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WATER RESOURCES MANAGEMENT PLAN  
ANNUAL REVIEW 2025

**Response to Joint Regulators Feedback**

December 2025

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# 1 INTRODUCTION

## 1.1 Background

The Water Act 2003 places a duty on all water companies to prepare an updated Water Resources Management Plan (WRMP) every five years. As part of the WRMP process, it is a statutory requirement to review progress against the Plan and report it to the Secretary of State (SoS) in an Annual Review.

Our current WRMP is our WRMP 2024 ('WRMP24') which was published in October 2024. Our Annual Review 2025 (AR25) was submitted to our Joint Regulators (Defra, Ofwat and Environment Agency) in June 2025 and it sets out our performance for 2024-25 in comparison to our forecast position for the same year in our WRMP24.

On the 23<sup>rd</sup> October 2025 the Department for Environment Food & Rural Affairs (Defra) wrote to us jointly with the Environment Agency and Ofwat ('the Regulators'). This letter recognised the issues and challenges that we have faced regarding our supply in a dry year scenario and our progress in delivering demand reduction. It also highlighted ongoing concerns about our risk of supply.

We responded to the letter on the 24<sup>th</sup> November 2025 and held a meeting with the Joint Regulators on the 28<sup>th</sup> November to address their concerns around Leakage, PCC and Headroom Allowance.

This document provides our response to the Regulators concerns around the Supply Demand Balance (SDB) and what we have done to address it. This includes an update to our WRMP24 tables and a subsequent update to our AR25 to reflect these changes and to provide reassurance to the Regulators that there are no concerns about our risk to supply.

## 1.2 SDB Issues and actions raised in the Regulators letter

The Regulators are concerned that despite reporting an outturn SDB of zero in our supply area, uplifted data under a 1-in-200 year drought scenario indicates that we would have faced a supply deficit across both Dry Year Annual Average (DYAA) and Dry Year Critical Period (DYCP) conditions.

For DYAA this was reported as a deficit of -12.2 Ml/d against a WRMP24 forecast of -2.74 Ml/d, and for DYCP, this was reported as a supply deficit of -3.49 Ml/d against a WRMP24 forecast of 7.51 Ml/d. This is an improvement on the position reported in AR24, but there is concern that we are not meeting our WRMP24 baseline forecast starting position under either scenario.

Within our AR25 we accounted for a theoretical 'best endeavours' 30 Ml/d transfer to Southern Water. However, we acknowledged that the full planned export volume would not be possible in the hypothetical scenario that 2024/25 had been a 1-in-200 dry year. The Regulators are concerned that our WRMP24 planning assumptions overstate our ability to provide bulk supply exports to Southern Water in a dry year, which could present challenges to Southern Water whilst they are developing their own WRMP.

The Regulators asked us to:

- Review and update WRMP24 planning assumptions related to bulk supplies and revise our WRMP24 accordingly if required. These assumptions should reflect guaranteed volumes and contractual obligations rather than the current best-case estimates.
- Work with Southern Water and the Regulators to discuss any changes to Portsmouth Water's WRMP and impact on planned exports, to ensure alignment and clarity from both water companies.
- Submit updated WRMP tables with a detailed narrative to explain the proposed changes and impact on the plan, for review and discussion with the Regulators.

Following further discussions with the Environment Agency, it was also agreed that we would update the Annual Review 25 narrative and the data tables to reflect updated bulk supply assumptions within the updated WRMP24.

### **1.3 Response to the supply demand balance issue**

We discussed our existing bulk supply assumptions with Southern Water on 7<sup>th</sup> November 2025 and this has identified that Southern Water would require less than 30 MI/d of bulk supplies from Portsmouth Water during AMP8 (Asset Management Period 8) in the event of the design drought.

On the 12<sup>th</sup> November 2025 we held a meeting with the Environment Agency to discuss a proposal to adjust the narrative within our WRMP AR25, to demonstrate a surplus in the supply demand balance across Portsmouth Water and Southern Water supply zones. However, the Environment Agency identified that, in addition to adjusting the AR25 narrative, we must update our AR25 tables and WRMP24 tables to reflect updated bulk supply assumptions.

Due to the work required, we requested an extension to the original date with the Joint Regulator letter of 24<sup>th</sup> November and were given a new deadline of 17<sup>th</sup> December 2025 to deliver this work with due assurance.

The documents provided to address the Regulators concerns are described in the following sections. In summary, we have provided:

- Technical Note: Southern Water and Portsmouth Water Common Understanding on Bulk Supplies
- Updated WRMP24 tables
- Annual Review 2025 – Updated December 2025 (Narrative and Data Tables)

#### **1.1.1 Technical Note: Southern Water and Portsmouth Water Common Understanding on Bulk Supplies**

This technical note forms part of our response to Annex 1 (Supply-Demand Balance (SDB) of the Joint Regulators' letter, dated 23 October 2025). It is referred to as a 'Common Understanding' because the contents have been reviewed by Southern Water to ensure alignment with its own assumptions.

The technical note provides details on the review of Southern Water requirements and justification for the subsequent adjustments to our WRMP24 and Annual Review 25 data tables:

- Section 1.3 sets out our bulk supply assumptions and reported Dry Year SDBs in our AR25.
- Section 1.4 sets out Southern Waters bulk supply assumptions and reported Dry Year SDBs in their AR25.
- Section 1.5 sets out the amendments to our AR25 submission.
- Section 1.6 identifies Southern Water's bulk supply requirements for 2025-26 to 2034-35.
- Section 1.7 sets out the adjustments to our WRMP24 tables.

This technical note is provided separately and has also been included as an additional appendix in the updated Annual Review 25.

In summary, Southern Water provided data that showed that their forecast minimum import requirement to ensure a supply demand balance in it's associated zones was significantly lower than the assumed theoretical maximum that we used in our AR25. We have therefore agreed a bulk supply profile which replaces our previous profile of 30 MI/d each year throughout AMP8.

The table below shows the minimum import to SWS, our revised bulk supply export profile for our WRMP24, our resulting WRMP24 SDB, and the variation from our previous SDB.

Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31 Onwards
Minimum Annual Average Import to SWS (MI/d)	6.80	4.62	1.80	0	0	27.44
PW Updated Bulk Supply Exports to Southern Water in WRMP24 (MI/d)	15	15	20	25	30	30
Updated WRMP24 Supply Demand Balance (MI/d)	15	15.16	11.93	10.54	8.99	6.82
Variance from previous WRMP24 SDB (MI/d)	+15	+15	+10	+5	0	0

Table 1: Updated bulk supply export amounts for WRMP24 and resulting supply demand balance (annual average)

Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31 Onwards
Minimum Annual Average Import to SWS (MI/d)	0	0	0	0	0	15
PW Updated Bulk Supply Exports to Southern Water in WRMP24 (MI/d)	15	15	20	25	30	30
Updated WRMP24 Supply Demand Balance (MI/d)	24.11	24.90	21.42	20.08	18.70	24.70
Variance from previous WRMP24 SDB (MI/d)	+15	+15	+10	+5	0	0

Table 2: Updated bulk supply export amounts for WRMP24 and resulting supply demand balance (critical period)

The updated changes will:

- Provide Southern Water with more than enough water to cover their requirements in a 1 in 200 year drought scenario as stated in the section above throughout AMP8 and beyond.
- Support a positive supply demand balance in both the Southern Water and Portsmouth Water Annual Reviews.
- Continue to ensure that we deliver on our action plans for the other components of our water balance in preparation for potentially needing to export the full 30 MI/d by the start of AMP9 in a 1 in 200 year scenario.

Please note: These volumes are predicated on there being no further changes to Southern Water’s final draft WRMP24 and/or Portsmouth Water’s published WRMP24. The forecasted numbers recorded at this stage may not hold if either company is required to make further changes to its submitted WRMP24 tables.

### 2.1.1 Updated WRMP24 Tables

To implement the updated bulk supply profiles within our WRMP24 tables we have made changes to the ‘PWSPRT’ spreadsheet tab. There is no update to the ‘5. Options Benefits’ tab as the split of the bulk supply to the two Southern Water zones is not material to our WRMP24 as we operate as a single water resource zone.

We are not proposing to make changes to our WRMP24 report and appendices associated with the bulk supply adjustments, as they are not considered to have a material impact on our plan. Furthermore, we are not proposing any other changes to our WRMP24 report and tables, e.g. demand management options.

To clarify, the difference between our existing WRMP24 and updated WRMP24 tables will be:

- The aforementioned changes (Tables 1 and 2) to the bulk supply exports to Southern Water
- The resulting SDB in the updated WRMP24 tables for AMP8, AMP9 and beyond SDB has not changed.

WRMP24 will remain our most ambitious and collaborative plan yet. It will increase our resilience to increasingly severe drought events, while reducing our reliance and impact on the chalk-based environment that characterises our supply area.

### 3.1.1 Annual Review 2025 – Updated December 2025 (Narrative and Data Tables)

This document supersedes the original AR25 submitted in June 2025 and has been altered to reflect the revised assumptions in the WRMP24.

All changes have been highlighted yellow for ease of review. No other changes have been made such as action plan progress updates, as these have been addressed in our response letter on the 24<sup>th</sup> November, as well as during the Joint Regulator meeting on the 28<sup>th</sup> November.

The narrative and values associated with the amended bulk supply assumptions have been changed in the following sections:

- Section 2.1 Supply Side summary
- Section 2.6.2 Bulk Supplies to Southern Water
- Section 2.7 Supply-side Conclusions
- Section 5.2 Adjusted Outturn Supply Demand Balance against our WRMP24
- Section 6 Forward Look and Conclusions
- Appendix A: DYAA Adjusted Data – Annual Average & Critical Period
- Appendix C: Action plan table updates (Bulk Supply related action only)
- Appendix D: WRMP19 Supply demand balance components

The overall conclusion is that the SDB has shifted from deficit in the June Annual Review 25, to a surplus in the December AR25. The supply demand balance now suggests that if 2024-25 had experienced a prolonged period of dry weather equivalent to a 1 in 200 year event, there was no risk to supply for our customers or to the bulk supplies to Southern Water.

The ‘waterfall’ figures below demonstrate the key differences between our updated adjusted outturn performance and our updated WRMP24. Despite being in surplus, we are still below where we forecast in the WRMP24, and recognise that we need to continue progressing with our action plans to bring us in line with WRMP24.

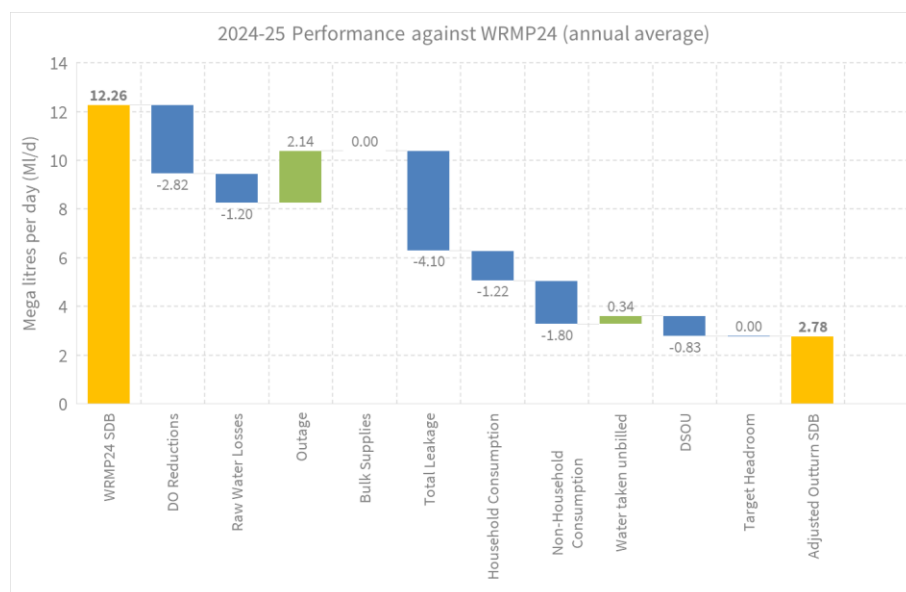


Figure A: 2024-25 Performance compared against updated WRMP24 (Annual Average)

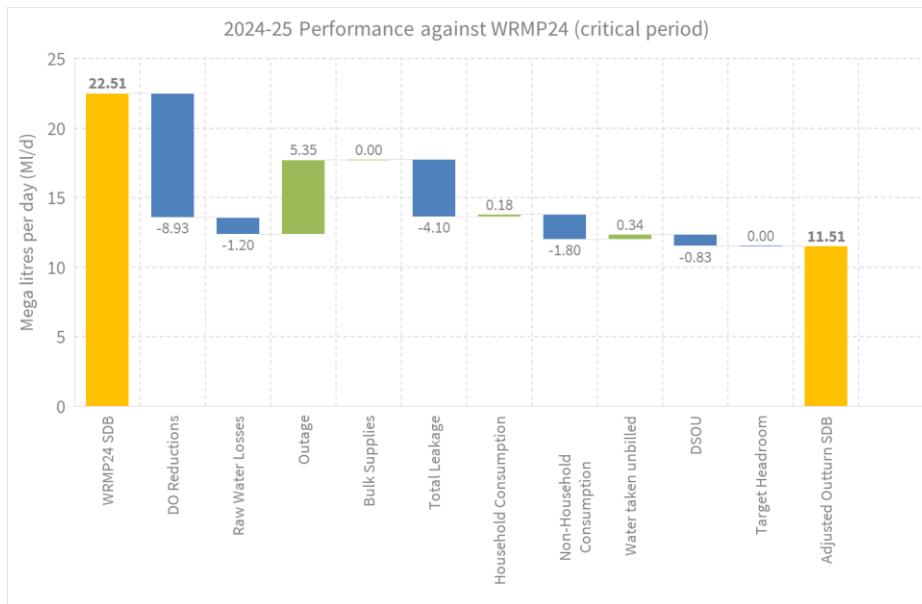


Figure B: 2024-25 Performance compared against updated WRMP24 (Critical Period)

The updated Annual Review has been provided separately to this document and contains the updated Data Tables as an Appendix however these are also provided in Excel Format.

### **Difference between June AR25 and December AR25**

For clarity, the table below sets out the differences between the June AR25 and the December AR25 data tables. The Southern Water bulk supplies are combined with the NAVs in the data tables, and so have also been shown here. The NAV exports account for 2.09 ML/d of the total.

Table 3: Differences between June AR25 and December AR25

	June AR25		December AR25		Variance	
	Annual Average	Critical Period	Annual Average	Critical Period	Annual Average	Critical Period
<b>External Potable water exported (SWS and NAVs)</b>	32.09	32.09	17.09	17.09	-15	-15
<b>Supply Demand Balance</b>	-12.22	-3.49	2.78	11.51	+15	+15

## **1.4 Next Steps**

We have now updated our WRMP24 tables and AR25 narrative and tables. This will ensure that our future Annual Reviews reflect these changes and provide an accurately represented dry year supply demand balance.