

Gate two query process

Strategic solution(s)	Minworth
Query number	MIN003
Date sent to company	30/11/2022
Response due by	02/12/2022

Query

Discreteness assessment:

1. On page 20 in Annex E1, you set out your approach to assessing discreteness and state that only projects scoring at least ten points are considered sufficiently discrete for the purpose of DPC delivery. Please explain the rationale for the ten point threshold you have applied.
2. You have determined the new tertiary treatment plant as less suitable for DPC. Where you have scored low or medium, please explain how you have considered whether any issues raised could be resolved through using different commercial models/arrangements e.g. DBFM versus DBFOM etc.

Interaction between planning and DPC processes

3. In section 5.3.4 of Annex E1 you set out a range of scenarios for the interaction of the planning processes with procurement. Please confirm which scenario you are working towards and that it aligns with the project level plan in figure 7-1 of the main submission document.
4. The diagrams in section 5.3.4 do not show dates. Please explain how the scenarios in section 5.3.4 relate to the project level plan in figure 7-1 of the main submission document

Market engagement

5. Please confirm the market engagement, if any, that has taken place to date and the outcome of this engagement (both with the supply chain and investors/lenders). Please provide a high-level market engagement plan for the future.

Solution owner response

Q1: On page 20 in Annex E1, you set out your approach to assessing discreteness and state that only projects scoring at least ten points are considered sufficiently discrete for the purpose of DPC delivery. Please explain the rationale for the ten point threshold you have applied.

A1: In footnote 15 included at the bottom of Page 21 of Annex E1, there is a brief explanation of the rationale used in the discreteness test. This states “10 points represents a “High” assessment in at least 2 of the 6 categories or “Medium” assessment in 4 of the 6 categories, suggesting a basis for contracting with a CAP”. Each of the six discreteness categories listed in Table 9 of Page 20 have been scored as follows:

High = 3 Points

Medium = 2 Points

Low = 1 Point

Therefore, the maximum score is 18 and the lowest score is 6. This rationale means that a score of ‘low’ in a single item does not default to DPC not being applicable.

Q2: You have determined the new tertiary treatment plant as less suitable for DPC. Where you have scored low or medium, please explain how you have considered whether any issues raised could be resolved through using different commercial models/arrangements e.g. DBFM versus DBFOM etc.

A2: As set out in answer to Q1, our scoring approach means that an option is not ruled out for a score of low or medium in an individual category within the discreteness test. We have focused on the overall score for this test as required. As Severn Trent Water will be carrying out O&M in close proximity to the existing assets, there are likely to be significant efficiency savings from combining the O&M of new assets with existing operations, making a DBFOM

approach less attractive. However, equally, the nature of the site and the works makes third party construction and ownership problematic as identified in the scoring, meaning DBFM remains unattractive. In addition, there is reliance between the existing assets and the new tertiary treatment plant to meet any performance criteria. We have considered other commercial models in Section 7.44 of the Gate 2 Report.

Q3: In section 5.3.4 of Annex E1 you set out a range of scenarios for the interaction of the planning processes with procurement. Please confirm which scenario you are working towards and that it aligns with the project level plan in figure 7-1 of the main submission document.

A3: Section 5.3.4 of Annex E1 gives the detail of the various planning routes and how they align with the DPC process. We have outlined the preferred consenting route in Section 7, Paragraphs 7.18 to 7.27. For Minworth to support GUC, whilst the new works at Minworth do not automatically meet the NSIP criteria by themselves, meaning a standalone DCO application cannot be made. They can however, be considered as “Associated Development” to the GUC DCO application. In this scenario we have assumed the DCO consenting route as associated development to the GUC DCO consenting route and this is reflected in our project plan for this element of the project.

For Minworth to support STT, the proposed works (tertiary treatment and pipeline) does meet the NSIP criteria given the larger scope of works which is inclusive of a 31km pipeline. Therefore, we have assumed the DCO consenting route is applicable in this scenario and this is reflected in our project plan for this element of the project.

Q4: The diagrams in section 5.3.4 do not show dates. Please explain how the scenarios in section 5.3.4 relate to the project level plan in figure 7-1 of the main submission document

A4: Firstly, it is important to stress that our project level plan, Figure 7.1, aligns precisely with that of the GUC SRO, as GUC will be leading the GUC DCO, with Minworth being considered as Associated Development.

The c36 month DCO process will commence at G2, with a proposed DCO submission date of Q3 2025. In terms of the TCPA route, in our Gate 2 submission we state that there is an opportunity to shorten the planning and consenting timeline should a Town and Country Planning Act (TCPA) route prove to be viable, and that investigations are ongoing into this possibility.

In Annex E1 section 5.3.4 we give a range of potential durations for the TCPA process. We will continue to review these opportunities (particularly with a

potential to reduce cost), however due to the current status of project development it is currently difficult to prescribe dates to these scenarios.

Please note that DCO is the preferred planning and consenting route for Minworth SRO (as Associated Development to the GUC SRO DCO). A shorter timeline could be achieved via a TCPA route, however that is not the preferred route at this stage.

Q5: Please confirm the market engagement, if any, that has taken place to date and the outcome of this engagement (both with the supply chain and investors/lenders). Please provide a high-level market engagement plan for the future.

A5: Firstly, it should be noted that all Minworth treatment requirements to support the GUC SRO are not deemed suitable for DPC and therefore no market engagement was conducted.

At this stage we can also confirm that STW has undertaken no market engagement in terms of the STT pipeline, due to the current WRSE requirement date of 2060 for Minworth to support STT SRO (to be confirmed at the December 2023 mid-gate checkpoint).

When the timescales for delivery are clarified we will be working closely with the STT SRO team to align programmes and would propose to utilise the strategy already defined by STT. The STT SRO market engagement plan is included within the procurement annex as part of their Gate 2 submission but for completeness is appended as Table 1, below (this is an extract from the STT SRO Gate 2 submission).

Table 1: Indicative Market Engagement Plan

Item	Market Engagement Plan	Activity
1	Early Market Engagement	<ul style="list-style-type: none"> Market announcement Press coverage of proposed activity High level market event
2	Open day market engagement event	<ul style="list-style-type: none"> Introducing the Interconnector Project Procurement approach Q&A
3	Follow up Market Engagement Event for interested parties	<ul style="list-style-type: none"> Project overview and update Procurement approach Contract considerations Financial and funding Construction and operations
4	PIN	<ul style="list-style-type: none"> Notification of Tender Release to the Market Update Procurement Timeline in line with progress
5	Design, construction, operations and maintenance event	<ul style="list-style-type: none"> Initial design Constructability review Planning and environment Operation and maintenance Q&A
6	Opportunity for 1:1 sessions / discussion	<ul style="list-style-type: none"> Leave open for 1:1 session's following up from Q&A / Questionnaire
7	Commercial update	<ul style="list-style-type: none"> Procurement Financing / Payment mechanism Risk allocation ITA Defects
8	Procurement Commences	<ul style="list-style-type: none"> Formal Communication through the Tender Process from this point Forward

Date of response to RAPID	02/12/22
Strategic solution contact / responsible person	<div style="background-color: black; width: 100%; height: 20px; margin-bottom: 5px;"></div> minworth@severntrent.co.uk

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