

Date: 14th November 2008

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Dear

Development of Scottish Water's "Strategic Asset Capacity and Development Plan"

We are writing to you to request feedback on the attached discussion paper. Your organisation has been identified as potentially having an interest in the development of Scottish Water's "Strategic Asset Capacity and Development Plan" (SACDP). This Plan is published annually by Scottish Water and contains information on network capacity and future development plans.

Currently, the SACDP provides prospective users of the water and wastewater networks with relatively limited information which is focussed on the availability of strategic network capacity at water and wastewater treatment works and the plans for future network development. The existing SACDP has primarily been targeted at Developers who are interested in the capability of the network to accept additional connections.

With the development of the competitive framework in the water industry in Scotland, the Water Industry Commission has identified a requirement for more information provision through the SACDP. In particular, the Commission has identified that those wishing to assess the scope for "Section 29E" opportunities, where operating costs or capital expenditure by Scottish Water can be avoided or deferred, require better information on assets, network costs and future investment proposals. We have therefore developed a proposal to extend the format of the SACDP to include a far wider range of network information including asset related data, cost information and the timescales and impact of future development plans.

The attached documents describe the proposed changes to the SACDP in more detail. Along with a discussion document which describes the proposed changes, we have included a general description of the Section 29E process, a set of Tables showing the additional information and a set of definitions for these tables.

We would very much welcome feedback from your organisation on whether the proposed revisions to the SACDP will meet the needs of potential Section 29E applicants. We have provided a set of questions at the end of the Discussion document which highlight specific areas

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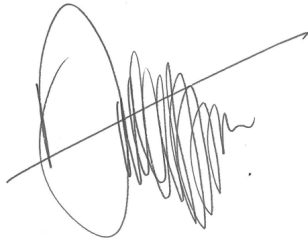
Email enquiries@watercommission.co.uk

Web www.watercommission.co.uk

of interest. However, we would also welcome any general feedback on the information requirements to assist with Section 29E applications.

Responses are required by Monday 8th December 2008. If you would like to discuss any issues raised by the discussion document then please contact myself, Dr David Tyler, on 01786 430200.

Yours sincerely



Dr. David Tyler
Senior Engineer
Water Industry Commission

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