

- How the upgrade will be paid for

Funding

The costs of designing, building and running the Deephams Sewage Works Upgrade will be paid for by our 14 million customers.

As with all the costs of providing high-quality tap water for our customers and removing and treating their sewage, the cost of the upgrade will be reflected in our customers' bills. Similar upgrades to our other sewage works in London have also been funded in this way.

At this early stage of development, it is difficult to say exactly how much the upgrade will cost, but we estimate it will be £300-400m and this would mean that our customers' bills may increase to pay for the upgrade. This is our latest estimate and may change as we continue the detailed planning work for the upgrade.

Customer bills and how much they change each year are set by our economic regulator Ofwat. Ofwat's role is to make sure that water and sewerage companies provide customers with good standards of service and customers' bills represent value for money.

Every five years, we have to submit our plans to Ofwat for how we will meet the needs of our customers and our legal obligations and how we maintain and improve the levels of service we provide.



Ofwat looks in detail at these plans to make sure that customers only pay for the work and improvements that are necessary. Ofwat then decides how customers' bills will change over the following five years. This process is known as the Price Review.

At the last Price Review in 2009, Ofwat allowed us the necessary funding for the preparation and early construction work for the Deephams Sewage Works Upgrade.

Following the two phases of public consultation and after we have completed the design work and submitted an application for permission to build the upgrade, we will ask Ofwat for the rest of the necessary funding at the next Price Review, which concludes at the end of 2014.

If Ofwat allow us the funding, our customers will begin paying for the upgrade in 2015. The costs will be spread across many years to make sure price rises are kept to an absolute minimum.