



Overview on Charges to Developers / SLPs

26 June 2018

Our agenda



- UU in the news
- Setting 2018/19 charges
- Feedback we incorporated
- How we set charges for 2018/19
- Feedback we have since received
- Some focus areas:
 - Calculation of charges for new water mains and example schemes
 - Site specific versus network reinforcement
 - Infrastructure charges for sustainable developments
- Charging Scheme for 2019/20
- Workshops
- Next steps

Setting charges 2018/19 - overview of approach

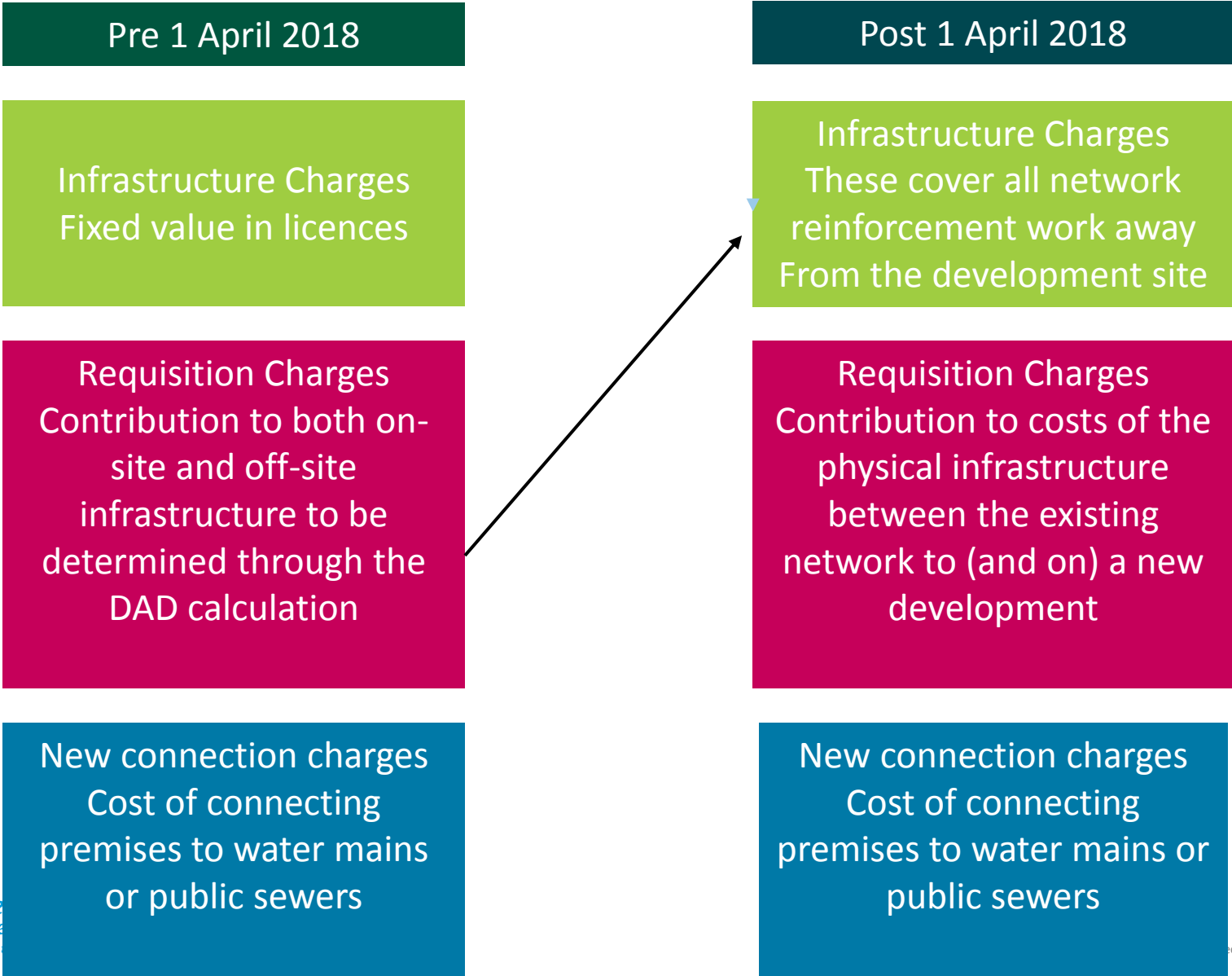
- We want our charges to be transparent and fair
- We want to minimise the impacts on developers / SLPs
- We want to continue having charges which are cost reflective
- We want to encourage competition
- We want to promote sustainability





Setting charges 2018/19 - overview of approach

Changes from 1 April 2018



Feedback from April and August 2017



You wanted charges to be site specific and fair without different developers subsidising each other

We have a cost reflective approach for requisitions rather than per plot charge

You wanted a per plot allowance income offset/asset payment because it will be easier to calculate and will give certainty

We changed our approach to income offset/asset payment from a % allowance to a per plot allowance for developments consisting only of household premises. For non-household developments, or where a development does not solely consist of household premises, income offset/asset payments are calculated based on a fixed % allowance of the mains scheme cost

Feedback from April and August 2017



You wanted
standardised fixed
charges for
connections and
infrastructure to make
it clear and simple

We have standard
fixed charges for
connections and
infrastructure

You felt a water or
wastewater infrastructure
discount would not on its
own change developer
behavior

We simplified our
approach to water and
wastewater
infrastructure
discounts

Feedback from April and August 2017



Transition period was an important factor for you and clarity and transparency is really important

We are following Water UK guidance on transition and held a specific session on transition at Developer Day to discuss our approach and provide our stakeholders with an opportunity to discuss areas of concern

You wanted clarity and certainty on new connection charges

We have developed our new charges to enable stakeholders to reasonably estimate charges due without having to wait for a quote

How we set charges for 2018/19

Water connections

Fixed application fee and fixed processing fee

Fixed rates per surface type (includes up to 2m pipe service and two way lights), with additional fixed charges for additional metres if required

Fixed rates per diameter of mains required ranging from up to 25mm through to 160mm

Fixed meter charges dependent on size of meter required

Additional fixed charges to be added where required e.g. traffic management

Water infrastructure charge (non site specific)

Fixed charge per connection

Discounted fixed charge for water efficient schemes

No change to infrastructure credits process

How we set charges for 2018/19

Wastewater Infrastructure charge (non site specific)

Fixed charge per connection

Discounted fixed charge for schemes where there is no surface water connection into the sewerage network

No change to infrastructure credits process

Water Requisitions (Site specific)

Fixed application fee, fixed processing fee and fixed connection administration fee

Fixed rates per surface type (includes two way lights)

Fixed rates per diameter of mains required ranging from up to 63mm through to 315mm

Income offset:

- Fixed £ per on site plot for housing developments
- Applied as a % of the cost of the new main for non-housing developments
- Also applicable to NAVs

Additional fixed charges to be added where required e.g. traffic management

How we set charges for 2018/19

Wastewater Requisitions (Site specific)

Individual quotation provided (as requests are infrequent and bespoke)

Indicative rates published to assist developers in estimating costs, based on surface type and sewer diameter

No income offset on wastewater requisitions



Feedback have we received since 1 February 2018

“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.”

“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.”



“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.”

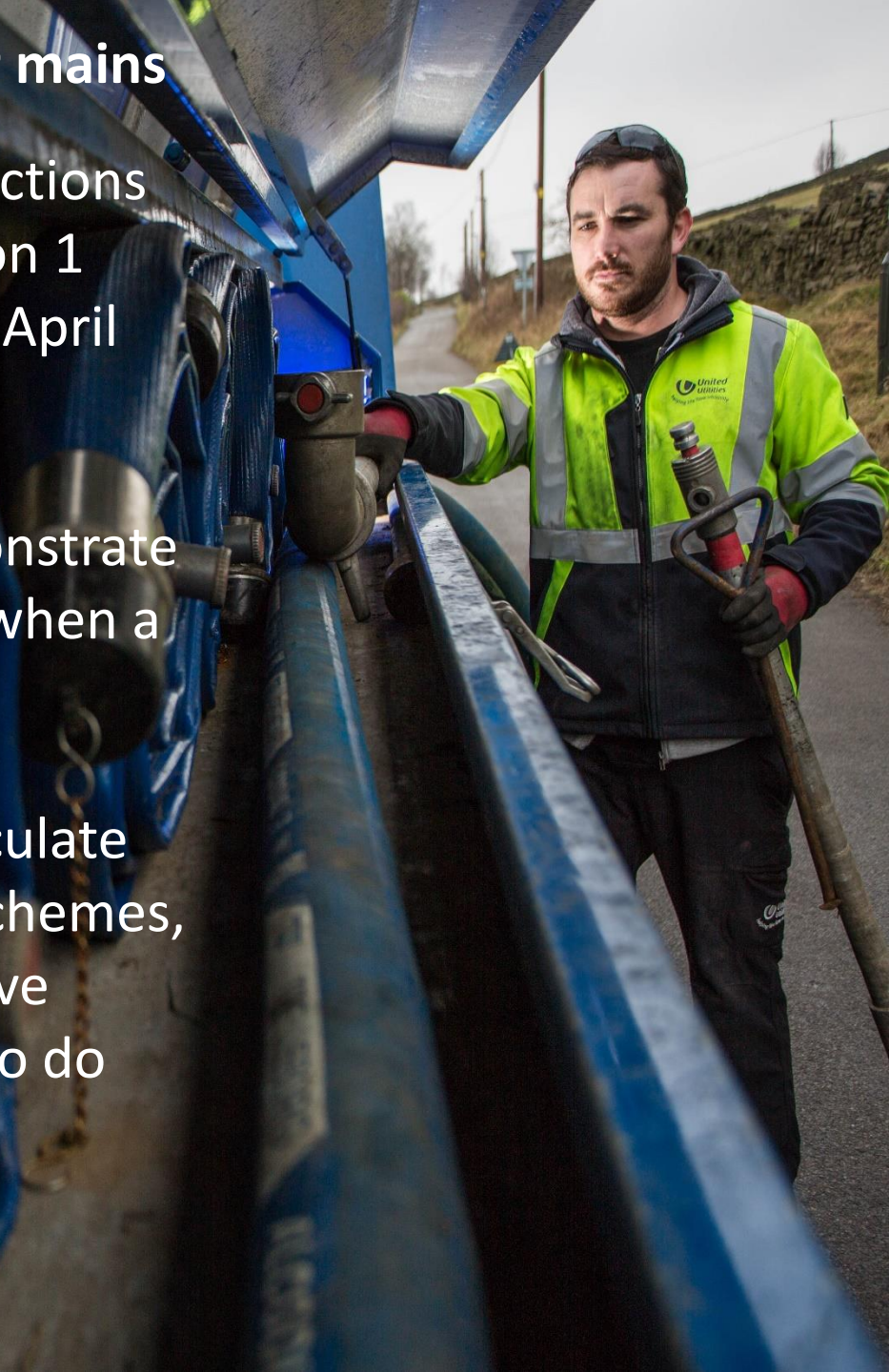
“Infrastructure discount scheme – when does it apply?”

Calculation of charges for new water mains

Our charges scheme for New Connections and Developer Services, published on 1 February 2018, and applicable for 1 April 2018 to 31 March 2019, includes all charges payable in respect of new connections, and examples to demonstrate how we calculate payments to you when a main is self-laid.

In order for self-lay providers to calculate the financial breakdown of future schemes, without having to contact us, we have developed a tool which allows you to do this.

Check it out on our website



Site specific vs network reinforcement

Under the new rules, there is a clear distinction between site specific charges and network reinforcement charges, we will recover the cost using the two distinct charges:

Site specific

- Recovered through the requisition charge
- Payable for all work carried out by the water company on the site and up to a defined point of connection to the existing water company network.
- Charges cover the cost of Site Specific work to provide any new pipework or pumping facilities that are needed to connect the new houses to the nearest practical point on the existing network, where the diameter of the new connecting pipework is no larger than the diameter of the company's existing network.

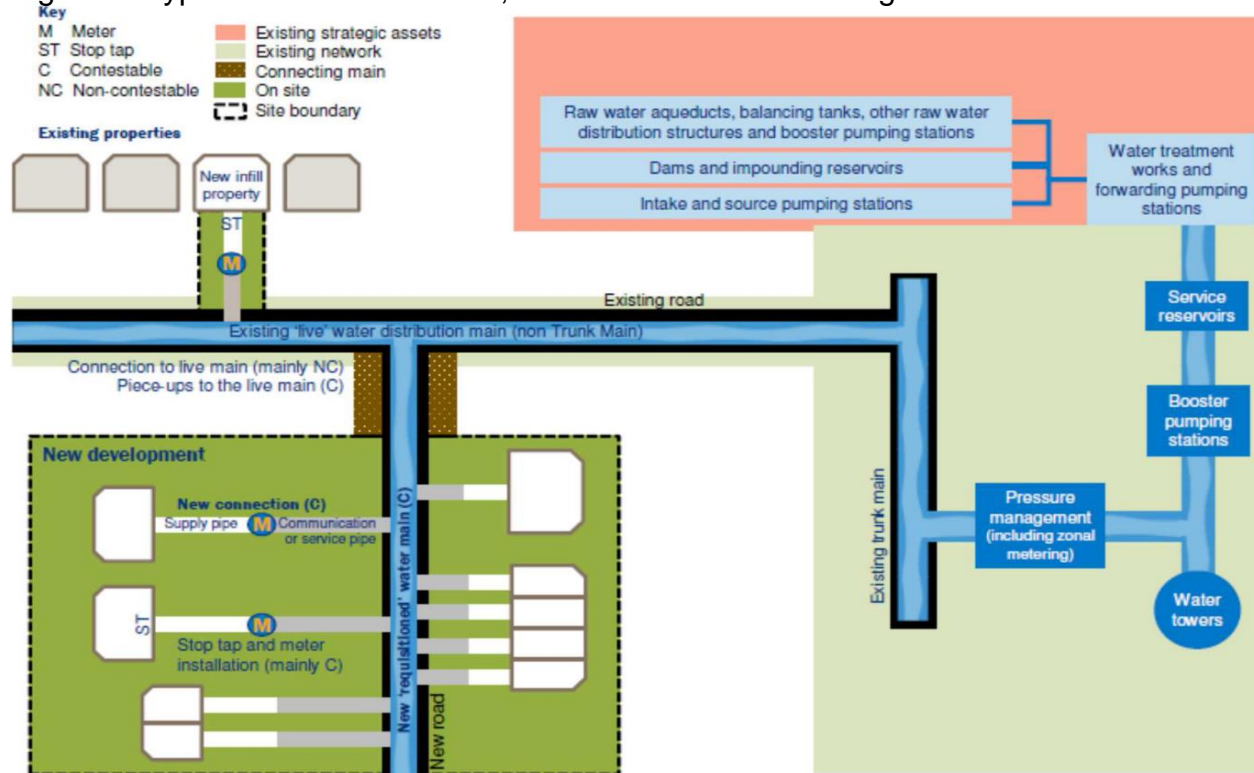
VS

Network reinforcement

- Recovered through the infrastructure charge
- Fixed amount per connection – everyone pays the same per connection
- Relates to network reinforcement required as a result of new developments, this can include:
 - enlarging existing or proposed pipes to increase capacity
 - upsizing existing or proposed pumping stations
 - providing new cross-connections to improve network capacity under differing network conditions
 - other infrastructure required to provide network capacity for growth resulting from new development.

Site Specific/network reinforcement – who pays for what?

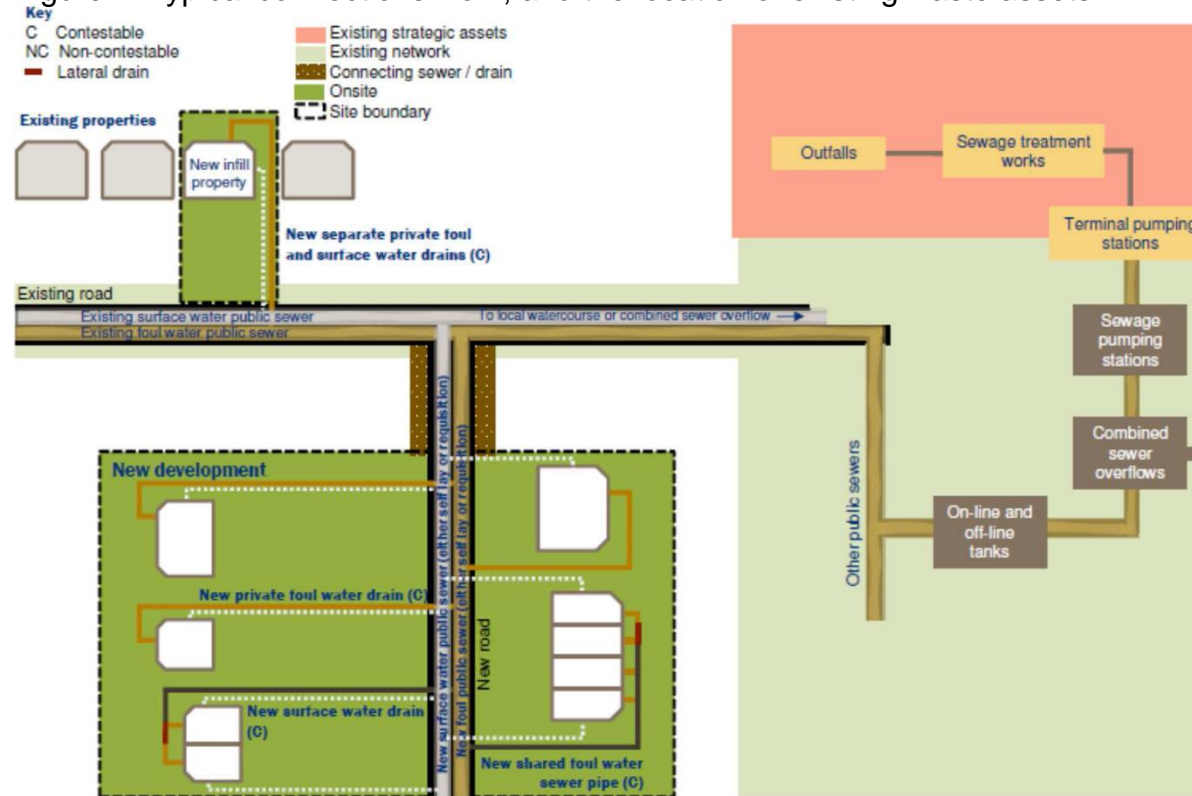
Figure 3: Typical connections work, and the location of existing water assets



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

Site specific/network reinforcement – who pays for what?

Figure 4: Typical connections work, and the location of existing waste assets



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

Infrastructure charges for sustainable developments

- A reduced rate will apply to infrastructure charges for developments which meet specified qualifying criteria.
- Discount only applies to the infrastructure charge in the 2018/19 charges scheme (new schemes from 1 April 2018)
- Discount is not applicable to transition schemes (pre 31 March 2018)



Sustainable developments - water

Water Infrastructure Discount 2018/19

Where you can demonstrate, using the Water Calculator, that properties are built with water efficient fittings and fixed appliances that would not exceed the potential consumption of 110 litres or less of water per person per day.

How do I apply?

- To apply for a water infrastructure discount you must identify your request on your application for water services
- A completed Water Calculator form should be submitted with your application (our website has a link to the water calculator)
- Note: you will be audited to verify the application



Sustainable developments - wastewater

Wastewater Infrastructure Discount 2018/19

Where you can demonstrate that properties are built with no surface water connection to the public sewer. Surface water will need to drain to either a watercourse or an infiltration system, via a private or adoptable sewer network, and not through an existing public sewer.

How do I apply?

- To apply for a wastewater infrastructure discount you must identify your request on your application for water services
- Provide supporting evidence in the form of a drainage layout plan that confirms drainage connectivity of the properties affected by the application
- Note: you will be audited to verify the application



Charges 2019/20 - Areas under review

- Infrastructure discount
 - Sustainable development criteria
- Adoption of SuDS
- Network reinforcement
- Timing of payments
- Asset payments (timing & mixed developments)
- New Charges
 - Service transfers off diversions
 - Requote fees
 - Take over off existing supplies / Upsizing



Charges review timeline 2018 to 2019

