

Gate two query process

Strategic solution(s)	South East Strategic Resource Option
Query number	SER005
Date sent to company	14/12/2022
Response due by	16/12/2022

Query

Please outline how you have considered indirect costs within your CAPEX cost estimations in Supporting Document A-2.

Solution owner response

This response has been written in line with the requirements of the RAPID Gate 2 Guidance and to comply with the regulatory process pursuant to Thames Water's and Affinity Water's statutory duties. The information presented relates to material or data which is still in the course of completion. Should the solution presented in the Gate 2 documents be taken forward, Thames Water will be subject to the statutory duties pursuant to the necessary consenting process, including environmental assessment and consultation as required. This response should be read with those duties in mind.

Indirect costs - coverage: this item would typically include both contractor indirect costs such as preliminaries (supervision, site accommodation, welfare, common plant, security, commercial management, safety management, etc.), overheads & profit, temporary works, standard contractor risks and client indirect costs such as development, design, surveys, procurement, overheads, consultation, planning applications, etc.

Indirect costs - calculation: at this early stage of the project definition process indirect costs are typically estimated as a percentage of the direct construction works costs. The percentages utilised will be based on historic project cost data and will be deemed to allow for all the items identified above. The percentages applied are standard across projects within Thames Water. There is no detailed build-up available at this stage. As the projects proceed through the gateways and sufficient development work and planning has been carried out it will be

possible for the projects to prepare a more detailed bottom-up indirect cost estimate.

Date of response to RAPID	16-12-22
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