



# TMS64 PR24 Data Table Commentary - Long-term Strategies

## LS1 - Forecast outcomes

Data Table	Whole Table or Individual Line/s	Commentary
LS1	Whole Table	<p>Ofwat requests that companies should include an explanation of any significant change over the period in the rate of service level improvement. The are 2 key changes to note:</p> <ul style="list-style-type: none"> <li>• Total pollutions - from the start of AMP8, the Environment Agency will amend the classification of pollutions with category 4 pollutions (not previously incorporated into this measure) now being reclassified as category 3 incidents and hence, our future performance will include all pollution incidents, irrespective of the degree of impact on the environment. In order to measure our performance improvement through the period 2025-2030, we have backdated our performance based on this new categorisation and then forecast our performance on this new basis.</li> <li>• Green House Gas Emissions for wastewater - in 2023/24, we are forecasting a sharp rise in reported emissions from our wastewater treatment processes, in line with the adoption of the IPCC emissions factor recommended to DEFRA.</li> </ul>
	Whole Table	Only one glidepath for each common PC has been considered in production of our LTDS (there are no multiple glidepaths)
	Lines LS1.1-LS1.20	<p>For a detailed explanation of each Performance Commitment, please refer to:</p> <ul style="list-style-type: none"> <li>• TMS08 Our AMP8 Water Outcomes Delivery Strategy</li> <li>• TMS09 Our Wastewater Outcomes Delivery Strategy</li> </ul>
	Line LS1.31	The run rate of schemes delivered in 2035-40, 2040-45 and 2045-50 will remain static. There are forecast to be 100 schemes delivered across AMP10, AMP11 and AMP12.
	Line LS1.33	Both the “Supply-side benefit from base plus enhancement” and “Supply-side benefit from base” are calculated using outputs taken directly from the WRMP.
	Line LS1.34	Wastewater network storage volume delivered or avoided is calculated using DWMP data table information. A rationalisation exercise was completed to align with the PR24 plan which resulted in some storage creation or avoided being deferred into AMP9 from AMP8.

## LS2 - Forecast outcomes from base expenditure

Data Table	Whole Table or Individual Line/s	Commentary
LS2	Lines LS2.1-LS2.20	For a detailed explanation of each Performance Commitment, please refer to commentary on what base buys in: <ul style="list-style-type: none"> <li>TMS08 Our AMP8 Water Outcomes Delivery Strategy</li> <li>TMS09 Our Wastewater Outcomes Delivery Strategy</li> </ul>
	LS2.1 - Water supply interruptions	To get the forecast performance data for end of AMP10, AMP11 and AMP12, all benefit will come from Enhancement expenditure so performance from Base will remain static at 00:08:00 until the end of AMP12.
	LS2.2 Compliance risk index (CRI)	All benefit comes from Base expenditure the cells for AMP10, AMP11 and AMP12 align with LS1.
	LS2.3 Customer contacts about water quality	All benefit comes from Base expenditure. The cells for AMP10, AMP11 and AMP12 align with LS1.
	LS2.4 Internal sewer flooding	To get the forecast performance data for internal sewer flooding for end of AMP10, AMP11 and AMP12, there is a small benefit of 20 incidents a year from initiatives like Smart Waste and interceptor removal from base. Enhancement benefit from our DWMP and flooding enhancement has been removed from the base forecast.
	LS2.5 External sewer flooding	To get the forecast performance data for external sewer flooding for end of AMP10, AMP11 and AMP12 it is assumed that there will be a small benefit of 126 incidents a year from initiatives like Smart Waste and interceptor removal from base. Enhancement benefit from our DWMP and flooding enhancement has been removed from the base forecast.
	LS2.9 Leakage	All improvements from our WRMP Enhancement Case have been removed. There is an annual 1.9MLD saving in AMP10, 2.2MLD in AMP11 and 2.2MLD in AMP12.
	LS2.10 Per capita consumption	All improvement comes from Enhancement expenditure, there is no improvement from base.
	LS2.11 Business demand	All improvement comes from Enhancement expenditure, there is no improvement from base.
	LS2.12 Total pollution incidents	We will save 8.00 pollutions a year due to rising main investment (included in our Asset Health Deficit submission) which is classed as enhancement and has therefore been removed from the base forecast.
	LS2.13 Serious pollution incidents	All benefit will come through Base therefore this table aligns with LS1.
	LS2.14 Discharge permit compliance	All benefit will come through Base therefore this table aligns with LS1.
	LS2.15 Bathing water quality	Improvement comes from Enhancement expenditure. Performance stays static after 2034-35

	LS2.16 River water quality (phosphorus)	All improvement comes from Enhancement expenditure. Performance stays static after 2034-35.
	LS2.17 Storm overflows	All improvement comes from Enhancement expenditure. Performance stays static after 2034-35.
	LS2.18 Mains repairs	All benefit will come through enhancement after AMP8, so the total number of repairs remains flat. However, the PC changes due to an increase in the length of main. When the total number is normalised the number of mains repairs per length of network decreases.
	LS2.19 Unplanned outage	100% of the improvement in this PC is driven by Base expenditure. There is no difference to LS1.
	LS2.20 Sewer collapses	13 collapses a year will be saved from enhancement expenditure and these are removed from the base forecast. A slight improvement in the pc is observed AMP on AMP because the length of network increases over time which improves the trend when normalised.
	Line LS2.31	The run rate of schemes delivered in 2035-40, 2040-45 and 2045-50 will remain static. There are forecast to be 100 schemes delivered in AMP10, AMP11 and AMP12.

### LS3 - Wholesale water totex enhancement expenditure by purpose, core pathway

#### LS3a-LS3f - Wholesale water totex enhancement expenditure by purpose, alternative pathways 1-6

Data Table	Whole Table or Individual Line/s	Commentary
LS3 (core pathway) and LS3a to LS3f (alternative pathways)	Whole Table	<p>Please refer to Section 3 of our Long Term Delivery Strategy. These sections explain how we:</p> <ul style="list-style-type: none"> <li>Developed a best value plan for each Enhancement Case</li> <li>Tested against different scenarios</li> <li>Determined the core pathway</li> <li>Determined alternative pathways</li> </ul> <p>Section 4 of our Long Term Delivery Strategy explains how we produced our aggregate view for water services</p> <ul style="list-style-type: none"> <li>We confirm that our core and alternative pathways align with the data table labelling.</li> <li>We confirm that none of the alternative pathways require expenditure in the 2025-30 period.</li> <li>We have not proportionally allocated any costs between expenditure categories.</li> <li>The cell values reflect the change against Core pathway hence the numbers can be positive or negative. Where the cells show no difference from the Core they are left blank.</li> <li>As there only 6 alternative pathways, Data Tables LS3g,h,i are not used.</li> </ul>

	<p>Additional lines LS3.40-44 LS3a-i.43-47</p>	<p>We have used the freeform lines in AMP8 for:</p> <ul style="list-style-type: none"> <li>• Cryptosporidium protection</li> <li>• Reducing the risk of flooding from trunk mains</li> <li>• Asset Deficit</li> <li>• Digital cyber case</li> <li>• AMP7 WINEP close out</li> </ul> <p>We consider that the above cases are not covered by the definitions in the table for non-freeform lines. Please refer to Technical Appendices in our submission that explain these enhancement cases. In the case of Asset Deficit, Digital cyber and AMP7 WINEP close out, we have not forecast costs beyond AMP8. We note that freeform lines in AMP7 have been used for different purposes, so reading across from AMP7 to AMP8 is not possible.</p>
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[LS3g - Wholesale water totex enhancement expenditure by purpose, alternative pathway 7](#)

This table is a Nil Return for Thames Water.

[LS3h - Wholesale water totex enhancement expenditure by purpose, alternative pathway 8](#)

This table is a Nil Return for Thames Water.

[LS3i - Wholesale water totex enhancement expenditure by purpose, alternative pathway 9](#)

This table is a Nil Return for Thames Water.

[LS4 - Wholesale wastewater totex enhancement expenditure by purpose, core pathway](#)

[LS4a-LS4g - Wholesale wastewater totex enhancement expenditure by purpose, alternative pathways 1-7](#)

Data Table	Whole Table or Individual Line/s	Commentary
<p>LS4 (core pathway) and LS4a-g (alternative pathways)</p>	<p>Whole Table</p>	<p>Please refer to Section 3 of our Long Term Delivery Strategy. These sections explain how we:</p> <ul style="list-style-type: none"> <li>• Developed a best value plan for each Enhancement Case</li> <li>• Tested against different scenarios</li> <li>• Determined the core pathway</li> <li>• Determined alternative pathways</li> </ul> <p>Section 4 of our Long Term Delivery Strategy explains how we produced our aggregate view for water services. We confirm</p>

		that our core and alternative pathways align with the data table labelling. We confirm that none of the alternative pathways require expenditure in the 2025-30 period. We have not proportionally allocated any costs between expenditure categories. The cell values reflect the change against Core pathway hence the numbers can be positive or negative. Where the cells show no difference from the Core they are left blank. As there only 7 alternative pathways, Data Tables LS4h,i are not used.
	Additional lines LS4.59-63 LS4a-i.62-66	<p>We have used the freeform lines in AMP8 for:</p> <ul style="list-style-type: none"> <li>• Industrial Emissions Directive</li> <li>• WINEP AMP7 close-out</li> <li>• Asset Deficit</li> <li>• Digital cyber case</li> </ul> <p>We consider that the above cases are not covered by the definitions in the table for non-freeform lines. Please refer to Technical Appendices in our submission that explain these enhancement cases. Only the Industrial Emissions Directive enhancement case forecasts costs beyond AMP8. We note that freeform lines in AMP7 have been used for different purposes, so reading across from AMP7 to AMP8 is not possible.</p>

#### LS4h - Wholesale wastewater totex enhancement expenditure by purpose, alternative pathway 8

This table is a Nil Return for Thames Water.

#### LS4i - Wholesale wastewater totex enhancement expenditure by purpose, alternative pathway 9

This table is a Nil Return for Thames Water.

#### LS5 - Wholesale water totex enhancement expenditure under common reference scenarios

Data Table	Whole Table or Individual Line/s	Commentary
LS5	Whole Table	Please refer to Section 3 of our Long Term Delivery Strategy document which explains how we have carried out scenario testing for each enhancement case (see Table 6 in particular). Where we have not applied a scenario uplift for a given enhancement case, we have selected our Best Value Plan instead. We have identified one company specific scenario which is that the South East Strategic Reservoir Option may not proceed through the planning process. Were this to happen, our WRMP would materially need to change.

## LS6 - Wholesale wastewater totex enhancement expenditure under common reference scenarios

Data Table	Whole Table or Individual Line/s	Commentary
LS6	Whole Table	Please refer to Section 3 of our Long Term Delivery Strategy document which explains how we have carried out scenario testing for each enhancement case (see Table 6 in particular). Where we have not applied a scenario uplift for a given enhancement case, we have selected our Best Value Plan instead. We have identified one company specific scenario which is that the South East Strategic Reservoir Option (SESRO) may not proceed through the planning process, although this has no impact on our wastewater enhancement cases.

## LS7 - Average total water, wastewater and combined bills under core and alternative pathways

Data Table	Whole Table or Individual Line/s	Commentary
LS7	Whole Table	Our long-term bill impacts have used ONS18 rebased household forecasts to derive average household bills for water and wastewater. We note that the bill impact derived from the LTDS methodology will materially differ from our actual customer bill value, as the methodology only calculates the revenues associated with totex in the LTDS and does not account for the revenue requirement from either the existing asset base (and associated RCV), ODI impacts or any other revenue impacts. We are assuming notional corporation tax payments in the period covered by the LTDS (AMP8 – AMP12) in line with our Ofwat PR24 financial model which forecasts cash tax in the last 2 years of AMP8 and annually throughout AMP9. We note that the simplistic tax calculation in the LTDS method yields a different tax allowance requirement than the more detailed financial modelling.
	LS7.21-30	We note that combining the water and wastewater aggregate pathways in the Average Bill combined block does not result in a meaningful trend as the trigger points and pathways developed for water and wastewater in our Long Term Delivery Strategy document are very different.



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