



Portsmouth Water Ltd

Developer Services

Charging Arrangements 2019-20

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Introduction

This booklet contains details of Portsmouth Water's Developer Services Charges Scheme (the Charging Arrangements) for 2019-20. These charges come into effect on 1st April 2019.

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/>

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.

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, which 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.

Our overall objective, in line with Ofwat guidance, is to maintain the present balance of charges between Developer Customers and other customers. We continue to set charges based on the regulatory requirements set out at the 2014 Price Review (PR14). In determining our total allowed

revenue, assumptions on the total number of new connections expected during 2015-2020 were provided to Ofwat and thus the revenue we would expect to recover from developers was quantified. The change in developer charging methodology introduced by Ofwat during AMP 6, was not foreseen at PR14 and as such not built into the Final Determination. Since the April 2018 implementation of the new charging arrangements, we have no evidence that our actual revenue from developers is significantly different to the expectation at PR14, but will monitor this to ensure the balance of charges is maintained.

Stakeholder Engagement

During 2018-19 we consulted with the economic regulator for water in England and Wales (Ofwat), the Consumer Council for Water (CCW) and our Developer Customers on our new Charging Arrangements.

The feedback we have received following this engagement is summarised below, and has been used to make improvements to this document and the service we deliver to our developer customers.

- *Industry terminology used but not always explained.*

We have expanded Appendix A: Definitions, to include all industry terminology and acronyms used in this document.

- *It is confusing what activities in the Schedule of Rates are Contestable and which are Non-Contestable.*

We have reformatted our Schedule of Rates within this document to make it easier to interpret. This includes adding an indicator against each Charge Item to denote whether that charge is a Contestable or Non-Contestable activity. C = Contestable / NC = Non-Contestable.

- *How has the Income Offset 70% contribution been calculated?*

The Income Offset percentage was calculated based on the historic average of Income Offset made for previous developments under the DAD calculation. The average Income Offset given for developments over the course of previous years was found to be on average 70%.

- *Why is the DAD calculation method used to determine the Income Offset and Asset Payments for developments where the new mains cost over £100,000?*

Analysis of historical new mains total costs for developments, identified that projects over £100,000 on average benefitted from the application of the DAD methodology to calculate the Income Offset rather than the 70% Income Offset.

- *How the Infrastructure Charge been calculated is not detailed enough.*

The derivation of the infrastructure charge for 2019/20 is based on our estimate of the 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 our region to supplement flows in the Farlington zone and a scheme in the West to meet additional demands in the Gosport peninsular.

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) and Self Lay Providers (SLP). 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/>

Basis of Charges

Defining Infrastructure

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

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.

Network Reinforcement charges

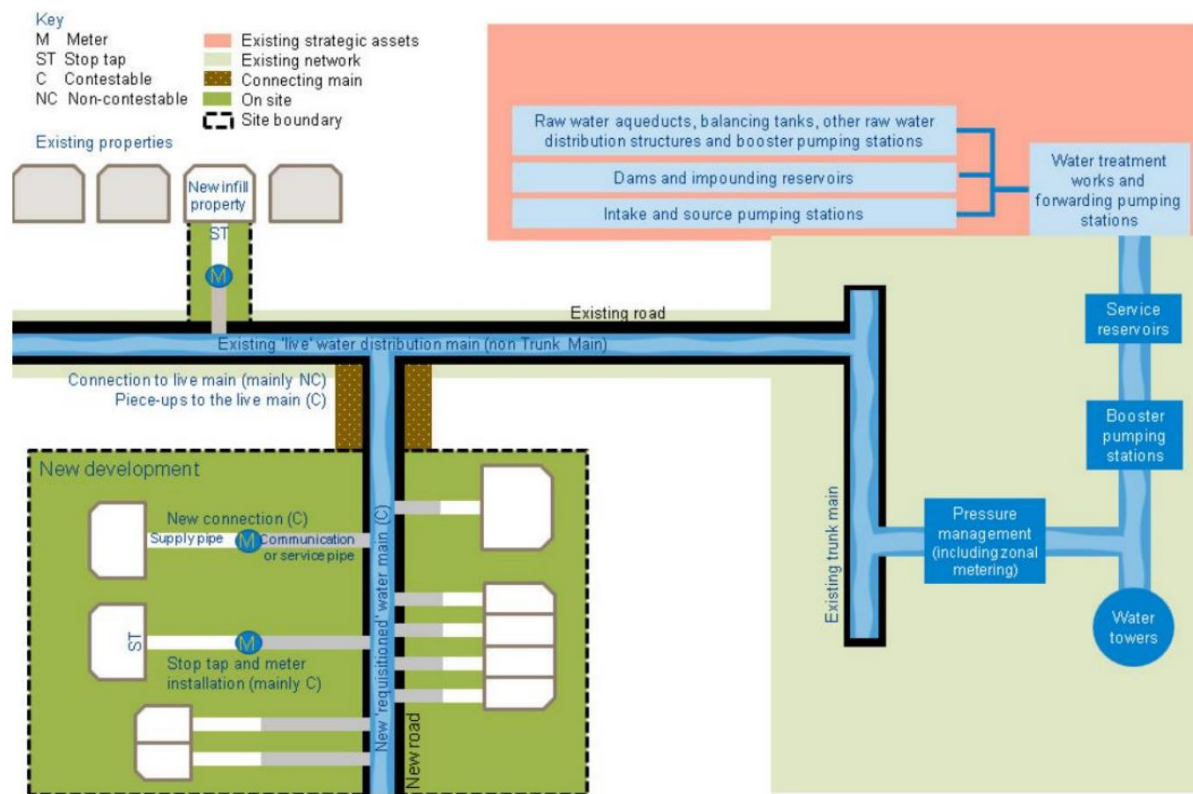
Network Reinforcement to provide for new development will be delivered by us with the cost recovered through a new approach to Infrastructure Charges. Reinforcement includes upgrades to the existing network and can also include upsizing works which the water company agrees should be provided to cater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

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.

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



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.

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.

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, or if the future growth is anticipated within 5 years will fall within network reinforcement costs.

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 and NAV Tariff to NAVs) 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.

- For New Appointments and Variations (NAV) an Income Offset equivalent discount will be applied to our Standard Tariff for the calculation of the NAV Tariff.

The Income Offset percentage was calculated based on the historic average of Income Offset made for previous developments under the DAD calculation. The average Income Offset given for developments over the course of previous years was found to be on average 70%.

Analysis of historical new mains total costs for developments, identified that projects over £100,000 on average benefitted from the application of the DAD methodology to calculate the Income Offset rather than the 70% Income Offset.

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 will be deducted from the Infrastructure Charge.

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 2019/20 is based on our estimate of the 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 our region to supplement flows in the Farlington zone and a scheme in the West to meet additional demands in the Gosport peninsular.

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

This establishes the value of £344 for 2019/20 and will be reviewed on an annual basis given the actual infrastructure 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 domestic and 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.

Water Fitting	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.

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 Developer Customers to build water efficient homes. Therefore, we are proposing that if Developer Customer 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.

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.

Quotation Validity

We understand that there will be occasions after the 1st April 2019 when a Developer Customer has received a quote during the previous charging arrangement year and wishes to proceed with the work. In this instance:

- If a quotation was provided and is still within the validity period of the quotation, then the quotation remains valid if the Developer Customer wishes to proceed. The validity periods are:
 - i. Mains Requisition 3 months from date of quotation
 - ii. Mains Diversions 3 months from date of quotation
 - iii. Asset Payment 3 months from date of quotation
 - iv. Service Connections 1 month from date of quotation
- If a Developer Customer has paid the quotation but no work has started by 1st April 2019, then the customer can have the option to cancel this quotation and request a quote under the current year charges.

Payment terms

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

Service connections may be requested 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.

Portsmouth Water will make any Asset Payments due to Self-Lay Providers once the required adoption processes have been completed. Any payment will be made net of relevant non-contestable 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 quotation.

Schedule of Rates

Please note Contestable activities are denoted by a 'C' and Non-Contestable by a 'NC' in the following tables.

Service Connections

Service Connections: Where barrier pipe is not required²

Service Connection Charges ¹ (where barrier pipe is not required ²)										
External Diameter	Charge Unit	Connection Location								
		Flexible Carriageway	Rigid Carriageway	Flexible Footway	Rigid Footway	Unmade Ground	Field, Grassland or Verge	No Excavation		
C	25mm	per connection	£ 532.00	£ 763.00	£ 451.00	£ 494.00	£ 366.00	£ 361.00	£ 212.00	
C	32mm	per connection	£ 544.00	£ 775.00	£ 463.00	£ 506.00	£ 378.00	£ 373.00	£ 224.00	
C	50mm	per connection	£ 730.00	£ 961.00	£ 647.00	£ 684.00	£ 549.00	£ 548.00	£ 394.00	
C	63mm	per connection	£ 734.00	£ 965.00	£ 651.00	£ 688.00	£ 551.00	£ 552.00	£ 396.00	

Service-Laying Charges (where barrier pipe is not required ²)										
External Diameter	Charge Unit	Service-Laying Location								
		Flexible Carriageway	Rigid Carriageway	Flexible Footway	Rigid Footway	Unmade Ground	Field, Grassland or Verge	No Excavation		
C	25mm	per metre	£ 238.00	£ 469.00	£ 168.00	£ 205.00	£ 42.00	£ 78.00	£ 14.00	
C	32mm	per metre	£ 238.00	£ 469.00	£ 169.00	£ 205.00	£ 43.00	£ 78.00	£ 15.00	
C	50mm	per metre	£ 255.00	£ 486.00	£ 186.00	£ 217.00	£ 51.00	£ 87.00	£ 16.00	
C	63mm	per metre	£ 258.00	£ 489.00	£ 189.00	£ 220.00	£ 54.00	£ 90.00	£ 17.00	

¹ All connection charges are inclusive of the first 2 metres of service pipe.

² If the ground in which development is constructed is deemed to not be contaminated, barrier pipe is not required.

Service Connections: Where barrier pipe is required²

Service Connection Charges ¹ (where barrier pipe is required ²)									
	External Diameter	Charge Unit	Connection Location						
			Flexible Carriageway	Rigid Carriageway	Flexible Footway	Rigid Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
C	25mm	per connection	£ 546.00	£ 777.00	£ 466.00	£ 508.00	£ 381.00	£ 376.00	£ 226.00
C	32mm	per connection	£ 563.00	£ 794.00	£ 483.00	£ 525.00	£ 398.00	£ 393.00	£ 243.00
C	50mm ³	per connection	£ -	£ -	£ -	£ -	£ -	£ -	£ -
C	63mm	per connection	£ 815.00	£ 1,046.00	£ 732.00	£ 769.00	£ 632.00	£ 633.00	£ 477.00

Service-Laying Charges (where barrier pipe is required ²)									
	External Diameter	Charge Unit	Service-Laying Location						
			Flexible Carriageway	Rigid Carriageway	Flexible Footway	Rigid Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
C	25mm	per metre	£ 243.00	£ 474.00	£ 174.00	£ 210.00	£ 48.00	£ 83.00	£ 20.00
C	32mm	per metre	£ 244.00	£ 475.00	£ 175.00	£ 211.00	£ 49.00	£ 84.00	£ 20.00
C	50mm ³	per metre	£ -	£ -	£ -	£ -	£ -	£ -	£ -
C	63mm	per metre	£ 277.00	£ 508.00	£ 208.00	£ 239.00	£ 73.00	£ 108.00	£ 35.00

¹ All connection charges are inclusive of the first 2 metres of service pipe.

² If the ground in which development is constructed is deemed to be contaminated, an approved barrier pipe is required.

³ 50mm barrier pipe is not available for service connections or service-laying where barrier pipe is required.

Temporary Building Supply Disconnection Charges

Temporary Building Supply Disconnection Charges										
	External Diameter	Charge Unit	Disconnection Location							
			Flexible Carriageway	Rigid Carriageway	Flexible Footway	Rigid Footway	Unmade Ground	Field, Grassland or Verge	No Excavation	
NC	25mm ¹	per disconnection	£ 376.00	£ 668.00	£ 304.00	£ 327.00	£ 168.00	£ 239.00	£ 14.00	

¹Temporary building supplies of greater external diameter than 25mm shall be calculated at cost.

Administration Charges

Application Charges			
	Charge Item	Charge Unit	Charge
NC	Application Fee - First Connection	per application	£ -
NC	Application Fee - Additional Connection	per application	£ -
NC	Administration Fee - First Connection	per application	£ -
NC	Administration Fee - Additional Connection	per application	£ -
NC	Self-Lay Application Fee - First Connection	per application	£ -
NC	Self-Lay Application Fee - Additional Connection	per application	£ -
NC	Self-Lay Administration Fee - First Connection	per application	£ -
NC	Self-Lay Administration Fee - Additional Connection	per application	£ -
NC	Site-Specific Water Distribution Systems Designs Approval (by others)	per application	£ 108.00
NC	Point of Connection Enquiry	per application	£ 95.00

Water Meters

Meter Supply Charges				
	Meter Size	Meter Installation Type	Charge Unit	Supply ¹
NC	20mm	WMMB / INT	per meter	£ 21.00
NC	20mm	SBB	per meter	£ 21.00
NC	25mm	SBB	per meter	£ 76.00
NC	40mm	SBB	per meter	£ 171.00
NC	50mm	SBB	per meter	£ 605.00

Meter Installation Charges				
	Meter Size	Meter Installation Type	Charge Unit	Installation ²
C	20mm	WMMB / INT	per meter	£ 18.00
C	20mm	SBB	per meter	£ 387.00
C	25mm	SBB	per meter	£ 945.00
C	40mm	SBB	per meter	£ 1,227.00
C	50mm	SBB	per meter	£ 1,608.00

¹ Supply includes only the for cost of the relevant meter.

² Installation includes for the cost of the installation of the meter and associated materials

Traffic Management Charges

Traffic Management Charges			
	Charge Item	Charge Unit	Charge
C	2-way Traffic Signals	per week	£ 255.00
C	3-way Traffic Signals	per week	£ 528.00
C	4-way Traffic Signals	per week	£ 665.00
C	TTRO for planned works of 5 days or less	per item	£ 1,055.00
C	TTRO for planned works of days or more	per item	£ 2,824.00

Ancillary Charges

Ancillary Charges				
	Charge Item	Charge Unit	Charge	
NC	Water Quality Sampling & Analysis	per meter	£	60.00
NC	Additional Site Visit	per visit	£	73.00
NC	Water Regulations Inspection	per inspection	£	73.00
NC	Water Regulations Inspection of Self-Lay Connection	per inspection	£	73.00

Mains Requisitions, Mains Diversions & Self-Lay

Mains-Laying Charges: Where barrier pipe is not required

Main-Laying Charges (where barrier pipe is not required)									
C	External Diameter	Charge Unit	Main-Laying Location						
			Flexible Carriageway	Rigid Carriageway	Flexible Footway	Rigid Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
C	80 / 90mm	per metre	£ 166.00	£ 262.00	£ 118.00	£ 134.00	£ 54.00	£ 88.00	£ 30.00
C	100 / 125mm	per metre	£ 172.00	£ 267.00	£ 123.00	£ 139.00	£ 59.00	£ 93.00	£ 35.00
C	150 / 180mm	per metre	£ 223.00	£ 342.00	£ 164.00	£ 179.00	£ 84.00	£ 122.00	£ 51.00
C	200 / 250mm	per metre	£ 263.00	£ 383.00	£ 205.00	£ 219.00	£ 124.00	£ 163.00	£ 91.00

Main-Laying Charges: Where barrier pipe is required

Main-Laying Charges (where barrier pipe is required)									
C	External Diameter	Charge Unit	Main-Laying Location						
			Flexible Carriageway	Rigid Carriageway	Flexible Footway	Rigid Footway	Unmade Ground	Field, Grassland or Verge	No Excavation
C	80 / 90mm	per metre	£ 183.00	£ 279.00	£ 135.00	£ 151.00	£ 70.00	£ 105.00	£ 47.00
C	100 / 125mm	per metre	£ 191.00	£ 287.00	£ 143.00	£ 159.00	£ 78.00	£ 113.00	£ 55.00
C	150 / 180mm	per metre	£ 241.00	£ 361.00	£ 183.00	£ 198.00	£ 102.00	£ 141.00	£ 70.00
C	200 / 250mm	per metre	£ 283.00	£ 403.00	£ 225.00	£ 240.00	£ 144.00	£ 183.00	£ 112.00

Mains Connection Charges

Mains Connection Charges										
	External Diameter	Charge Unit	Connection Location							
			Flexible Carriageway	Rigid Carriageway	Flexible Footway	Rigid Footway	Unmade Ground	Field, Grassland or Verge	No Excavation	
NC ¹	80 / 90mm	per connection	£ 2,527.00	£ 4,054.00	£ 2,057.00	£ 2,214.00	£ 1,329.00	£ 1,804.00	£ 1,178.00	
NC ¹	100 / 125mm	per connection	£ 2,590.00	£ 4,122.00	£ 2,120.00	£ 2,280.00	£ 1,392.00	£ 1,868.00	£ 1,242.00	
NC ¹	150 / 180mm	per connection	£ 2,986.00	£ 4,513.00	£ 2,516.00	£ 2,675.00	£ 1,788.00	£ 2,263.00	£ 1,637.00	
NC ¹	200 / 250mm	per connection	£ 3,410.00	£ 4,938.00	£ 2,940.00	£ 3,100.00	£ 2,212.00	£ 2,688.00	£ 2,062.00	

¹ Some Mains Connection Charges may be deemed Contestable, please see Appendix B for further information.

Mains Commissioning Charges

Mains Commissioning Charges			
	Charge Item	Charge Unit	Charge
NC	Pressure Testing ¹	per metre	£ 5.00
NC	Chlorination ¹	per metre	£ 10.00
NC	Sampling	per sample	£ 85.00

¹ Charge is for Mains up to 200mm / 250mm diameter .

Administration Charges

Administration Charges			
	Charge Item	Charge Unit	Charge
NC	Asset Enquiry	per development	£ 30.00
NC	Point of Connection Enquiry	per development	£ 95.00
NC	Pre-Development Enquiry	per development	£ 149.00
NC	Mains Design / Terms & Conditions	per development	£ 460.00
NC	Terms Update	per development	£ 61.00
NC	Design Change	per development	£ 270.00
NC	Hydraulic Assessment	per development	£ 250.00
NC	Mains Design (by others) ¹ Approval	per development	£ 284.00
NC	Adoption Agreement (Self-Lay)	per development	£ 311.00
NC	Mains Diversion Appraisal	per diversion	£ 122.00
NC	Mains Diversion Design / Terms & Conditions	per diversion	£ 460.00
NC	Mains Diversion Design (by others) ¹ Approval	per diversion	£ 284.00

¹ Mains designs undertaken by others must hold the relevant Water Industry Registration Scheme (WIRS) accreditation.

Traffic Management Charges

Traffic Management Charges			
	Charge Item	Charge Unit	Charge
C	2-way Traffic Signals	per week	£ 255.00
C	3-way Traffic Signals	per week	£ 528.00
C	4-way Traffic Signals	per week	£ 665.00
C	TTRO for planned works of 5 days or less	per item	£ 1,055.00
C	TTRO for planned works of days or more	per item	£ 2,824.00

Ancillary Charges

Ancillary Charges			
	Charge Item	Charge Unit	Charge
NC	Abortive Visit	per hour	£ 120.00
NC	Remobilisation to Site	per visit	£ 800.00
NC	Additional Site Visit	per visit	£ 75.00
NC	Site Inspection	per inspection	£ 75.00
NC	Environmental Assessment	per hour	£ 110.00

Infrastructure Charges

Infrastructure Charges			
	Charge Item	Charge Unit	Charge
NC	Standard Infrastructure	per dwelling	£ 344.00
NC	Non-Standard Infrastructure ¹	per connection	Relevant Multiplier ²
NC	Water Efficiency Allowance	per dwelling	50%

¹ Non-Standard Infrastructure Charges will be applied for domestic and non-domestic properties requiring a service connection greater than 25mm (0.75")

² Relevant Multiplier will be applied to the Standard Infrastructure Charge based upon the number of water fittings and their related loading units where provided.

Appendices

Appendix A: Definitions

AMP

Asset Management Period

Asset Payment

- 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.

CCW

Consumer Council for Water

Charging Arrangements

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

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

Work or services that either the relevant undertaker or persons other than the relevant undertaker may do or provide.

DAD

Discounted Aggregate Deficit

Development

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

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

Fixed Charges

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

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.

INT

Internal Water Meter

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.

NAV

New Appointments and Variations. Are limited companies 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

Work or services that only the relevant undertaker (or an agent acting on their behalf) can do or provide (see Appendix B).

OFWAT

Office of Water Services (The Water Services Regulation Authority)

PR14

Price Review 2014

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.

SBB

Standard Boundary Box

Site Specific

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.

SLP

Self-Lay Provider

TTRO

Temporary Traffic Regulation Order

Undertaker

A water company appointed under the WIA 91 to provide water services to a defined geographic area and which owns the supply system and other infrastructure.

Water Main

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.

WIA

The Water Industry Act 1991 sets out the main powers and duties of the water and sewerage undertakers.

WIRS

Water Industry Registration Scheme

WMMB

Wall Mounted Meter Box

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:

- i. The technical complexity of the work is high or the type of work required is bespoke or carried out infrequently, or;
- ii. 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;
- iii. 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;
- iv. 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.

Charge Item	External Diameter	Location / Type	Quantity	Unit	Rate	Charge
New Service Connection Charge	25mm	Flexible Footway	1	per connection	£ 466.00	£ 466.00
Meter Supply Charge	20mm	WMMB	1	per meter	£ 21.00	£ 21.00
Meter Installation Charge	20mm	WMMB	1	per meter	£ 18.00	£ 18.00
Infrastructure Charge			1	per connection	£ 344.00	£ 344.00
Total Cost						£ 849.00

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.

Charge Item	External Diameter	Location / Type	Quantity	Unit	Rate	Charge
Mains Connection Charge	125mm	Flexible Footway	1	per connection	£ 2,120.00	£ 2,120.00
Main-Laying Charge	90mm	Unmade Ground	35	per metre	£ 54.00	£ 1,890.00
Pressure Testing			35	per metre	£ 5.00	£ 175.00
Chlorination			35	per metre	£ 10.00	£ 350.00
Sampling			4	per sample	£ 85.00	£ 340.00
Main-Laying Cost						£ 4,875.00
Developer Contribution (Income Offset @ 70%)						£ 1,462.00
New Service Connection Charge	25mm	Unmade Ground	10	per connection	£ 381.00	£ 3,811.00
Meter Supply Charge	20mm	WMMB	10	per meter	£ 21.00	£ 211.00
Meter Installation Charge	20mm	WMMB	10	per meter	£ 18.00	£ 180.00
Infrastructure Charge			10	per connection	£ 344.00	£ 3,440.00
Service-Laying Cost						£ 7,640.00
Total Cost						£ 9,102.00

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.

Charge Item	External Diameter	Location / Type	Quantity	Unit	Rate	Charge
Mains Connection Charge	125mm	Flexible Footway	1	per connection	£ 2,120.00	£ 2,120.00
Main-Laying Charge	125mm	Unmade Ground	160	per metre	£ 59.00	£ 9,440.00
Pressure Testing			160	per metre	£ 5.00	£ 800.00
Chlorination			160	per metre	£ 10.00	£ 1,600.00
Sampling			4	per sample	£ 85.00	£ 340.00
Main-Laying Cost						£ 14,300.00
Developer Contribution (Income Offset @ 70%)						£ 4,290.00
New Service Connection Charge	25mm	Unmade Ground	50	per connection	£ 381.00	£ 19,050.00
Meter Supply Charge	20mm	WMMB	50	per meter	£ 21.00	£ 1,050.00
Meter Installation Charge	20mm	WMMB	50	per meter	£ 18.00	£ 900.00
Infrastructure Charge			50	per connection	£ 344.00	£ 17,200.00
Service-Laying Cost						£ 38,200.00
Total Cost						£ 42,490.00