each stage of the project, as well as	**Not Assessed**	**N/A**

[124] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p16-25.
[125] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p11-12.
[126] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p21-22.

	the breakdown of indirect costs into three sub-categories (direct costs, risk and costs to serve) at a programme-level[127]. The company relies on an independent cost benchmarking report to demonstrate cost efficiency. The report shows that costs are within the upper to mid interval of the cost range identified by the third party report.[128] **Our assessment:** The submission has not been assessed for robust and efficient costs due to our assessment that the investment is categorised as third-party services. It is therefore outside the scope of the cost change process. We would expect the third party to engage with United Utilities on its assessment and justification for the efficiency of costs.		
Customer protection	**Summary of decision: Not Assessed.** We have not assessed customer protection elements in this proposal **Company evidence:** United Utilities has proposed a non-delivery PCD based on £m spend per % completion and Ml/d capacity delivered. Any overspend would be recovered directly from the third party and any underspend would be clawed back from the Regulatory Capital Value (RCV)- based on its bespoke RCV arrangement[129]. **Our assessment:** As outlined by United Utilities in its proposal the investment is required to provide a dedicated non-potable water supply to industrial users. Therefore, revenues from the project are classified as third-party revenue and have not been assessed for customer protection.	**Not Assessed**	**N/A**
Investment delivery plan	**Summary of decision: Adequate**. The company provides sufficient and convincing evidence that the programme is deliverable. **Company evidence:** The company sets out supply chain constraints, ground investigation risks, lead in times, and enabling requirements and presents checks and mitigation measures against these. It states that the proposed supply option package is within the delivery scope of its current procurement framework and delivery schedule. The company notes that a few risks are still outstanding but are being monitored. These include undefined	**Adequate**	**N/A**

[127] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p26-29.
[128] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p29.

[129] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p33-34.

	post-manufacturing effluent strategies, varying water quality requirement, and survey of archeologically sensitive areas[130]. It also provides technical assurance completed by Jacobs solutions[131]. **Our assessment:** The delivery plan is credible and well developed, demonstrating alignment between programme scope and delivery capacity; clear identification of key risks (e.g. planning, land, commissioning); and appropriate mitigation strategies.		

[130] United Utilities, Cost Change Submission 2026 Growth in Water Resources - Clean energy growth in Ellesmere Port, p35-38.
[131] Jacobs U.K. Limited, Growth business cases Technical Assurance, Independent Assurance Report, pp. 1-5.

A3.3 Large schemes gated process

A3.3.1 Windermere Package 1

The following table summarises our draft determination regarding United Utilities' Windermere Package 1 Submission 2.

The company's proposal for this package is to deliver six improvements across phosphorous and sanitary schemes, to achieve tighter discharge permits to meet 2025-2030 Water Industry National Environment Programme (WINEP) requirements. Within the submission, United Utilities requests a claim of £18.8 million through the Cost Change Process. This is part of United Utilities' wider plan to invest in Windermere, with further investment in Package 2 and Package 3 to follow through the large scheme gated process.

In our assessment of Submission 2, we focussed on:

- cost evidence to enable us to make decisions on cost allowances for schemes; and
- the quality of the submission in line with our large scheme gated guidance to ensure the sufficient development and maturity of the scheme.[132]

Overall, we have concluded that Windermere Package 1 Submission 2 "Meets Expectations" – our reasons for this assessment can be found in the Windermere Package 1 quality assessment below. Windermere Package 1 should progress to delivery phase and we propose an efficient allowance for delivery of this programme as part of our draft determination. Our reasons for this allowance can be found in our deep dive assessment in the Windermere Package 1 deep dive assessment below.

[132] Ofwat, 'PR24 Large Schemes Approach Guidance', August 2025

Windermere Package 1 quality assessment:

Overall Decision	Meets Expectations
Assessment Area	**Summary of quality assessment**
Solution Delivery Plan	United Utilities meets expectations in their Submission 1 and have covered the key areas expected at this stage of scheme development. Evidence has been provided that shows the advancement of the final designs for the Windermere Package 1 schemes. The scheme solutions were confirmed as the best option during Submission 1 and have since been progressed in more detail. Two key drivers of change since Submission 1 have been flagged as power resilience and project commissioning. Power resilience was a risk noted in submission 1 that has been realised, and project commissioning has been informed by learning from other FujiClean trial results elsewhere. The company has provided details of the planning permission status for each of the six schemes; all Package 1 schemes have been reviewed by the Lake District National Park planning authority. Full required planning permission has been applied for. Two of the six schemes do not require planning applications. The company has a stakeholder engagement plan which includes the provision of dedicated resources within the local community. The company provides evidence of wider engagement and information regarding scheme specific engagement for package 1 sites. In their letter of support, the Environment Agency states that it is supportive of the works planned to achieve the required improvements and has stated that they support United Utilities' choice to move from descriptive permits, where those were in place, to numerical ones, and to more stringent limits for existing numerical permits. The Environment Agency also state in their letter of support that they are satisfied that United

	Utilities have taken on the challenge to avoid deterioration in the catchment area[133]. The company has identified two supply chain partners to deliver the low complexity schemes at Ambleside and Grasmere. The company sets out PCDs for the delivery phase which follow Ofwat PR24 standards for the different enhancement areas included in the submission; phosphorous removal and sanitary parameters. The company provides bottom-up costs for each scheme in conjunction with its supply partners. The costs appear efficient when benchmarked against Ofwat PR24 Final Determination allowances for similarly sized schemes and the company provides a delivery plan for the Package 1 schemes. Overall, the company's submission meets expectations as it demonstrates a mature level of scheme development and provides substantial supporting evidence across all assessment areas.
Assurance	The company has provides third-party technical and commercial assurance reports in support of Submission 1. These reports provide independent review and challenge of key aspects of the submission and contribute additional evidence regarding the robustness of the proposed solution, delivery arrangements and cost estimates. The assurance reports findings indicate that the final outline solutions and associated costs are reasonable and appropriate. Overall, the assurance evidence is comprehensive and meets the expected requirements at this stage. No additional assurance has been identified as relevant to this programme.
Change Log	The company provides a completed Change Log for Submission 2 which provides a structured record of changes in scope, costs and programme relative to PR24 and Submission 1. The company provides evidence for all changes

[133] United Utilities, 'UUWLGS_P1S2_12 EA Letter of support' December, 2025

	between Submission 1 and 2 within the change log, identifying areas where costs have changed, along with the change in costs, impacts on programme and reason for change. The key changes relate to increased power resilience, design and land acquisition and commissioning periods of the FujiClean systems, these equate to an increase of £5 million compared to Submission 1. Overall, the company has provided a structured record of programme changes, with the evidence indicating that scope changes are the primary contributor to revisions in the programme costs.
Risk Register	The company provides risk registers for each scheme, identifying the level of risk, when the impact is likely to occur, and who is responsible for the risk. The company provides scheme specific risk mitigation costs to a total of £1.99 million across Submission 1. The key risk areas are stated as ground conditions and design requirements.

Windermere Package 1 deep dive assessment

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	United Utilities requests an additional **£18.8 million** investment for a package of six phosphorus and sanitary schemes to improve final effluent standards at wastewater treatment works that discharge into the Windermere catchment. These schemes will meet Water Framework Directive		

	and Environment Act 2021 statutory WINEP drivers and more stringent numerical permits under the 25-Year Improvement Plan non-statutory driver. FujiClean units with electrocoagulation for phosphorus reduction and Flocell for tertiary solids removal (TSR) are proposed to replace the existing SAF assets at Troutbeck WwTW, and as additional treatment at Outgate WwTW, Near Sawrey WwTW and Far Sawrey WwTW. These sites face a tighter 0.5 mg/L phosphorous target under driver 25YEP_IMP and bespoke statutory final effluent permits for sanitary determinands (BOD, suspended solids, total ammonia, iron) and phosphorus under U_IMP1. Ferric dosing control enhancement is proposed at Grasmere WwTW and Ambleside WwTW to meet a 0.25 mg/L P annual target average under 25YEP_IMP. At both WwTWs, the Controller and Interface will be replaced with advanced control hardware.		
Need for a step change in investment	**Decision Summary – Conditional Pass.** The company provides evidence to demonstrate that the proposed investment meets the 'Need for step change in investment' criteria, however we have set some conditions regarding around the funding of additional resilience. **Company Evidence** - The company provides sufficient and convincing evidence to demonstrate that enhancement is needed to meet new and more onerous phosphorus limits. Four sites will move to 0.5 mg/L phosphorus while the remaining two largest sites must consistently achieve 0.25 mg/L final effluent P. The investment is therefore for new assets, representing a step-change in performance.[134]	**Conditional Pass**	**£2 million**

[134] United Utilities, 'UUWLGS_P1S2_01 Windermere' May 2026, p.6, table 2

	The company highlight the wider strategic risk and political focus on Windermere, Lake Windermere is a National Park (a protected landscape) and is part of the United Utilities "only rainwater" vision, therefore the company are incentivised to seek improvements beyond minimum statutory requirements.[135] The third-party commercial[136] and technical[137] assurer confirm they are satisfied by the need for enhancement. The company request includes an additional £2 million included to improve power resilience as part of its package 1 proposal. The company highlight that package one sites have experienced regular mains failures and voltage disturbances, specifically there have been 98 mains power failures at Near Sawrey in the past five years, in addition to voltage disturbances[138]. The company also states that if power to the FujiClean sites was interrupted the pumping stations would not operate and treatment would be lost, which could result in pollution events. The company also proposes additional power resilience for Grasmere WwTW and Ambleside WwTW. However, it is not clear whether the proposal for power resilience is limited to the additional works or is proposed for the entire site. **Our assessment** For WINEP schemes, we validate the need for each investment area against companies' obligations set out in the WINEP. We do not challenge the need for company proposals under		

[135] United Utilities, 'UUWLGS_P1S2_01 Windermere' May 2026, p.5, section 1.1.8
[136] United Utilities, 'UUWLGS_P1S2_03', May 2026
[137] United Utilities, 'UUWLGS_P1S2_02', May 2026
[138] United Utilities, 'UUWLGS_P1S2_01 Windermere' May 2026, p.8

	WINEP/NEP enhancement expenditure where requirements are needed to comply with statutory obligations; are validated against the WINEP. There is a clear need for investment to meet the WINEP driver requirements, and the company provides an evidenced submission that meets the challenge of more stringent permits and explains the specific regional challenges. The company also looks ahead to a 25-year planning horizon and is rising to meet the public scrutiny on a high-profile site. Support has been given by the Environment Agency for the programme of chemical dosing and given the nature of the catchment there is an incentive to go beyond minimum statutory requirements. No cost challenge is proposed. We set the condition that if future evidence shows permit non-compliance at any site included in package 1 we may clawback a percentage of the allowance. In relation to the power resilience investment, on the basis that the FujiClean sites are entirely new assets, we accept the need to ensure that they are resilient falls within the scope of enhancement investment. We have some concerns with regards to the power resilience proposals for Grasmere WwTW and Ambleside WwTW, on the basis that providing power resilience to the existing site should be funded from base or climate change uplift allowances. As a result, we consider that this may be overlap with base expenditure. We apply a conditional adjustment of £2 million to address potential overlap between the proposed power resilience investment and base allowances or additional climate change uplift. To achieve a pass at final determination, the company should provide sufficient and convincing evidence of the need for power resilience improvement at Grasmere WwTW and Ambleside		

	WwTW, including how overlaps with existing base or climate change uplift allowances have been accounted for.		
Best option for customers	**Decision Summary – Pass.** United Utilities provides sufficient and convincing evidence that the proposed investment meets the 'Best option for customers' criteria. **Company evidence**- A FujiClean trial at other sites informed the choice of solution, balanced against final effluent iron constraints of the permit. The company has experience of using this low cost and low complexity technology. MCC kiosks are required for power supply with site-specific housing at three of the sites due to their sensitive nature. Collaboration with the delivery partner is demonstrated and the four FujiClean sites are treated as one contract to mitigate costs and manage resources efficiently.[139] The solutions at Grasmere and Ambleside leverage current assets at low cost and futureproof the assets. A "do nothing" approach was considered at Grasmere as it already meets the permit but was deemed necessary with a 2050 design horizon. A "do nothing" approach at Ambleside was also considered but an engineering review concluded that a more sophisticated dosing control is required due to predicted flow increases.[140]	**Pass**	**0%**

[139] United Utilities, 'UUWLGS_P1S2_01 Windermere', May 2026, p.9, section 3.2.8
[140] United Utilities, 'UUWLGS_P1S2_01 Windermere', May 2026, pp.12-13, section 3.3

	The company has described that a single supply chain partner for the four larger projects was identified through an internal process, and the separate single partner was identified for the two smaller projects.[141] **Our assessment**- In carrying out our assessment, we are cognisant of our statutory obligations including those relating to habitats and species, river basin management plans and Protected Landscapes in England. The company's design choices reflect these requirements with regard to measures such as constructing the Motor Control Centre at Troutbeck WwTW, Near Sawrey WwTW and Outgate WwTW of stone with slate roofs to blend in with the landscape and align existing buildings[142]. At Near Sawrey, the design includes a low embankment so new equipment can be partially buried, further reducing visual impact. The company has also provided details on their traffic management planning, especially at sites near tourist attractions or sensitive areas, to minimise disruption. Temporary compounds and access routes are designed to reduce impact on local communities and the environment.[143] The company provides sufficient and convincing evidence to demonstrate that the proposed investment is the best option for customers. At Near Sawrey, existing biological treatment is retained and enhanced, while the schemes as Grasmere and Ambleside are upgrades to the current assets. The four FujiClean schemes are suited to the sites, representing compact treatment technology that is well understood. The company provides evidence of how the design has been finalised through collaboration with delivery partners and subject matter experts and consideration of the local issues, and that the preferred solutions are efficient, deliverable and beneficial to customers. Stakeholder and customer engagement are demonstrated in a community engagement plan. The company		

[141] United Utilities, 'UUWLGS_P1S2_01 Windermere', May 2026, p.34, section 8.3
[142] United Utilities, 'UUWLGS_P1S2_01 Windermere', May 2026, p.9, section 3.2.4
[143] United Utilities, 'UUWLGS_P1S2_01 Windermere', May 2026, p.12, section 3.3.20

	provides sufficient and convincing evidence to demonstrate that the schemes will reduce the volume of phosphorus entering Lake Windermere and will provide improvements in water quality.		
Robust and efficient costs	**Decision Summary – Pass.** The submission provides sufficient and convincing evidence that the proposed costs are robust and efficient. **Company Evidence** - The Company provides evidence[144] that their benchmarked costs are efficient at programme level and scheme level. The requested costs of £19.6 million (including development allowance) are less than the calculated Ofwat PR24 Final Determination modelled allowance (Total £31.0 million, £22.6 million phosphorus removal and £8.4 million for sanitary parameters) for similarly sized schemes. The company sets out that the FujiClean and Flocell technologies are efficient against Ofwat's PR24 Final Determination for phosphorous removal (£2.5 million less for the package) and sanitary determinands models (£1.7 million less). The upgrades to dosing at the further two sites are also cost efficient (£7.3 million less). The company states that costs have increased since Submission 1 by £5.0 million due to additional power resilience requirements and site access.[145] The company confirms there is no element of base expenditure included in the cost estimates and £2 million cost was saved in a direct United Utilities cost challenge to the contractor. The company provides sufficient and convincing evidence that the schemes proposed are cost beneficial.[146] Cost breakdowns have been provided at a scheme level within each single solution paper.	**Pass**	**0%**

[144] United Utilities, 'UUWLGS_P1S2_01 Windermere' May 2026, p.19, table 6
[145] United Utilities, 'UUWLGS_P1S2_01 Windermere', May 2026, p.5, table 1
[146] United Utilities, 'UUWLGS_P1S2_01 Windermere', May 2026, p.23, table 9

	Reducing phosphorus in Lake Windermere is an aim of United Utilities Wonderful Windermere bespoke performance commitment and sets out estimated valuations for phosphorus reductions. Proxy valuations are used for improvements in BOD, suspended solids and ammonia. However, the company sets out that most of the schemes are cost-beneficial based on phosphorus reduction alone.[147] **Our assessment** - The company provides sufficient and convincing evidence to demonstrate that their costs are robust and efficient. Cost breakdowns are provided along with appropriate benchmarking with Ofwat's models and engagement with supply chain partners. Cost changes between submissions are clearly explained and reasonable. We are satisfied that the material scope of the package has been refined and no increase to that scope is expected. Delivery risk elements (including but not limited to land permission and access) should be monitored through the quarterly reporting and updates from the Company. No efficiency challenge is proposed.		
Customer protection	**Decision Summary – Some gaps.** The company provides a framework of customer protection however we propose some changes regarding the time incentives. **Company Evidence** - The company proposes discrete PCDs for the Phosphorus removal and Sanitary Determinands elements, providing customer protection in the event of non-delivery of package 1.	**Some gaps**	-

[147] United Utilities, 'UUWLGS_P1S2_01 Windermere', May 2026, p.23, section 5.3.11

	Both PCDs include non-delivery elements calculated using the Ofwat PR24 approach. The Phosphorus removal PCD will be applied to all six schemes and the Sanitary Parameters PCD will be applied to two schemes. The P-removal PCD also includes a time incentive element. Discrete PCDs are appropriate as these schemes have entered the gated process late and have less flexibility than the wider phosphorous programme.[148] **Our assessment** - The company proposes two PCDs for this package which are reasonable and in line with PCDs for similar areas of expenditure in PR24 final determinations. We consider that there are some gaps in the proposed time incentive PCD to protect customers. We propose to remove the time incentive from the large gated PCDs. The time incentive mechanism at PR24 was designed to work over a large programme of works, in a small programme of works the deliverables are not staggered in delivery in the same way. This leads to a time incentive being set in the final year of delivery (2030) with an asymmetric risk and reward profile in favour of the company. The non-delivery PCDs proposed by the company for this package are reasonable and in line with PCDs for similar areas of expenditure in PR24 final determinations. The customer is sufficiently protected through the non-delivery PCD.		

[148] United Utilities, 'UUWLGS_P1S2_01 Windermere', May 2026, pp.31-33, section 7

A3.3.2 Windermere Package 2

The following table summarises our draft determination regarding United Utilities' Windermere Waste – WINEP Package 2 Submission 2.

The company's proposal is to enhance two wastewater treatment works (WwTW) to meet new or tightened phosphorous and sanitary parameter limits, and two storm overflows to meet Storm Overflow Discharge Reduction Plan (SODRP) targets. Within the submission, United Utilities requests a claim of £92.68 million through the cost change process. This is part of United Utilities' wider plan to invest in Windermere, along with Package 1 and with Package 3 to follow through the large scheme gated process, requesting further investment.

In our assessment of Submission 2, we focussed on:

- cost evidence to enable us to make decisions on cost allowances for schemes; and
- the quality of the submission in line with our large scheme gated guidance to ensure the sufficient development and maturity of the scheme.[149]

Overall, we have concluded that Windermere Package 2 Submission 2 Meets expectations. Our reasons for this score can be found in Windermere Package 2 quality assessment below. Windermere Package 2 should progress to delivery phase, and we propose an efficient allowance for delivery of this programme as part of our draft determination. Our reasons for this allowance can be found in our deep dive assessment in the Windermere Package 2 deep dive assessment below.

Windermere Package 2 quality assessment

Overall Decision	Meets Expectations
Assessment Area	**Summary of quality assessment**

[149] Ofwat, 'PR24 Large Schemes Approach Guidance', August 2025

Solution Delivery Plan	United Utilities meet expectations across the key assessment areas required in the gated submission. The company provides the final designs, including feasibility, investigations and procurement strategy. Each scheme has been evidenced in detail in individual single solution papers, as well as evidenced at a programme level within the main submission. The company provides evidence of their pre-planning investigation and planning applications, identifying that separate planning permission is required for Langdale WwTW and Glebe Road PS, and a single application is required to cover both Hawkshead schemes. A second application will be required for Langdale WwTW due to the need for a temporary construction compound. All package two schemes have been reviewed by the local planning authority, the Lake District National Park Authority (LDNPA). The company provides a stakeholder engagement plan, including dedicated resources within the community. The company provides evidence of wider engagement and includes information regarding scheme specific engagement for Package 2 sites. The Environment Agency has provided a letter of support for the schemes included in the Windermere Large Gated Process. The company confirms they have identified and awarded the key supply chain partners. A single contractor has been selected to deliver the Hawkshead and Glebe Road schemes. Another single contractor will deliver the Langdale scheme. The company provides a sufficient set of Price Control Deliverables (PCDs) for the delivery phase following Ofwat PR24 standards for the different enhancement areas included in the submission; phosphorous removal, sanitary parameters, storm overflow storage and flow to full treatment increases. The company includes detailed bottom-up

	costs for each scheme in conjunction with their supply partners and has clearly demonstrated the delivery plan of interventions required for the package 2 schemes. Overall, the company's submission meets expectations as it demonstrates a mature level of scheme development and provides substantial supporting evidence across all assessment areas.
Assurance	The company provides third-party technical and commercial assurance reports in support of Submission 2. These reports provide independent review and challenge of key aspects of the submission and contribute additional evidence regarding the robustness of the proposed solution, delivery arrangements and cost estimates. The assurance reports indicate that the final outline solutions and associated costs are reasonable and appropriate. Overall, the assurance evidence is comprehensive and meets the expected requirements at this stage. No additional assurance has been identified as relevant to this programme.
Change Log	The company provides a completed change log for Submission 2 which provides a structured record of changes in scope, costs and programme relative to PR24 and Submission 1. The company evidences all changes between Submission 1 and 2 within the change log, identifying areas where costs have changed along with the change in costs, impacts on programme and reason for change. The key changes related to new information on ground conditions, improved power resilience, refinement of commissioning periods and design development, these equate to an increase of £7.8 million compared to Submission 1, however the company has also identified a saving of £3.8 million by progressing the infiltration removal in the catchment through base expenditure. In total this is an increase of £4 million compared to Submission 1 across Packages 1 and 2.

	Overall, the company has provided a structured record of programme changes, with the evidence indicating that scope changes are the primary contributor to revisions in the programme costs.
Risk Register	The company provides risk registers for each scheme, identifying the level of risk, when the impact is likely to occur, and who is responsible for the risk. The company has provided scheme specific risk mitigation costs to a total of £4.36 million across Submission 2. The key risk areas are stated as ground conditions and design requirements. The company also identifies some areas for opportunity which could potentially reduce costs, with potential efficiencies in programme management and design requirements to a total of £0.69 million.

Windermere Package 2 deep dive assessment

Assessment criteria	Assessment	Decision	
		Criteria	Adjustment (applied and/ or conditional)
Summary of request	The request relates to the enhancement of two wastewater treatment works (WwTW) to meet new or more onerous phosphorous and sanitary parameter limits, and two storm overflows to meet Storm Overflow Discharge Reduction Plan (SODRP) targets. The total request is £92.68 million.		

Need for a step change in investment	**Decision Summary – Conditional Pass.** The company provides evidence to demonstrate that the proposed investment meets the 'Need for step change in investment' criteria, however we have set some conditions regarding around the funding of additional resilience. **Company Evidence** - The WwTW schemes at Langdale and Hawkshead WwTW are 2030 WINEP obligations. The storm overflow schemes at Hawkshead PS and Glebe Road PS are 2035 WINEP obligations. The company sets out that the schemes have statutory WINEP obligations and therefore there is a clear need for a step change in investment to meet the requirements.[150] United Utilities has demonstrated sufficiently that there is benefit in bringing forward the 2030-2035 storm overflow schemes into the 2025-2030 period to accelerate their environmental obligations in the Windermere catchment. The third-party commercial[151] and technical[152] assurer confirm they are satisfied by the need for enhancement. The company request includes an additional £1.1 million included to improve power resilience as part of its package 2 proposal. However, it is not clear whether the proposal for power resilience is limited to the additional works or is proposed for the entire site. **Our Assessment** - United Utilities provides sufficient and convincing evidence to demonstrate that the investment is for new assets, representing a step-change in performance. We validate the need for each investment area against the company's' obligations which are set out in the	**Conditional Pass**	**£1.1m**

[150] United Utilities, 'UUWLGS_P2S2_01 Windermere', May 2026, p.6, table 2
[151] United Utilities, 'UUWLGS_P1S2_03', May 2026
[152] United Utilities, 'UUWLGS_P1S2_02', May 2026

	WINEP/NEP. We do not challenge the need for company proposals under WINEP/NEP enhancement expenditure where requirements are needed to comply with statutory obligations; are validated against the WINEP/NEP. We apply a conditional adjustment of £1.1m to address potential overlap between the proposed power resilience investment and base allowances or additional climate change uplift. To achieve a pass at final determination, the company should provide sufficient and convincing evidence to demonstrate the need for enhancement investment for power resilience improvement at each of the sites, including how overlaps with existing base or climate change uplift allowances have been accounted for, or why the resilience measures apply solely to the upgrade works. The company does not provide detailed information beyond third party assurance of the need for enhancement that the storm overflow proposals are for going beyond current permit conditions, and that any enhancement funding provided will not be used to regain permit compliance. At PR24 final determinations we stated that customers should not pay twice for companies to regain compliance with permits at storm overflows[153]. In accordance with this position, we have detailed assurance requirements in place that companies must adhere to during scheme delivery in order to ensure that any funding for regaining permit compliance is clawed back[154]. We consider that given the additional time provided to develop the scheme the company should have sufficient information to support this assessment now, and we therefore request that this information be provided in response to the draft determination to give greater confidence that		

[153] Ofwat, PR24 Final Determinations - Expenditure Allowances, February 2025, p.120
[154] Ofwat, Price control deliverables guidance, February 2026. pp. 21-28.

	allowances are appropriate, and that any overlaps with base expenditure have been accounted for.		
Best option for customers	**Decision Summary – Pass.** United Utilities provides sufficient and convincing evidence that the proposed investment meets the 'Best option for customers' criteria. **Company Evidence** - United Utilities provided costed optioneering in Submission 1 to identify the best option. In Submission 2, the company has presented final outline plans with assured costs. The four schemes, and their final outline solutions, included in Package 2 are: **Langdale**: addition of a tertiary solids removal (TSR) process, a new final effluent pumping station to provide backwashing to the TSR and a new ferric dosing setup to provide additional control and chemical storage capacity. **Hawkshead WwTW:** enhanced chemical dosing, additional ferric dosing assets and storage, caustic dosing and storage, tertiary solid removal assets, an anoxic tank and upgraded power resilience. **Hawkshead PS:** delivery of a 3000m^3 below ground storage tank with a 25% reduction in surface/ground water that will be delivered through base expenditure, and increased PFF from 14/l/s to 24l/s to pass additional flows to Hawkshead WwTW **Glebe Road PS:** delivery of a 10,000m^3 underground offline storage tank.	**Pass**	**0%**

	The company demonstrates ongoing optioneering and design optimisation since Submission 1, using contractor input, ground investigations, operational reviews and technology trials to refine the preferred solutions. At Langdale, a successful Mobile Organic Biofilm (MOB) trial allowed for the removal of a previously proposed anoxic tank from scope, and optioneering was used to select the preferred tertiary solids removal technology. At Hawkshead, a successful Nanofloc trial enabled removal of an additional final settlement tank and allowed the company to maximise increased flow to full treatment while avoiding a more substantial treatment works rebuild. [155] The company proposes best value through reduced-build solutions where possible. At Hawkshead, the preferred solution combines storage, increased flow to full treatment and catchment interventions to minimise treatment works expansion. At Glebe Road, the location and design of the storage tank were refined to reduce impacts on tourism, communities and local businesses. The cost-benefit analysis is based on a whole-life assessment over 30 years, incorporating environmental, operational, carbon and customer benefits. The company concludes that the Langdale scheme is strongly cost beneficial (benefit-cost ratio of 7.63) and that the combined Hawkshead WwTW and PS scheme is cost beneficial (benefit-cost ratio of 1.50).[156] The Glebe Road scheme does not demonstrate a positive quantified benefit-cost ratio (0.34). However, the company argues that the preferred storage-only solution represents the most		

[155] United Utilities, ' UUWLGS_P2S2_01 Windermere', May 2026, pp.9-11, section 3.3
[156] United Utilities, 'UUWLGS_P2S2_01 Windermere', May 2026, p.6

	beneficial option considered, that conventional valuations understate the value of spill reductions in a nationally significant and highly visited location, and that the scheme remains necessary to meet statutory WINEP obligations. The Environment Agency have provided a letter confirming they support United Utilities' choice to achieve more stringent limits for existing numerical permits and do not see any reason to object to the methods proposed. [157] **Our Assessment** - In carrying out our assessment, we are cognisant of our statutory obligations including those relating to habitats and species, river basin management plans and Protected Landscapes in England. The company's design choices reflect these requirements with regard to measures such as going further to achieve more stringent limits for existing numerical permits, and have taken appropriate steps to mitigate impact to visual appeal and landscape. At Langdale, the site layout was designed to minimise expansion into ancient woodland and to fit within tight site constraints, at Hawkshead and Glebe Road tanks were designed to be fully below ground as above ground or partially below ground tanks would cause unacceptable landscape harm. United Utilities demonstrate the changes to the proposed solution between Submissions 1 and 2, particularly highlighting where changes to resilience and identification of geological constraints that have been identified during further site investigations. Third party assurance confirms that the proposed solutions adequately address the needs and will achieve the specified outcomes. The company provides evidence of how the design has been finalised through collaboration with		

[157] United Utilities, 'UUWLGS_P2S2_12 EA Letter of support' April 2026

	the delivery partners and subject matter experts and consideration of the local issues, and that the preferred solutions are efficient, deliverable and beneficial to customers We therefore consider that the company provides sufficient and convincing evidence to demonstrate that that the proposals meets the 'Best option for customers' criteria.		
Robust and efficient costs	**Decision Summary – Pass.** The submission provides sufficient and convincing evidence that the proposed costs are robust and efficient. **Company Evidence** - United Utilities set out where the costs, specifically for the two storm overflow projects are significantly higher than the Ofwat PR24 modelled allowance, with a total variance of £48.2m. The company provides detailed evidence packs and explained costs to demonstrate the variance between the PR24 model and the cost change process submission. The variance is largely stated to be related to findings from geological surveys and planning requirements. The company states that, due to the unique location of the schemes, there are significant additional costs required to deliver the schemes.[158] The company has set up a single contact and delivery partner for Glebe Road and Hawkshead pumping station, and a separate contractor to deliver the WwTW upgrades. The company has provided bottom-up costs for the schemes in conjunction with their delivery partner. Third party assurance states that they consider that the final scheme costs are appropriate and that the cost request includes an appropriate level of risk and overhead.159	**Pass**	**0%**

[158] United Utilities, 'UUWLGS_P2S2_01 Windermere', May 2026, pp.20-22, section 5.3
[159] United Utilities, 'UUWLGS_P2S2_03 Third Party Commercial Assurance Report', April 2026, p.4, section 7

	Our Assessment – The company provides sufficient and convincing evidence to demonstrate that their cost estimates are robust and efficient when considering the site-specific challenges.		
Customer protection	**Decision Summary – Some Gaps** The company provides a framework of customer protection however we propose some changes regarding the time incentives. **Company Evidence** - The Company proposes discrete PCDs for the phosphorus removal, sanitary determinands, storm overflow storage and flow to full treatment. All PCDs include non-delivery elements to protect customers from failure to deliver. The phosphorous removal and storm overflow packages also include a time incentive element. The proposed PCDs have been calculated using the Ofwat PR24 approach. Phosphorus removal and sanitary parameters PCD will be applied to two schemes, and the storm overflow PCD will apply to two schemes.[160] **Our assessment** - We consider that there are some gaps in the proposed time incentive PCD to protect customers. We propose to remove the time incentive from the large gated PCDs. The time incentive mechanism at PR24 was designed to work over a large programme of works, in a small programme of works the deliverables are not staggered in delivery in the same way. This leads to a time incentive being set in the final year of delivery (2030) with an asymmetric risk and reward profile in favour of the company.	**Some Gaps**	

[160] United Utilities, 'UUWLGS_P2S2_01 Windermere', May 2026, pp.31-35, section 7

	The non-delivery PCDs proposed by the company for this package are reasonable and in line with PCDs for similar areas of expenditure in PR24 final determinations. The customer is sufficiently protected through the non-delivery PCD. The PCD assurance requirements set out in the Price Control Deliverable Guidance161 provide further details on how Ofwat will protect customers against paying twice for permit compliance. For storm overflows improvements included in package 2, the company must demonstrate that the enhancement funding is for going beyond compliance with existing permit conditions, or they may be subject to clawback of funding in PR29.		

[161] Ofwat, 'Price-control-deliverables-guidance', Feb 2026

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales.

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