



Portsmouth Water Ltd

**Developer Services
Charging Arrangements 2018-19**

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1.0 Introduction

This booklet contains details of Portsmouth Water's Developer Services Charges Scheme (the Charging Arrangements) for 2018-19. These charges come into effect on 1 April 2018.

These Charging Arrangements are published under the provisions of the Water Services Regulation Authority's (Ofwat) 'Charging Rules for New Connection Services' (August 2017). Ofwat's new charging rules apply to water and waste connections for domestic purposes that are made by water companies operating wholly or mainly in England. In this context "Connection Services" include providing water mains, connections to individual properties and diversions of water mains that need to be moved.

A copy of the "Charging Rules for New Connection Services" is available at:

<https://www.ofwat.gov.uk/publication/charging-rules-new-connection-services-english-undertakers/>

During December 2017 we consulted with Developers, New Appointments and Variations (NAV) and Self Lay Providers (SLP) on our proposed Charging Arrangements. Our consultation included a 'Developer Customer Forum' where we presented our proposals to stakeholders. The feedback we received was considered before finalising our proposals in these Charging Arrangements.

Please note that the term 'Developer Customer' throughout this booklet refers to Developers and builders, individuals wishing to connect, or re-connect, existing or developed properties to our water network and Companies that provide infrastructure for developers e.g. SLP and NAV. Following the opening of the non-household retail market, this may also include retailers requesting on behalf of their non-household customer.

Our Charging Arrangements have considered the four overarching principles outlined by Ofwat:

1. Stable and predictable charges;
2. Transparent and customer focused charging;
3. Fairness and affordability;
4. Environmental protection.

Each principle has equal importance, and needs to be balanced between Developer Customers and other customers and promote effective competition.

We consider that these rules present an opportunity to make a step change in the approach to charging, which will promote clearer and more transparent charges for Developer Services. In turn, this will allow direct comparison of the costs for contestable activity, thereby promoting efficient competition. We are also encouraged by the opportunities that the new charges present, to promote sustainability and water efficiency.

Water UK identified a risk, with companies implementing these new rules, that could lead to diverse interpretations of the rules, and that regional developers could encounter a confusing mix of terminology, charge structures, and processes. To address this concern, Water UK have published a guidance document with the aim of minimising any unnecessary differences in approach across the industry.

In creating the guidance document, Water UK has engaged with sector stakeholders, including Defra, the Consumer Council for Water, Fair Water Connections, the House Builders Association and the House Builders Federation.

Portsmouth Water has produced its Charging Arrangements in line with the principles set out in the Water UK guidance document, including the use of the Water UK template to set out Developer Charges.

Our overall objective, in line with Ofwat guidance, is to maintain the present balance of charges between Developer Customers and other customers.

2.0 Competition

We recognise that the market for new infrastructure is open to competition. Portsmouth Water provides an equivalent service to all of our customers; Developers, New Appointments and Variations (NAV), Self Lay Providers (SLP) and Retailers requesting on behalf of their non-household customer. These Charging Arrangements are relevant to all parties and they aim to be reasonable and fair to all.

The options for the delivery and or ownership of our water assets are as follows:

- Installation of water supply connections - the developer can select an SLP, NAV, or Portsmouth Water;
- Operation of connections assets – developers and SLP's can choose a NAV or Portsmouth Water to take over and operate networks.

The services over which there is competition are referred to as “contestable”. There are some services, such as those linked to the security of water supply that can only be provided by Portsmouth Water. These are referred to as “non-contestable services”. Non-contestable services are defined in Appendix B.

For further details about competition in the connections market please refer to:

<https://www.ofwat.gov.uk/regulated-companies/markets/connections-market>

Further guidance on the NAV market is available at:

<https://www.ofwat.gov.uk/regulated-companies/markets/nav-market/>

Details of current NAVs can be found at:

<http://www.ofwat.gov.uk/publication/register-of-new-appointments-and-variations-granted-to-date/>

3.0 Basis of Charges

3.1 Defining Infrastructure

Where we provide new connections, or reinforce network assets because of new development, we will recover the cost using two distinct charges:

3.2 Site Specific charges

Site Specific charges will be payable for all work carried out by us on the development site and up to a defined point of connection to the existing water company network. These charges cover the cost of Site Specific work to provide any new pipework needed to connect the new houses to the nearest practical point on the existing network – and where the diameter of the new connecting pipework is no larger than the diameter of the company’s existing network. The costs of these works will be recovered, in full, from the Developer Customer that requested the works.

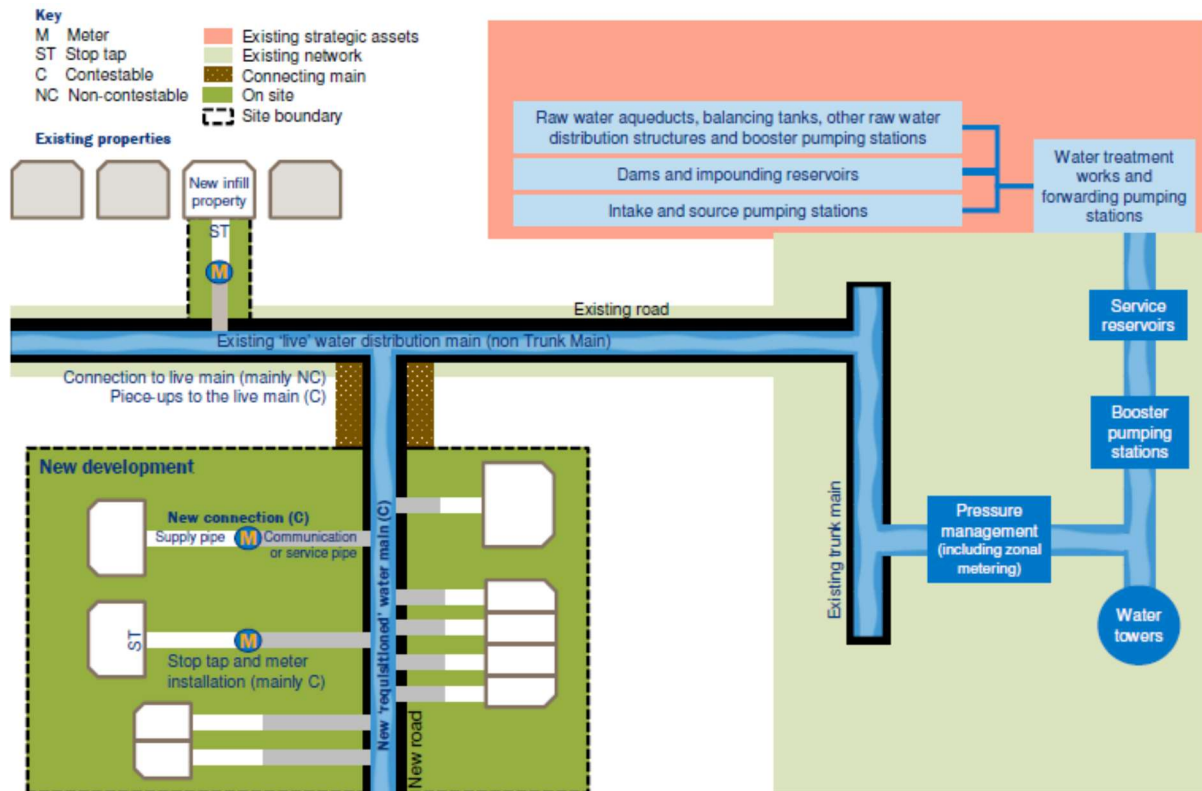
3.3 Network Reinforcement charges

Network Reinforcement to provide for new development will be delivered by us with the cost recovered through a new approach to Infrastructure Charges. Reinforcement includes upgrades to the existing network and can also include upsizing works which the water company agrees should be provided to cater for other likely new connections.

The following diagram shows who pays for what in relation to water connections services. The diagram is annotated as follows:

Colour	Infrastructure	Who pays and how
Dark green and brown shaded area	Site Specific work to connect the development to an appropriate point on the existing network	Developer or SLP customer through Site Specific charges
Light green shaded area	Network reinforcement – upgrades and increased capacity of existing network in consequence of new growth	Developers through the New Infrastructure Charge
Pink shaded area	New resources and treatment assets	Water company through 5-year (AMP) investment plan

Figure 1: Typical connections work, and the location of existing water assets



Whilst the above example will operate in the majority of connections scenarios, some complex connection projects will involve a mixture of Site Specific work and Network Reinforcement. In these complex cases, we will apply the following charge cap to ensure that the Site Specific charge remains reflective of Ofwat’s rules.

3.4 Site Specific charge cap

Where we wish to specify a point of connection which is different from the nearest practical point referred to above, or we agree with the applicant on an alternative point of connection, the charge for Site Specific Work will be capped. The cap will be equal to the lowest Site Specific charge that would otherwise result from connecting at the nearest practical point on the existing network where the connecting pipework is of a nominal bore internal diameter no larger than that of our existing network.

4.0 Service Connection Charge

Our Service Connection Charges are outlined in the Cost Schedule. All charges associated with new service connections are fixed. There will be no “exceptional circumstances” that apply to our service connection charges.

These charges have been built up using an activity based costing approach using our term contractor, who was selected following a competitive tender process. Materials and the recovery of reasonable management overheads is included in our rates for service connection charges.

There are a number of activities associated with Service Connections that are contestable. We have included fixed application, administration and inspection fees associated where those activities are undertaken by a SLP. Non-contestable activities are outlined in Appendix B.

A water meter will be installed on new connections in accordance with Portsmouth Water’s supply agreement. The water meter remains the property of Portsmouth Water’s wholesale business. Where a water meter has been installed the measured tariff will apply - except where it has been installed for check purposes only in accordance with Portsmouth Water’s policy at the time and a customer has been previously notified of this in writing.

5.0 Requisition Charges

Our requisition charges have been built up using an activity based costing approach using our term contractor, who was selected following a competitive tender process. Materials and the recovery of reasonable management overheads is included in our rates for service connection charges. They will **not** include any amounts for network reinforcement costs.

There are a number of activities associated with mains requisitions that are contestable. We have also published fixed application, administration and inspection fees associated where those activities are undertaken by a SLP. Non-contestable activities are outlined in Appendix B.

Some requisition work is affected by third party influences or other factors beyond our control, and in these circumstances, our published fixed upfront charges may not be appropriate. In these rare cases, we will provide a bespoke estimate. Appendix C sets out the circumstances under which a bespoke estimate may be appropriate.

There may be occasions when a Developer Customer requisitions a main for a new development and we decide to upsize the asset to take account of future growth. Any costs associated with the upsizing, over and above that required for the mains requisition, will be borne by us.

6.0 Income Offsets and Asset Payments

Sections 42-43A, 99-100A and 51C of the WIA91 set out the methods for calculating requisition charges and asset payments. They allow for the income that will be generated (from the new properties being connected to the water network as a result of the new water mains) to be offset against the costs reasonably incurred in providing that infrastructure.

Portsmouth Water has previously applied this approach and used a Discounted Aggregate Deficit (DAD) calculation in line with the Water Industry Act provision.

We continue to support the principle of allowing some form of Income Offset (or Asset Payment to SLPs) which recognises the future incremental revenue receivable as a result of new properties being connected to our network. However, in order to simplify the current arrangements and increase transparency we will calculate this as follows;

- For large developments, with new mains costing over £100,000, we will continue to calculate the Income Offset or Asset Payment using the DAD methodology. For the avoidance of doubt the Income Offset and Asset payment will be calculated using the same methodology in order to ensure that there is a level playing field in respect of charging for any contestable works.
- For all other developments the Income Offset will be set at 70% of the cost of the relevant new mains. This means that Developer Customers will contribute 30% of the cost where Portsmouth Water carries out the work and Portsmouth water will pay 70% of the cost where a SLP undertakes the works. The 70% Income Offset level has been set based on the historic average of Income Offset made against previous schemes under the DAD calculation.

We believe that this approach provides stability, predictability and transparency. It should be noted that from 2020 onwards changes in Ofwat's charging rules means that an Income Offset or Asset Payment will no longer be provided.

7.0 Infrastructure Charges

Infrastructure charges were originally established to enable companies to invest in general improvements in their existing network needed to meet increasing demand from new customers. Charged separately for water and sewerage services, they are payable when connecting a property to a public water supply or a public sewer for the first time for domestic purposes.

The Company is entitled to raise infrastructure charges under section 146 of the WIA91. Condition C of our licence sets out how the charges are calculated. Prior to the implementation of the new Ofwat charging rules, this was based on a standard charge that rose annually with inflation. As a standard charge, infrastructure charges did not relate directly to the actual costs of a specific scheme of works

The changes required to implement the new Ofwat charging rules, which come into force on 1 April 2018, mean that the infrastructure charges will change from being a fixed sum for each new connection based on a maximum value set by Ofwat, to a charge based on the costs incurred by the water company in providing offsite reinforcement works on a 5 year rolling basis.

The Company has determined its infrastructure charges in accordance with the principle that such charges will, over a rolling five year period, cover expenditure on network reinforcement driven by new development and growth. This will ensure that the infrastructure charges will be cost-reflective and increase the clarity and transparency of charges. In practical terms this means that infrastructure charges may vary from year to year depending on the network reinforcement activity required in any 5 year rolling period.

This, together with the requirements that the current balance of charges between customers and developers is broadly maintained, ensures that developers will be protected. Specifically we have looked at the proposed development in our area over the next five years and established where additional capacity is required to ensure we can supply these new developments.

We consider that the Company area is one discrete zone as we generally consider we can move any volume of water around our network without significant issue. This means we will only have one infrastructure charge for the Company as a whole.

The derivation of the infrastructure charge for 2018/19 is based on our estimate of the capital cost associated with infrastructure to meet new development over the next five years. It includes, for example, a scheme in the East to enable new connections in the Barnham area, a scheme in the central part of the region to supplement flows in the Farlington zone and a scheme in the West to meet additional demands at Knowle Village.

This capital sum is assumed to be recovered over each new connection over a five year rolling period.

This establishes the value of £329 for 2018/19 and will be reviewed on an annual basis given the actual capital requirements and actual connections activity.

The water infrastructure charge payable on a standard domestic property (i.e. a separately billed house, flat or separate unit) requiring a 25mm (0.75") service connection will be the standard water infrastructure charge. For multiple occupancy domestic properties or non-domestic properties requiring a service connection greater than 25mm (0.75"), a Relevant Multiplier will be calculated based upon the number of water fittings and their related loading units where provided.

To calculate the Relevant Multiplier:

- i) ascertain the total number of water fittings in all the categories specified in Column 1 of the following table
- ii) calculate by reference to Column 2 of the table the aggregate loading units attributable to that total number of water fittings
- iii) divide the aggregate loading units by 24.

Column 1 Water Fitting (note 1)	Column 2 Loading Units
WC flushing cistern	2.0
Wash basin in a house	1.5
Wash basin elsewhere	3.0
Bath (tap nominal size 20mm) (0.75") (see note 2)	10.0
Bath (tap nominal size larger than 20mm) (0.75") (see note 2)	22.0
Shower	3.0
Sink (tap nominal size 15mm) (0.50")	3.0
Sink (tap nominal size larger than 15mm) (0.50")	5.0
Spray tap	0.5
Bidet	1.5
Domestic appliance (subject to a minimum of 6 loading units per house) (see notes 3 and 4)	3.0
Communal or commercial appliance (see note 3)	10.0
Any other water fitting or outlet (including a tap, but excluding a urinal or water softener)	3.0

The resulting number will be the Relevant Multiplier and will be applied to the standard water infrastructure charge in order to calculate the amount payable for the relevant connection. If the resulting number is less than 1, the Relevant Multiplier will be 1.

Where no table of loading units is provided but a flow rate is requested. BSEN 806 Part 3 Appendix B shall be used to convert the flow rate to loading units to calculate the Relevant Multiplier. Where a table of loading units is provided but a meter and connection size of higher capacity is requested, BSEN 806 Part 3 Appendix B shall be used to convert the maximum continuous flow of the requested meter size to loading units to calculate the Relevant Multiplier. Alternatively the connection shall be provided with no additional capacity and shall be sized based on the table of loading units provided.

Notes:

1. Reference to any fitting includes reference to any plumbing, outlet, dedicated space or planning or other provision for that fitting.
2. 'Bath' includes a whirlpool bath and a jacuzzi.

3. Domestic appliance' means a water using appliance (including a dishwasher, a washing machine and a waste disposal unit) in a house and 'communal or commercial appliance' means an appliance (including a dishwasher, a washing machine and a waste disposal unit) elsewhere in a house (including communal facilities).

4. In any calculation under charges a minimum of six loading units will be included in respect of each house for domestic appliances (whether or not the house has any such appliances) except, in the case of any house, where neither a washing machine nor a dishwasher can be provided (and there is no plumbing, outlet, dedicated space or planning or other provision for either appliance).

When a site is developed or redeveloped, including by means of conversion of a building or buildings on it, the Company will make an allowance for the water connections removed, where accounts have been paid, on the site at any time in the five year period before the development or redevelopment began in calculating the water infrastructure charge payable.

8.0 Water Efficiency

Anyone building a new home within the UK must comply with Part G of The Building Regulations 2010. These regulations state that any new homes must be built to provide no more than 125 litres of water per head per day.

Portsmouth Water would like to incentivise Developers to build water efficient homes. Therefore, we are proposing that if Developers can provide evidence of intention to build to a level of 100 litres per head per day, or less, we would provide a 50% allowance on infrastructure charges.

To ensure compliance, we will audit developments against the information submitted. We recognise that there are situations where a customer may remove water efficiency fixtures and fittings; therefore, our intention is not to recoup any discounted infrastructure charges if the customer chooses to remove any of the installations. The assessment will be carried out at point of sale only.

9.0 Diversion Charges

Portsmouth Water does not allow building over any water mains or associated apparatus. An existing water main may need to be diverted to a different location due to its proximity to the vicinity of the planned works.

We currently charge diversionary work on a case by case basis, recovering reasonable expenses incurred. Ofwat's charging rules allow the option of upfront fixed charges for mains diversionary work.

We have considered whether we change our current approach to one of upfront fixed charges given that the infrastructure requirements for each diversion could vary substantially. Due to the varied requirements of each diversion, we shall continue to use our case by case approach to determine charges.

We shall only recover the cost reasonably incurred as a result of the diversion works. All or part of the works may be contestable in which case the Developer Customer will be given the opportunity to undertake the works themselves or employ a suitably qualified third party contractor to undertake

those contestable elements.

There may be occasions when a Developer Customer requests a mains diversion and we decide to upsize the asset to take account of future growth. Any costs associated with the upsizing, over and above that required for the mains diversion, will be borne by us.

10.0 Transitional Arrangements

We recognise the transition to our new Charging Arrangements may provide uncertainty for Developer Customers that have committed or are considering, development, based on previous quotations. We have set out below our transitional arrangements that have been developed by Water UK, companies and stakeholders:

- If a quotation is provided and it is still within the validity period of the quotation, then the quotation remains valid if the developer customer wishes to proceed.
- If a legal agreement is already in place, then the terms and conditions contained within that agreement remain valid for the life of the site contained in the agreement. This applies to requisition and infrastructure charges. The connection charge will be on the new charges. Infrastructure charges should have a rate of inflation added to them but they should not be applied under the New Charges scheme.
- If a developer customer applies between the new charges being published (on 1 February 2018) and 1 April 2018, we will send out dual offers and the customer can choose which charges scheme they are quoted on. This provides a period of time between February 2018 and 1st April 2018 to decide whether the customer enters into an agreement with our new charging rules in place or the existing charging rules.
- If a developer customer has applied and paid but no work has started by 1 April 2018, then the customer can have the option to cancel this quotation and request a quote under the new charges.

11.0 Payment terms

With the exception of Infrastructure Charges, all services are generally payable in full in advance.

New service connections may be called off as required and payment will be required in advance of each connection request. This allows Developer Customers to manage cash outflows for large developments with multiple new connections.

Infrastructure charges may either be paid in advance or deferred for payment until the date of connection.

Mains diversion works will generally be payable in full in advance. However, in accordance with *“Measures Necessary where apparatus is effected by major works (diversionary works, a code of practice) New Roads and Street Works Act 1991”* certain organisations may be permitted to pay an up-front deposit with a balance payable on completion.

Any Asset Payments due to Self Lay Providers will be made by Portsmouth Water once the required adoption processes have been completed. Any payment will be made net of relevant charges due to Portsmouth Water and will be subject to a 5%, 12 month retention.

Full details of payment terms are included in our relevant Terms and Conditions and will be provided as part of the application process.

12.0 Schedule of Rates

Service Connection Charges (Non-contestable)

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S45	Application fee - Company Laid Connection (for first connection)	per application	nil	-	-	-	-	-	-	-
S45	Application fee - Company Laid Connection - (each subsequent connection)	per application	nil	-	-	-	-	-	-	-
S45	Application fee - Self- Laid Connection (for first connection)	per application	nil	-	-	-	-	-	-	-
S45	Application fee - Self- Laid Connection (each subsequent connection)	per application	nil	-	-	-	-	-	-	-
S45	Administration fee - Company Laid Connection (for first connection)	per application	nil	-	-	-	-	-	-	-
S45	Administration fee - Company Laid Connection - (each subsequent connection)	per application	nil	-	-	-	-	-	-	-
S45	Administration fee - Self- Laid Connection (for first connection)	per application	nil	-	-	-	-	-	-	-
S45	Administration fee - Self- Laid Connection (each subsequent connection)	per application	nil	-	-	-	-	-	-	-
S45	Service connections less than 63mm on existing mains where the Water Company assess that the condition of the main or the material heightens the risks to existing assets or could affect supplies to existing customers.									
	≤25mm (standard pipe)	per connection		£544	£229	£464	£25	£363	£375	£210
	≤25mm (barrier pipe)	per connection		£559	£229	£479	£25	£378	£390	£225
	32mm (standard pipe)	per connection		£553	£229	£473	£25	£371	£384	£218
	32mm (barrier pipe)	per connection		£571	£229	£491	£25	£390	£402	£236
	50mm (standard pipe)	per connection		£677	£229	£596	£19	£480	£498	£327
	50mm (barrier pipe)	per connection		£761	£229	£680	£19	£564	£582	£411
	63mm (standard pipe)	per connection		£680	£229	£598	£19	£481	£500	£328
	63mm (barrier pipe)	per connection		£756	£229	£674	£19	£557	£576	£404

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S45	Extra metres									
	≤25mm (standard pipe)	per m		£236	£229	£167	£19	£42	£112	£11
	≤25mm (barrier pipe)	per m		£243	£229	£174	£19	£50	£120	£19
	32mm (standard pipe)	per m		£237	£229	£168	£19	£43	£114	£13
	32mm (barrier pipe)	per m		£245	£229	£176	£19	£52	£122	£21
	50mm (standard pipe)	per m		£256	£229	£188	£14	£54	£124	£16
	50mm (barrier pipe)	per m		n/a	n/a	n/a	n/a	n/a	n/a	n/a
	63mm (standard pipe)	per m		£259	£229	£191	£13	£57	£127	£17
	63mm (barrier pipe)	per m		£285	£229	£217	£13	£83	£153	£43
	>63mm (standard pipe)	per m		n/a	n/a	n/a	n/a	n/a	n/a	n/a
	>63mm (barrier pipe)	per m		n/a	n/a	n/a	n/a	n/a	n/a	n/a
S45	Supply meter and / or meter box (only for meter types that necessitate non-contestable delivery)									
	20mm WMMB meter	per meter	£15	-	-	-	-	-	-	-
	20mm SBB meter	per meter	£50	-	-	-	-	-	-	-
	25mm SBB meter	per meter	£369	-	-	-	-	-	-	-
	40mm SBB meter	per meter	£738	-	-	-	-	-	-	-
	50mm SBB meter	per meter	£1,358	-	-	-	-	-	-	-

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S45	Install meter and / or meter box (only for meter types that necessitate that meter installation be carried out by the water company)									
	20mm WMMB meter	per meter	£18	-	-	-	-	-	-	-
	20mm SBB meter	per meter	£293	-	-	-	-	-	-	-
	25mm SBB meter	per meter	£506	-	-	-	-	-	-	-
	40mm SBB meter	per meter	£560	-	-	-	-	-	-	-
	50mm SBB meter	per meter	£560	-	-	-	-	-	-	-
S45	Commission 20mm meter (only for meter types that necessitate that meter commissioning be carried out by the water company)									
	Inspection Fee	per meter	£71	-	-	-	-	-	-	-
	Water sampling and quality analysis	per meter	£60	-	-	-	-	-	-	-
S45	Connection charge for Building Water (where a company's approach to charging for building supply connections differs from their other charges).									
	25mm temporary Building Water supply	per connection		£1,630	£2,545	£997	£1,318	£770	£853	£586
	25mm temporary Building Water disconnection	per connection		£372	£229	£301	£25	£167	£237	£13
S51A	Water Regs Inspection (External) (where company inspects service connections laid by others)									
	Inspection Fee	per inspection	£71	-	-	-	-	-	-	-
S51A	Water Regs Inspection (Internal) (where company inspects service connections laid by others)									
	Inspection Fee	per inspection	£71	-	-	-	-	-	-	-
S51A	Approving Site-Specific water distribution systems designs (except where self-certification arrangements are in place)	per application	£448	-	-	-	-	-	-	-

Service Connections (Contestable)

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S51A / S45	Point of connection enquiry (customer has not selected the POC, or wants confirmation of their chosen POC)	Fixed Fee	£68	-	-	-	-	-	-	-
S45	<63mm Connection via ferrule to main & 2 linear metres of service pipe									
	≤25mm (standard pipe)	per connection		£544	£229	£464	£25	£363	£375	£210
	≤25mm (barrier pipe)	per connection		£559	£229	£479	£25	£378	£390	£225
	32mm (standard pipe)	per connection		£553	£229	£473	£25	£371	£384	£218
	32mm (barrier pipe)	per connection		£571	£229	£491	£25	£390	£402	£236
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	63mm (standard pipe)	per connection		£680	£229	£598	£19	£481	£500	£328
	63mm (barrier pipe)	per connection		£756	£229	£674	£19	£557	£576	£404
S45	Excavate, supply and lay additional pipe									
	≤25mm (standard pipe)	per m		£236	£229	£167	£19	£42	£112	£11
	≤25mm (barrier pipe)	per m		£243	£229	£174	£19	£50	£120	£19
	32mm (standard pipe)	per m		£237	£229	£168	£19	£43	£114	£13
	32mm (barrier pipe)	per m		£245	£229	£176	£19	£52	£122	£21
	50mm (standard pipe)	per m		£256	£229	£188	£14	£54	£124	£16
	50mm (barrier pipe)	per m		n/a	n/a	n/a	n/a	n/a	n/a	n/a
	63mm (standard pipe)	per m		£259	£229	£191	£13	£57	£127	£17
	63mm (barrier pipe)	per m		£285	£229	£217	£13	£83	£153	£43

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S45	Traffic management									
	2-Way Traffic Signals	per week	£221	-	-	-	-	-	-	-
	3-Way Traffic Signals	per week	£463	-	-	-	-	-	-	-
	4-Way Traffic Signals	per week	£610	-	-	-	-	-	-	-
S45	Road closure fees									
	TTRO planned works of 5 days or less	fixed fee	£390	-	-	-	-	-	-	-
	TTRO planned works of 6 days more	fixed fee	£1,951	-	-	-	-	-	-	-
S51A / S45	Connection charge for Building Water (where a company's approach to charging for building supply connections differs from their other charges).									
	25mm temporary Building Water supply	per connection		£1,630	£2,545	£997	£1,318	£770	£853	£586
	25mm temporary Building Water disconnection	per connection		£372	£229	£301	£25	£167	£237	£13

Adopting Self-laid mains (Non-Contestable Works)

WIA ref	Charge Item	Charge Unit	Charge
S51A	Pre-commencement Fee (this is charged to cover the cost of responding to a SLPs request for an adoption agreement)	eg. % of value of works	£448
N/A	Service Connections Admin fees (where an SLP is providing these. Use appropriate parts of the service connections tables).	Per hour	Included in Mains Design Fee
S51A	Work that the company will provide as part of an adoption agreement such as mains connections where the Water Company assesses that the condition of the main or the material heightens the risks to existing assets or could affect supplies to existing customers	Bespoke arrangement. Detail provided in a separate schedule upon application	
S51A	Providing and / or commissioning company specific telemetry for assets offered for adoption	eg. per installation	BESPOKE
S51A	Mains Design Approval Fee (design provided by others)		
	Initial Enquiry	per development	£92
	Pre Development Enquiry	per development	£448
	Terms Update	per development	£59
	Change to Design	per development	£264
S51A	Contribution by Company towards the cost of upsizing, or enhancement work to be funded by the Company (will show as a credit in the quotation)	Bespoke arrangement. Detail provided in a separate schedule upon application	

Providing New Mains Assets under an Adoption Agreement (Contestable Works)

WIA ref	Charge Item	Charge Unit	Charge
S51A	Site Specific Work that the company will provide as part of an adoption agreement	Bespoke arrangement. Detail provided in a separate schedule upon application	
S51A	Mains Design Fee		
	Initial Enquiry	per development	£92
	Pre Development Enquiry	per development	£448
	Terms Update	per development	£59
	Change to Design	per development	£264

Providing a Public Main (s41 Requisition) – Non-Contestable Work

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S41	Mains Application fee	Fixed Fee	Included in Mains Design Fee							
S41	Mains Administration fee	Fixed Fee	Included in Mains Design Fee							
S41	Mains Design Fee									
	Initial Enquiry	per requisition	£92	-	-	-	-	-	-	-
	Pre Development Enquiry	per requisition	£448	-	-	-	-	-	-	-
	Terms Update	per requisition	£59	-	-	-	-	-	-	-
	Change to Design	per requisition	£264	-	-	-	-	-	-	-
S41	Mains connection that involves heightened risk to existing assets or could affect supplies to existing customers									
	80 / 90mm	per connection		£2,258	£1,554	£1,784	£43	£1,063	£1,534	n/a
	100 / 125mm	per connection		£2,303	£1,554	£1,828	£43	£1,108	£1,579	n/a
	150 / 180mm	per connection		£2,597	£1,554	£2,123	£43	£1,403	£1,873	n/a
	200 / 250mm	per connection		£2,898	£1,554	£2,423	£43	£1,703	£2,174	n/a
S41	Traffic management									
	2-Way Traffic Signals	per week	£221	-	-	-	-	-	-	-
	3-Way Traffic Signals	per week	£463	-	-	-	-	-	-	-
	4-Way Traffic Signals	per week	£610	-	-	-	-	-	-	-
S41	Road closure fees									
	TTRO planned works of 5 days or less	fixed fee	£390	-	-	-	-	-	-	-
	TTRO planned works of 6 days more	fixed fee	£1,951	-	-	-	-	-	-	-

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S41	Land entry, compensation, and other third party charges where not included above	eg Fixed fee, rates, or %	BESPOKE	-	-	-	-	-	-	-
S41	Charges for elements of work affected by "Exceptional Circumstances"	Per person/per Hour	£68							

Providing a Public Main as a s41 Requisition (Contestable)

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S41	Point of connection enquiry fee (customer has not selected the POC, or wants confirmation of their chosen POC)	Fixed Fee, %	£68	-	-	-	-	-	-	-
S41	Mains Design Fee									
	Initial Enquiry	per requisition	£92	-	-	-	-	-	-	-
	Pre Development Enquiry	per requisition	£448	-	-	-	-	-	-	-
	Terms Update	per requisition	£59	-	-	-	-	-	-	-
S41	Re-design fee where layout subsequently amended									
	Change to Design	per requisition	£264	-	-	-	-	-	-	-
S41	Excavate, supply and lay:									
	90mm HPPE (standard pipe)	per m		£131	£98	£106	£3	£63	£97	£39
	80mm D.I. (barrier pipe)	per m		£175	£98	£126	£9	£63	£97	£39
	125mm HPPE (standard pipe)	per m		£132	£98	£107	£3	£64	£98	£40
	100mm D.I. (barrier pipe)	per m		£175	£98	£127	£9	£64	£98	£40
	180mm HPPE (standard pipe)	per m		£202	£123	£171	£5	£91	£129	£58
	150mm D.I. (barrier pipe)	per m		£217	£123	£158	£5	£91	£117	£46
	250mm HPPE (standard pipe)	per m		£260	£123	£202	£5	£122	£160	£90
	200mm D.I. (barrier pipe)	per m		£230	£123	£170	£5	£122	£128	£58

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S45	Traffic management									
	2-Way Traffic Signals	per week	£221	-	-	-	-	-	-	-
	3-Way Traffic Signals	per week	£463	-	-	-	-	-	-	-
	4-Way Traffic Signals	per week	£610	-	-	-	-	-	-	-
S45	Road closure fees									
	TTRO planned works of 5 days or less	fixed fee	£390	-	-	-	-	-	-	-
	TTRO planned works of 6 days more	fixed fee	£1,951	-	-	-	-	-	-	-
S41	Land entry, compensation, and other third party charges where not included above	fixed fee, rates	BESPOKE	-	-	-	-	-	-	-
S41	Environmental charges where not included above	per hour	£110	-	-	-	-	-	-	-
S41	Routine in-line mains connections									
	80 / 90mm	per connection		£2,258	£1,554	£1,784	£43	£1,063	£1,534	n/a
	100 / 125mm	per connection		£2,303	£1,554	£1,828	£43	£1,108	£1,579	n/a
	150 / 180mm	per connection		£2,597	£1,554	£2,123	£43	£1,403	£1,873	n/a
	200 / 250mm	per connection		£2,898	£1,554	£2,423	£43	£1,703	£2,174	n/a
S41	Pressure testing									
	<200 / 250 mm	per m	£5	-	-	-	-	-	-	-
	>200 / 250 mm	per m	BESPOKE	-	-	-	-	-	-	-
S41	Chlorination									
	<200 / 250 mm	per m	£10	-	-	-	-	-	-	-
	>200 / 250 mm	per m	BESPOKE	-	-	-	-	-	-	-

WIA ref	Charge Item	Charge Unit	Charge	Flexible Carriageway	E/O Non Flexible Carriageway	Flexible Footway	E/O Non Flexible Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
S41	Sampling									
	Sampling	per sample	£85	-	-	-	-	-	-	-
S41	Charges for elements of work affected by "Exceptional Circumstances"	per hour/ per person	£68	-	-	-	-	-	-	-

Diverting a Public Asset (S185 Diversion) - Major or Minor Diversion

Note: The New Connections Rules confirm that the undertakerwater company is only entitled to recover costs reasonably incurred as a result of providing the Diversion

WIA ref	Charge Item	Charge Unit	Charge
S185	Application fee	fixed fee	Included within Diversion Design Fee below
S185	Legal fee (letter of agreement)	fixed fee	£850
S185	Appraisal fee (where a critical main is to be diverted) (determining whether a diversion is viable, or whether the asset should be protected rather than diverted)	fixed fee	£448
S185	Diversion Design Fee (Note, mains design work may be a contestable activity in some circumstances, such as where the proposed Diversion route is an intrinsic part of any new onsite mains)		
	Initial Enquiry	per development	£92
	Pre Development Enquiry	per development	£448
	Terms Update	per development	£59
	Change to Design	per development	£265
S185	Technical assessment fee (would apply where Diversion design work is contestable and is provided by the SLP or Developer)	fixed fee	£448
S185	Inspection fees (where some of the Diversion work is provided by the SLP or Developer)		
	Inspection Fee	per hour	£71

Disconnection Charges (Non-contestable)

WIA ref	Charge Item	Charge
S62	Permanent disconnection (noting also the requirements of S62 (2) with regard to the potential restriction on charges for disconnection)	£0

Infrastructure charges

WIA ref	Charge Item	Charge Unit	Charge
S146	Standard Infrastructure charges due for the development	Charge per dwelling	£329
S146	Infrastructure Charges for domestic use in premises other than houses or flats with their own discrete water supplies (using the relevant multiplier or other appropriate means)	Charge based on fittings. See separate schedule	
S146	Water Efficiency Multiplier (if applicable)	%	50

Other Charges (Do not include in a quotation for Site-specific Works)

WIA ref	Charge Item	Charge Unit	Charge
N/A	Extract of Companies Network Map (ie. Map of Mains)	per plan	£36
N/A	Viability Letter to confirm whether capacity can be provided by the company in line with the proposed development programme (Note: companies may offer this service to reduce the need for LPAs to apply a phasing condition, particularly where the water company can already confirm that it is able to deliver any necessary Network Reinforcement in line with the developers proposed programme)	per site	£375

Memo Items (Do not include in the quotation Total)

Note: These charges are stated at the quotation stage for clarity

WIA ref	Charge Item	Charge Unit	Charge
N/A	Abortive Charges		
	Gang	per hour	£120
	Return to Site Fee	fixed fee	£800
N/A	Reinspection Fee		
	Extra Site Visit	per site visit	£75

Appendices

Appendix A: Definitions

“Asset Payment” means:

- i. in relation to a section 51A agreement with a water undertaker, the amount described in section 51CD(3) of the Water Industry Act 1991; and
- ii. in relation to a section 104 agreement with a sewerage undertaker, the amount described in section 105ZF(3) of the Water Industry Act 1991.

“Charging Arrangements” means a document setting out the charges, Income Offsets and Asset Payments, and/or the methodologies for calculating those, applied by a water undertaker in accordance with the Ofwat Charging rules for new connection services.

“Charging Year” means a calendar year running from 1 April in a given year to 31 March in the following year.

“Connection Charges” charges that will be imposed by an undertaker for work carried out by it in accordance with the duties (or rights) created by the following provisions of the Water Industry Act 1991: section 45(1) (connection with Water Main); section 46(1) (ancillary works for purposes of making a domestic connection).

“Contestable Work” means work or services that either the relevant undertaker or persons other than the relevant undertaker may do or provide.

“Development” means premises on which there are buildings, or on which there will be buildings when proposals made by any person for the erection of any buildings are carried out, and which require connection with, and/or modification of, existing water infrastructure.

“Diversion Charges” the charges imposed by an undertaker pursuant to section 185(5) of the Water Industry Act 1991.

“Fixed Charges” mean charges set for a given Charging Year which are fixed in amount or which are calculated by reference to a predetermined methodology set out in the undertaker’s Charging Arrangements, the application of which allows calculation at the outset of the total amount owing in that Charging Year in respect of the charges in question. Such charges are to be fixed for a Charging Year, as defined above.

“Income Offset” means a sum of money offset against the charges that would otherwise be applied for the provision of a Water Main in recognition of revenue likely to be received by the relevant undertaker in future years for the provision of supplies of water to premises connected to the new Water Main.

“Network Reinforcement” refers to work other than Site Specific Work, as defined below to provide or modify such other:

- i. Water Mains and such tanks, service reservoirs and pumping stations, or
- ii. Sewers and such pumping stations as is necessary in consequence of the Site Specific installation or connection of Water Mains, Service Pipes, Public Sewers and Lateral Drains pursuant to a duty imposed on the undertaker by the Water Industry Act 1991, whether by requisition (under sections 41(1), 98(1) or 98(1A)), under an agreement for adoption (under sections 51A or 104), pursuant to section 45(1) (Duty to make

connections with main) or in accordance with another duty imposed by the Act, or in consequence of the exercise of rights under section 106(1) (Right to communicate with public sewers).

It also includes the additional capacity in any earlier water main or sewer that falls to be used in consequence of the provision or connection of a new main or sewer.

“New Appointee” means a company holding an appointment as a relevant undertaker where the conditions of that appointment limit the charges that can be fixed under a charges scheme by reference to the charges fixed by one or more other relevant undertakers.

“Non-contestable Work” means work or services that only the relevant undertaker (or an agent acting on their behalf) can do or provide (see Appendix B).

“Requisition Charges” charges that will be imposed by an undertaker for work carried out by it in accordance with the duties imposed by section 41(1) (provision of requisitioned Water Main) of the Water Industry Act 1991.

“Site Specific” refers to work on, or the provision of, water structures or facilities located on a Development as well as work to provide and connect a requested Water Main, Communication Pipe, to or in the immediate vicinity of, the Development and “Site Specific Work” shall be construed accordingly. It does not refer to costs or work required as part of Network Reinforcement as defined above.

“Undertaker” means a water undertaker. w)

“Water Main” means any pipe, not being a pipe for the time being vested in a person other than an undertaker, which is used or to be used by a water undertaker or licensed water supplier for the purpose of making a general supply of water available to customers or potential customers of the undertaker or water supply licensee, as distinct from for the purpose of providing a supply to particular customers. This definition includes tunnels or conduits which serve as a pipe and any accessories for the pipe.

Appendix B: Definition of Non-contestable activities in the design and construction of water mains and services

We will allow a SLP to do all elements of work to provide water supplies to new developments other than those defined as non-contestable in the table below.

It is envisaged that the implementation of the New Charging Rules will mean that some of the terms used in the Self-lay Code of Practice will need to be updated. That Code will remain the definitive reference document for contestable and non-contestable water supply works, although in the meantime, the content in Table B1 is provided to illustrate the changes that might be needed.

DESIGN
Design work for Network Reinforcement and Enhancement
Sizing of pipes design guidance – water companies retain responsibility for specifying pipe sizing criteria. Application of the design guidance is a contestable activity.
DESIGN APPROVAL
Approving on-site water distribution systems designs (except where self-certification arrangements are in place).
INSTALLATION
It is expected that Network Reinforcement work will normally be undertaken by a water company under the proposed new charging arrangements except where the water company requests a developer or SLP to oversize the assets they are providing to allow for later development.
Network Reinforcement, or Diversion works whose construction heightens the risk of damage to existing water distribution systems or interrupting supplies to existing customers. (See note below).
Network Reinforcement which is provided for a general area or as part of a company's investment programme.
Mains connections that involve heightened risk to existing assets or could affect supplies to existing customers. (See note below).
Serving notices for land entry, and negotiation with third party landowners and occupiers.
Source of water connections to water companies' existing assets.
Service connections larger than 63mm diameter except where the connection is to be constructed as part of main laying works.
Service connections less than 63mm on existing mains where the water company assess that the condition of the main or the material heightens the risks to existing assets or could affect supplies to existing customers. (See note below).
COMMISSIONING
Decommissioning redundant mains following a diversion.

Notes:

1. Restrictions on SLPs undertaking work apply when we assess that the construction works significantly heightens either the risk of damage being caused to our existing assets, risk to water quality, or the works interrupting the supplies to our existing customers. The thresholds for this assessment will be set in accordance with our policies for all work on our water distribution systems and allowing SLPs to do work on pipework with such assessments may be subject to accreditation requirements and controls specified in the terms offer.
2. Where a SLP carries out water sampling and quality testing they shall comply with the sampling

procedure detailed in our specific schedule of permissible materials and construction arrangements. Testing should be by a UKAS accredited laboratory.

3. Where a SLP has the necessary access permissions installing the new part of diversions made necessary by a development should be considered as contestable work provided that doing this work does not significantly heighten either the risk of damage being caused to existing assets or the works interrupting the supplies to existing customers.

4. The connection of diversions into existing network systems and the decommissioning of diverted mains are non-contestable works as they are likely to affect supplies to existing customers.

Appendix C - Exceptions to standard charging (Requisitions Only)

Due to the nature of connections work, there are circumstances where the cost incurred by us is affected by external factors. These external factors may be outside of our immediate knowledge or control and, in a limited set of exceptional circumstances, could lead to significant cost variance. For this reason, Ofwat has agreed that we are not required to provide fixed upfront charges in respect of the following:

1. Diversion works (see s185 of the Water Industry Act), and;
 2. Water infrastructure work requested by the developer (see S41 and S98 of the Water Industry Act) where "it would be unreasonable to expect an undertaker (i.e., water company) to do so".
- For standard water connections no such exception applies and are therefore subject to fixed charges.

In principle, having consulted stakeholders, water companies consider that in the following circumstances, it may not be reasonable for them to provide an upfront fixed charge for the work:

- a. The technical complexity of the work is high or the type of work required is bespoke or carried out infrequently, or;
- b. Third parties can legitimately recover their costs from us and there is not a reasonable level of certainty of those costs in advance of connection work being undertaken, or;
- c. Third parties have rights to protect their assets or interests in a way that affects the construction method. The third parties' requirements are unknown upfront, or;
- d. The work is to be carried out on or close to land with particular environmental, historical or archaeological characteristics. These characteristics mean that specific measures are required during construction or reinstatement. The details of these measures may not be fully defined in advance of construction.

Where the above circumstances occur, we will be unable to provide a fixed upfront charge for the entire works, and will provide a budget estimate comprising a mixture of:

- i. Indicative or estimated charges for the elements of works affected by the circumstances above, and;
- ii. Fixed upfront charges for the elements of the work where there is sufficient certainty and it is reasonable to do so.

We anticipate that there will be occasions where providing an indicative estimate is not possible or where the estimate will not meet the degree of confidence desired by the customer. In such cases, the parties will need to decide how to proceed.

Appendix D – New Charging Examples

Example 1:

Single household connection onto existing mains network, with main in footpath outside house, capacity in mains outside property, and no previous use is being replaced.

Schedule	Pipe OD	Item	Length / Quantity	Rate	Charge
New Service Connection Charge	≤25mm	Flexible Footway	1	£464	£464
New Service Meter	≤25mm SBB	Supply	1	£15	£15
New Service Meter	≤25mm SBB	Install	1	£18	£18
					£497

Example 2:

Small development site. 10 houses. Capacity in mains at site entrance. On-site mains and services required. 90mm x 35m standard pipe required.

Schedule	Pipe OD	Item	Length / Quantity	Rate	Charge
New Mains Connection Charge	125mm	Flexible Footway	1	£1,828	£1,828
New Mains Pipe Laying Charge	90mm	Unmade Ground	35	£63	£2,198
Pressure Testing	90mm		35	£5	£175
Chlorination	90mm		35	£10	£350
Sampling			4	£85	£340
					£4,892
				Apply 70% offset	£1,468

Schedule	Pipe OD	Item	Length / Quantity	Rate	Charge
New Service Connection Charge	≤25mm	Unmade Ground	10	£363	£3,628
New Service Meter	≤25mm WMMB	Supply	10	£15	£148
New Service Meter	≤25mm WMMB	Install	10	£18	£175
					£3,951

Description	Mains	Services	Infrastructure Charge	Total
Developer Charges 18/19	£1,468	£3,951	£3,290	£8,709

Example 3:

Medium development site. 50 houses. Capacity in mains at site entrance. On-site mains and services required. 125mm x 160m standard pipe required.

Schedule	Pipe OD	Item	Length / Quantity	Rate	Charge
New Mains Connection Charge	125mm	Flexible Footway	1	£1,828	£1,828
New Mains Pipe Laying Charge	125mm	Unmade Ground	160	£64	£10,202
Pressure Testing	90mm		160	£5	£800
Chlorination	90mm		160	£10	£1,600
Sampling			4	£85	£340
					£14,771
Apply 70% offset					£4,431
Schedule	Pipe OD	Item	Length / Quantity	Rate	Charge
New Service Connection Charge	≤25mm	Unmade Ground	50	£363	£18,140
New Service Meter	≤25mm WMMB	Supply	50	£15	£740
New Service Meter	≤25mm WMMB	Install	50	£18	£876
					£19,756

Description	Mains	Services	Infrastructure Charge	Total
Developer Charges 18/19	£4,431	£19,756	£16,450	£40,637