



Dear Stella,

Thames Water announced this week that its owners are making a £300m contribution to enable a major overhaul of London's largely Victorian water supply network. Their investment unlocks a further £300m already provisionally included in the company's spending plans for 2020-2025 and will improve service by accelerating work to reduce leaks and bursts.

I know that the impact on your constituents of the flooding in July continues to be of considerable concern. The additional funding to improve our water supply network will address longstanding issues, like leaks and bursts, and has been agreed through a regulatory process that ringfences the investment for that purpose alone. The independent review we are currently commissioning into the performance of our assets during the flooding will help inform our future investment in London's wastewater network.

Hundreds of kilometres of water mains will be upgraded with the additional funding we have announced. This will include trunk mains which carry drinking water from treatment sites and reservoirs across London, and smaller distribution pipes which transfer water to millions of homes and businesses. There will also be investment to stop spikes in pressure within the pipes that can increase the risk of bursts.

Cast iron pipes, many of which date back more than 100 years, will be relined or replaced with more durable plastic ones using innovative technology to keep disruption to a minimum. The upgrades will begin in 2022.

London's pipes are more prone to leaks and bursts than in most other places in the UK due to the fact the majority (89%) are made of cast iron, which is susceptible to corrosion. There are also an average of 175 properties fed from each kilometre of pipework – two and half times the UK average – increasing the risk of weak points developing and leading to leaks and bursts.

Our owners are mainly pension funds who all take a long-term view of the company's infrastructure, customers, and the natural environment. They recognise the need for additional investment in London and are enabling significant expenditure over and above that allowed under the regulatory price control. They have not taken a dividend for four years to prioritise investment in improving service for customers and to protect the environment.

The investment has been approved by regulator Ofwat outside of the standard water industry five-year business planning cycle through a gated governance structure. Alongside other programmes, it will increase Thames Water's total investment in improving service over the period 2020-25 to £10.7 billion. Having now passed through the first gate of the process, plans are being drawn up ahead of gate two at the end of this year, which will map out which parts of London's vast pipe network will benefit from the funding, based on risk and previous bursts or repeated leaks.

We will communicate further details of our plans, including the locations of the investment, after the investment has passed gate two at the end of this year. In the meantime, I would be very

happy to answer any questions that you have on our plans. Our North London Government Liaison Mike Benke would be happy to liaise with your office to arrange a suitable time for a call.

Yours sincerely,

George Mayhew

Corporate Affairs Director