

A summary of engagement with CCWater on charging in relation to all of our Charges Schemes, and the response taken by U UW is contained in appendix 1 to this document.

NEW CONNECTIONS AND DEVELOPER SERVICES CHARGES

Appendix 2 contains a summary of the stakeholder engagement conducted during the year along with the key stakeholders who participated in each activity.

Appendix 3 contains a summary of key feedback from stakeholders and how U UW has addressed this feedback.

The company has shared the Charges Scheme directly with a number of stakeholders – CCWater, the Home Builders Federation and Fair Water Connections. We have considered all the feedback provided by these stakeholders, alongside feedback from our wider stakeholder consultation activities as part of the review both in relation to the proposed changes and other issues raised about our Charges Schemes.

FUTURE NAV CHARGING ARRANGEMENTS

U UW has consulted with a number of NAVs during the year with regard to the development of a NAV tariff for 19/20. The Company has held a series of workshops and intends to factor in the key outputs from these into its 19/20 tariff.

19/20 CHARGES

APPENDIX 1 – SUMMARY OF CONSULTATION WITH CCWATER ON 2019/20 CHARGES

| Date | Activity | CCWater feedback | U UW action |
|--------------|---|---|---|
| 19 June 2018 | Informed CCWater about the content for the Charges Bulletin to be published early July 2018. | Acknowledged. | None required. |
| 2 July 2018 | Informed CCWater that the Charges Bulletin was now published. | Acknowledged. | None required. |
| 14 Sept 2018 | Meeting held between U UW and CCWater to discuss 2019/20 indicative charges. The expected impact of 2019/20 wholesale charges on a representative set of NHH and HH customers was presented. | No comments on indicative wholesale charges. | None required. |
| 26 Sept 2018 | Outlined proposals to introduce AVC for larger properties and the addition of a “Tier 2” to the help to pay tariff as part of the quarterly meeting between CCWater and the Customer Services Director. | Required further information on proposed changes. | Provided, and AVC proposal discussed further with Customer Services Director. |
| 5 Oct 2018 | Informed CCWater that indicative wholesale charges were now published. | Information requested on expected average bill movement. | Average bill information provided. |
| 29 Oct 2018 | Shared draft Household, Wholesale Water, Wholesale Wastewater, and New Connections and Developer Services charges schemes with CCWater for comment. | No comments raised on Household, Wholesale Water and Wholesale Wastewater schemes. Requested call to discuss draft New Connections and Developer Services charges scheme. | Call held with CCWater; no issues raised. |

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|-------------|--|---|-----------------------------------|
| 14 Nov 2018 | Exchanged correspondence with CCWater on the effect of the WRFIM adjustment on 2019/20 charges | Requested WRFIM adjustment as a % of forecast revenues. | Provided information as required. |
| 10 Dec 2018 | Shared wording with CCWater to be included as an appended document to the Assurance Statements about CCWater engagement. | Confirmed that the wording is appropriate to be used | None required. |

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APPENDIX 2 – STAKEHOLDER ENGAGEMENT EVENTS FOR 2019/20 NEW CONNECTIONS CHARGES

| Activity | Date | Developers | SLP | HBF | HBA | Fairwater connections | Consultants | NAVs | Ofwat | CCW |
|---|------------------|------------|-----|-----|-----|-----------------------|-------------|------|-------|-----|
| Invite sent for Charging Workshop | 6 June 2018 | ✓ | ✓ | ✓ | | ✓ | ✓ | | | |
| Charging Workshop Group held | 26 June 2018 | ✓ | ✓ | ✓ | | | ✓ | | | |
| Charging Survey Issued | 16 July 2018 | ✓ | ✓ | ✓ | | | ✓ | | | |
| Newsletter Issued inc Charges | 17 October 2018 | ✓ | ✓ | ✓ | | | ✓ | | | ✓ |
| External webpage updated Q & A | 17 October 2018 | | | | | | | | | |
| New connection charges scheme issued for review | 29 October 2018 | | | | | | | | | ✓ |
| Fairwater Connections Engagement | 30 October 2018 | | | | | ✓ | | | | |
| HBF Engagement | 2 November 2018 | | | ✓ | | | | | | |
| 2018 Developer day | 7 November 2018 | ✓ | ✓ | | | | ✓ | ✓ | ✓ | |
| CCW meeting on stakeholder/charges | 22 November 2018 | | | | | | | | | ✓ |
| New connection charges scheme review session | End November | | | ✓ | | ✓ | | | | |
| HBF Engagement | 3 December 2018 | | | ✓ | | | | | | |
| Fairwater Connections Engagement | 6 December 2018 | | | | | ✓ | | | | |
| HBA Engagement | 18 December 2018 | | | | ✓ | | | | | |
| Assurance Statement | 2 January 2019 | | | | | | | | | |

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APPENDIX 3 – SUMMARY OF DEVELOPER STAKEHOLDER FEEDBACK

| Our stakeholders said: | UU response |
|---|---|
| Quotes provided by SLPs to some developers have varied significantly as a result of the publication of the new charges and the way the asset value is being calculated. | At the UU Developer Day 7 November 2018 a section on explaining the difference between the way that asset payments and the new income offset payments are calculated was covered. |
| Network reinforcement – the way some infrastructure is funded is still unclear. Perception that developers will pay for reinforcement within site boundary but do not pay for network reinforcement outside of site boundary. | At the charging focus groups session on 26 June 2018 and the UU Developer Day 7 November 2018 a section on site specific versus network reinforcement was covered. |
| Income offset -the fixed 68% income offset does not work for mixed/commercial sites. A per plot calculation for commercial sites/mixed residential is preferred. | We have changed our approach to income offset for mixed/commercial sites for 2019/20 from a % allowance to a per plot allowance. At the Developer Day 7 November 2018 we shared this proposed change with our stakeholders. |
| Infrastructure Discount - How do I apply? | At the charging focus groups session on 26 June 2018 and the UU Developer Day 7 November 2018 a section on how to apply for the infrastructure discount was covered. |