



Dŵr Cymru
Welsh Water

Guidance for New Appointments and Variations (NAVs) – New Developments Unserved Criteria

dwrcymru.com

Table of Contents

Definitions.....	2
1. Introduction	3
2. Supporting our Customers throughout the Process.....	3
3. Overview	4
4. Site Eligibility.....	4
4.1. Unserved Criterion.....	4
4.1.1. Independent Site Status Reports	5
5. Pre-Application for New Developments	5
5.1. Planning advice and New Development guidance.....	5
5.1.1. Information Requirements	6
5.1.2. The Likely Future Assessment.....	6
5.2. Network Hydraulic Modelling	6
5.3. Risk Assessments	7
5.4. Water Pressure	7
5.5. Bulk Supply Pricing and Connection Charges.....	8
5.5.1. Bulk Charges.....	8
5.5.2. Income Offset.....	8
5.5.3. Infrastructure Charges	8
5.5.4. Connecting Infrastructure.....	8
5.5.5. Bulk Supply Metering.....	9
5.6. Bulk Supply Agreements	9
5.7 Mandatory Sewer Adoptions	9
6. Post-Submission of the NAV application to Ofwat	9
7. Post-Award.....	9
7.1. Transition	9
7.2. Contract Management.....	10
Appendix A - Application Process	11
Appendix B – Bulk Supply Charging Methodology.....	14
Appendix C – Schedule of Charges.....	20

Version Control

Version Number	Date of Issue	Modifications to previous issue
v1.0.	3 July 2019	First issue

Definitions

The following terms will have the meanings set out below wherever used throughout this Guidance:

Bulk Supply: A bulk supply of water from one appointed water company to another or a bulk discharge of wastewater from one sewerage company into the sewers of another sewerage company.

Bulk Supply Service: A NAV can provide its own onsite infrastructure, but rely on a bulk supply of water, or bulk discharge of wastewater, from or to the relevant incumbent's network. The NAV still serves end-Customers, but the NAV pays the incumbent for bulk services.

Customer: A new appointee or appointee seeking to vary its licence making a NAV application for a new development.

DWI: The Drinking Water Inspectorate, responsible for regulating public water supplies in England and Wales. The DWI is responsible for assessing the quality of drinking water, taking enforcement action if standards are not being met, and taking appropriate action when water is unfit for human consumption.

Full-Service: – A NAV that provides a complete end-to-end service on a site. For water, this incorporates obtaining a water source, treatment, distribution and retailing. For wastewater, this incorporates collection, treatment and sludge treatment and disposal.

Undertaker: A company appointed under section 6 of the Water Industry Act 1991.

Unserved Criterion: Criterion for a NAV Application whereby the prospective NAV applies on the basis that there are no existing water and/or sewerage mains connections on the site.

Wastewater – Sewage or Sewage and Surface water or Surface water only

WIA91: Water Industry Act 1991.

New Appointments and Variations (NAV): A Statement of Policy

1. Introduction

This document (the “Guidance”) sets out the Dŵr Cymru Welsh Water (DCWW) guidance for supporting Customers to provide water and wastewater services to new Developments in DCWW’s area of appointment.

The policy provides a framework to ensure all New Appointments and Variations (NAV) are treated consistently and in line with the legal and regulatory requirements. In particular, DCWW is committed to meeting the aims of Competition Law and meeting the requirements of our licence (i.e. prevention of undue discrimination, undue preference and the misuse of information) including **Condition E1**.

If you have any comments or observations in relation to this Guidance please contact Kate Newton, our Competition Solicitor on 01443 452740 or by email at kate.newton@dwrcymru.com.

2. Supporting our Customers throughout the Process

All enquiries from Customers should be directed to DCWW’s Wholesale Service Centre.

Wholesale Service Centre

DCWW Welsh Water

PO Box 3164, Cardiff, CF30 0FF

T: 0800 260 5053

<http://wsc.dwrcymru.com>

wholesaleservicecentre@dwrcymru.com

Internal controls have been established to ensure Customers are treated fairly and that any confidential information is handled appropriately to avoid any undue preference being shown to any party. There is segregation between teams delivering services on behalf of the Customer and those who may be delivering services directly to the developer.

Work commissioned by a Customer will be delivered to industry service standards or where applicable, internal performance standards designed to provide industry leading levels of Customer service. DCWW encourages early engagement in order to address any issues that may arise during the planning/construction process.

This Guidance sets out the work required and key criteria that need to be considered in DCWW’s interactions with a prospective Customer. It may be the case that work streams will run in parallel e.g. eligibility and pre-planning report. The document therefore should be interpreted as a suite of tasks rather than a linear flow of work, the extent of the overlap largely reliant on the instruction received by the Customer. DCWW commits to respond to requests within the timeframes specified by Ofwat and where we are unable to do so we will provide a full explanation and the achievable timescale. A table outlining the stages of the application process and the timeframes for DCWW’s responses is included in Appendix A.

3. Overview

A new appointment is made where a limited company is appointed by Ofwat to provide water and/or sewerage services for a specific geographic area. The new appointee has the same duties and responsibilities as the previous statutory water company.

A variation is where an existing appointee asks Ofwat to vary its appointment so it can extend the areas it provides services to.

A NAV therefore involves one company replacing another as the appointee for a specific geographic area. Ofwat provides guidance for Customers in relation to NAV appointments, as well as for incumbent companies responding to NAV applications within their area, available via the following link:

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

4. Site Eligibility

In order for a Customer to apply to serve a new Development site, the following criteria must be met:

- The **unserved criterion**: The site has no existing mains water connection and/or it has no existing mains sewer connection.

4.1. Unserved Criterion

Under section 7 read with section 36(3) of the WIA91, a site is unserved if none of the premises in the proposed appointment area are:

- Supplied with water by means of a connection with a distribution main of the existing water company (in the case of an application to supply water); or
- Drained by means of a public sewer or lateral drain of the existing sewerage company (in the case of an application to discharge sewage)

Ofwat guidance states that where appropriate the Customer should obtain a report from an independent professional adviser that verifies the unserved status of the site. Otherwise, if the status of a site is not in dispute, it may be sufficient for a Customer to provide Ofwat with factual details of the site, accompanied by a signed letter from the existing appointee confirming its view that the site is unserved.

Where an independent report is deemed necessary, the Customer and/or their independent professional adviser is asked to produce a coloured map clearly showing the boundary of the site and if known, the existence of any of the following:

- Existing water infrastructure;
- Existing foul sewerage infrastructure; and
- Existing surface water drainage infrastructure.

To assist in this process, the Wholesale Service Centre will provide on request (at no charge) two unmarked copies of the map covering the proposed development area (A1/AO) and/or an electronic copy in a common file format.

4.1.1. Independent Site Status Reports

Where an independent site status report is required, DCWW will meet with the Customer and/or its independent professional advisor and provide information relating to any water, sewage or surface water drainage assets on site as required by Ofwat guidance. Meeting and information requests should be made via the Wholesale Service Centre. If the request is made directly by the independent professional advisor, the advisor will need to provide DCWW with a letter of authority from the Customer to confirm that DCWW can share the information. The Wholesale Service Centre aims to respond to the information requests within 15 working days of receipt as per Ofwat guidance.

It may be necessary for DCWW to validate the proposed area of appointment with a more detailed survey of the site, identifying potential connections that may have been omitted from DCWW's mapping tools e.g. animal water troughs. Where DCWW identifies live connections, these will be communicated to the Customer or their independent adviser and any resultant action agreed. Live connections will either be omitted from the application areas or the Customer will be required to provide evidence to show that this connection will be permanently removed before the appointment/variation is made. Strict rules surround the disconnection of existing properties and DCWW will need to be satisfied that the Customer has complied with Ofwat guidance before agreeing the unserved status of the site.

Ofwat's reporting process requires that a draft report relating to the unserved status of the application site is circulated to the existing appointee prior to it being submitted to Ofwat in support of its application. The Wholesale Service Centre aims to provide a written response to the draft report within 5 working days. If DCWW is satisfied as to the unserved status of the proposed site, a signed letter will be provided to the Customer confirming the site's eligibility. Where DCWW disagrees with the report's findings, the reasons why the site is considered to be served will be set out within the response. If a draft report is not provided to DCWW at the pre-application stage, Ofwat will share the site status report when the application is submitted. As this can cause a delay, it is preferable that the Customer shares the draft site status report once it is available.

5. Pre-Application for New Developments

5.1. Planning advice and New Development guidance

The Wholesale Service Centre is the point of contact for Customers for the pre-planning or new development sites advice and guidance services. We will: assess the impact of the proposed development; advise whether the local network can support the proposal; whether off-site water mains and/or sewers will need to be provided; and whether there is any apparatus located within the land the Customer may wish to develop and the requirements for these apparatus. Please refer to our Planning and New Development Guidance document and Application form available [here](#).

The Wholesale Service Centre aims to provide a written response within 20 working days of receipt of a complete application. The advice provided will be valid for a period of 12 months from the date of issue and will help to inform the response to the planning application for the development.

The fee for this service can be found in Appendix C.

5.1.1. Information Requirements

Application forms can be downloaded from the Wholesale Service Centre website and submitted by e-mail to WholesaleServiceCentre@dwrwymru.com. In order to ensure that DCWW can provide a Customer with comprehensive advice about the site, the information requested on the forms should be submitted with an enquiry.

5.1.2. The Likely Future Assessment

Sections 40 and 110A of the WIA91 (water and sewerage bulk supplies) requires undertakers to consider the impact any new connection requests from NAVs or Developers will have on its ability to deliver services to both its existing and likely future Customers. DCWW will undertake a 'likely future assessment' to evaluate the impact the Customers' site will have on the water demand management and/or sewerage catchment. This process will establish whether the proposed application would:

- Pose a risk to DCWW's ability to provide existing water and/or sewerage services;
- Be detrimental to the connection offered to development sites with extant planning consent; or
- Incur costs that would not have been incurred if the NAV site had not occurred.

The starting point is to assess all developments that have an extant planning permission in the same zone/catchment as the NAV application site. This will also include consideration of any active non-domestic bulk supply and trade effluent applications. If the only site with extant planning permission is the NAV application site (and there are no active non-domestic applications) then the baseline of assessing capacity shall be the current demand on the assets. In all other cases, the NAV will be required to fund the asset reinforcement required (which is in line with the headroom assessment used for developer Customers), which will constitute:

- the existing demand (including any active non-domestic bulk supply/trade effluent applications);
- the extant planning permission demand; and
- the NAV application site

5.2. Network Hydraulic Modelling

The pre- planning and new development advice will provide an indication of whether the existing networks can accommodate the new development. However, there may be instances where the assets do not have capacity to service the site and hydraulic modelling is required to assess the available options. It may be difficult to commit to definitive delivery deadlines, particularly for larger more complex developments. Please

be advised that sufficient time will be required for these studies to be undertaken prior to finalising the bulk supply agreements.

There may be occasions where the site owner has already commissioned modelling work and the study has either been undertaken in part or full. Where this is the case, DCWW will ask the Customer to provide authorisation from the site owner agreeing to the release of this work.

The following three step approach sets out how to commission work to confirm the point of connection/discharge and the estimated cost of any network reinforcement required. The schedule of charges is set out in Appendix B and C.

Step 1 is the *modelling estimate*, which will identify the scope and cost of the modelling exercise needed. The Wholesale Service Centre will provide the Customer with an outline of the work required, estimate of the cost and approximate timescales where possible. For water modelling estimates, the Wholesale Service Centre aims to respond within 5 working days. Due to the complexity of wastewater hydraulic modelling, estimates can take up to 20 working days. The Customer then has 6 months to decide whether to accept this estimate and instruct DCWW to undertake modelling work. Estimates are valid for 6 months and payment will be requested in advance of the work being undertaken.

Step 2 Following payment of the estimated value of the hydraulic modelling, DCWW will undertake a modelling study and publish a *hydraulic modelling report*. This will set out the impact the bulk supply will have on the network and whether a point of connection/discharge can be offered without investment in DCWW's treatment assets or network. Where investment is required, it will detail the assets requiring investment and whether new mains and sewers will be required to communicate from the boundary of the Customer's site to a suitable connection point on DCWW's network. A high level estimate of the cost will be incorporated into the report and the results of the model will be valid for 6 months.

Step 3 is the *engineering design*. If the Customer decides to proceed, the final step will be to commission a detailed engineering solution for the connection. When an application is submitted for engineering design, the Wholesale Service Centre aims to respond within 5 working days to either confirm that the required information has been received to undertake the design or to ask for further information if required. Once it is confirmed that the application is complete, the Wholesale Service Centre aims to provide a response within 20 working days. A deposit will be required which will be deducted from the final cost of the scheme.

5.3. Risk Assessments

To enable a Customer to submit its risk assessment to the DWI, any risk assessment information required should be requested via the Wholesale Service Centre. The Wholesale Service Centre aims to return the information to Customers within 15 working days of receiving the request.

5.4. Water Pressure

Where a Customer requests the minimum and maximum water pressures available to a site at that time, the Wholesale Service Centre aims to respond to the request within 20 working days.

5.5. Bulk Supply Pricing and Connection Charges

5.5.1. Bulk Charges

Where a request is made for price and non-price terms of a bulk supply agreement at the pre-application stage, the Wholesale Service Centre will aim to provide an offer letter within 20 working days. The offer will be based on the information available at the time of the request and may be subject to change.

The methodology used by DCWW to calculate indicative bulk supply charges is set out in Appendix B.

5.5.2. Income Offset

An 'income offset' is a discount on an incumbent water company's charge for investment in a new water main or public sewer. It reflects the income the incumbent water company expects to receive from a new development following investment being made in the new infrastructure. It can therefore reduce the cost of connecting new housing developments to the water and waste water network.

DCWW will provide an income offset against the capital and financing costs for work required to reinforce DCWW's existing water/sewerage networks. The value of the income offset will be calculated based on domestic connections within the site and agreed build rate. Where the number of properties and build rate differs to those underpinning the extant planning consent for the site, DCWW reserves the right to retrospectively adjust the value of the income offset calculated.

The offset payment will be met through payment of the infrastructure charge; the new appointee being permitted to collect and retain the infrastructure charge up to the value of the agreed income offset. Once the value of the income offset has been reached, all remaining infrastructure charges are payable to DCWW.

5.5.3. Infrastructure Charges

The Customer will be expected to collect the relevant infrastructure charges arising in relation to each of the new properties on their application site. Infrastructure charges are payable to the new appointee when the supply is made available – that is, when the first time connection is made.

Payment of the amount owed in infrastructure charges by the new appointee to DCWW will be required within 30 days of the connection being made, subject to the application of the income offset outlined in 5.5.2 above.

5.5.4. Connecting Infrastructure

DCWW will model network solutions in support of the NAV application and will consider requests to undertake the capital works required to construct the communicating water main or sewer to the designated connection point on a case by case basis (in particular because DCWW may not have the statutory powers to carry out this work).

5.5.5. Bulk Supply Metering

DCWW may install bulk meters at supply points on the boundary of the NAV site to be used for charging and wider network management.

5.6. Bulk Supply Agreements

A bulk supply agreement should be in place before Ofwat will award a NAV. The Wholesale Service Centre will on request provide the Customer with a template bulk supply agreement for water and/or waste water service. DCWW do not prescribe a single approach and it is the Customer's decision as to whether they are comfortable in using the template or wish to offer an alternative.

Bulk supply agreement negotiations can be commenced during the pre-planning phase and will be concluded during the public consultation stage, following the application being submitted to Ofwat. Bulk supply offers will be conditional on both parties having agreed contract terms and the application being successful. DCWW will provide a letter of support to the NAV where appropriate and will furnish Ofwat with any details required by Ofwat as part of their consideration of the NAV application.

5.7 Mandatory Sewer Adoptions

A sewer must not be constructed until the NAV has been appointed (it is a criminal offence for an unauthorised body to construct a sewer).

6. Post-Submission of the NAV application to Ofwat

Once the NAV application has been submitted to Ofwat, a Section 8(2) Notice must be sent to key stakeholders including the existing appointee of the relevant site within 14 calendar days. The notice should be sent to the registered address set out below:

Company Secretary
Dŵr Cymru Welsh Water
Pentwyn Road
Nelson
Treharris
Mid Glamorgan
CF46 6LY

It is requested that a copy of the notice also be sent by email to WholesaleServiceCentre@dwrcymru.com.

7. Post-Award

7.1. Transition

Once Ofwat have confirmed the award of the NAV to the Customer DCWW will support the new appointee via a named point of contact within the Wholesale Service Centre. Transition arrangements will be agreed to ensure:

- Bulk supply contracts are enacted;
- Physical connections to DCWW's networks are facilitated;
- Billing arrangements are established.

Controls established to maintain confidentiality between Developer Services and the Wholesale Service Centre during the application process will be relaxed, reflecting the transition of the new appointee from a competitor to a Customer (Ofwat's 'Competitor Principle'). It facilitates the use of appropriately skilled and knowledgeable resources with development industry backgrounds to support the new appointee when connecting to DCWW's network.

7.2. Contract Management

On-going support including billing, collection of charges and meter reading will be provided via the Wholesale Service Centre. Tailored contract management services may also be made available to Customers on request.

Appendix A - Application Process

The table below outlines the stages of the application process. It may be the case that work streams will run in parallel e.g. eligibility and pre-planning report. The table should be interpreted as a suite of tasks rather than a linear flow of work, the extent of the overlap largely reliant on the instruction received by the Customer.

Stage	Action	Description	Process	Response Time
Pre-application	Initial enquiry	Enquiry submitted by potential applicant	The Customer makes contact with Wholesale Service Centre to enquire about a NAV application and provide contact details, site information and the criterion they intend to apply under.	5 working days
Pre-application	Eligibility check	Engagement with applicant to discuss eligibility criterion	Engagement with the Customer to discuss eligibility and agree whether further investigation is required i.e. independent site status report.	5 working days
Pre-application	Site status report	Independent adviser site status report	Where information is requested by an independent adviser, DCWW aims to respond within 15 working days. Once draft report is submitted to us, DCWW aims to provide comments within 5 working days.	15 working days 5 working days

Pre-application	Network information	Pre-planning report and likely future assessment	The Customer submits a pre-planning form to enable assessment of whether the local infrastructure can accommodate the development.	20 working days
		Hydraulic modelling estimate	If hydraulic modelling is required, an estimate of the cost to model the solution will be provided. DCWW aims to provide water estimates within 5 working days and wastewater estimates within 20 working days.	5-20 working days
		Hydraulic modelling study	Modelling study and hydraulic modelling report to show whether network has capacity or if investment is required.	Dependent on modelling required
		Engineering design	Once an application for engineering design is received, DCWW aims to respond within 5 working days to confirm that the application is complete. Where further information is required, DCWW will provide a letter outlining the missing information. Once all necessary information is received, DCWW aims to respond within 20 working days.	20 working days
		Water pressure	Where a Customer requires minimum and maximum water pressures available to a site, DCWW aims to provide this within 20 working days	20 working days
		Formal offer for bulk services	Where a Customer requests price and non-price terms for a bulk supply/discharge agreement, DCWW aims to provide an offer letter based on information available at time of request.	20 working days
Pre-application	Risk assessment	Risk assessment	Where a Customer requires information on DCWW's drinking water safety plans to submit a satisfactory risk assessment to the DWI, DCWW aims to respond with the requested information within 15 working days.	15 working days

Pre-application and application	Bulk agreements	Bulk supply and bulk discharge agreements	Negotiation of bulk supply and bulk discharge agreements during pre-application and application stage. Agreements to be finalised at public consultation stage.	Not defined
Post-submission	Application submitted	Application is submitted to Ofwat by the Customer	The Customer submits formal application to Ofwat and issues a Section 8(2) notice to DCWW within 14 calendar days.	14 calendar days

Appendix B – Bulk Supply Charging Methodology

Scope

This appendix refers to the on-going charges for the supply of water and wastewater services to NAV sites. It does not cover the charges for pre-application or connection.

Purpose

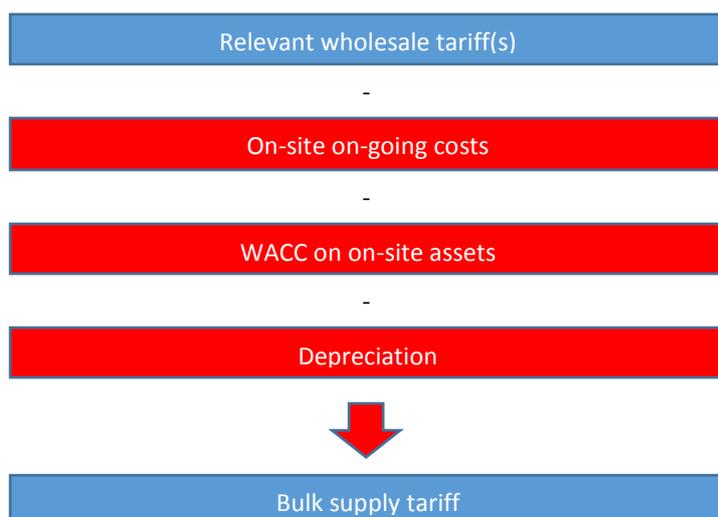
This document sets out the wholesale tariffs, applicable for the period 1 April 2019 to 31 March 2020, to be used in existing bulk supply agreements to calculate the charges for the bulk supply of water and wastewater services at each site. The tariffs are shown in Tables 2 and 3.

The document also provides the methodology for arriving at site specific charges for use by prospective applicants who are looking to apply for a NAV within DCWW's area.

Principles

Our approach to the calculation of bulk supply tariffs has been developed to comply with Ofwat's bulk charges guidance "*Bulk charges for NAVs: final guidance May 2018*" and Welsh Government (WG) guidance "*Charging Guidance to Ofwat relating to Developer Charges, Bulk Supply Charges and Access Charge 2017*" and other applicable regulation and legislation. The wholesale-minus methodology, taken from Ofwat's guidance (p17), is shown in figure 1 below:

Figure1 Ofwat's wholesale-minus approach



The tariffs have been developed on a top down regional average basis. For sites that have materially different operating characteristics, this approach may lead to deductions that mean that the sites are not economically viable. Recognising this, where these tariffs may not be applicable due to materially different operational aspects of any particular site, bespoke charges could be considered as part of any pre-application bulk supply agreement discussions.

The bulk supply charge for each NAV site is site specific and is calculated each year based on our published wholesale tariffs adjusted in accordance with Ofwat's wholesale-minus approach. The calculation of the bulk supply charge forms part of the negotiation of the bulk supply agreement. This document sets out the methodology used to calculate our bulk supply charges. It also provides details of the key components used to calculate the bulk supply charge, including the wholesale tariffs and the cost deductions.

Wholesale tariffs refer to a "standard" provision of domestic water supply and wastewater services,

i.e. potable water and domestic strength effluent, surface water drainage and highway drainage. If a development or site has industrial customers or material trade effluent discharges these would be dealt with on a case by case basis and DCWW reserves the right to vary these tariffs accordingly.

The cost deductions cover the costs that are to be deducted from the wholesale tariffs to reflect the costs avoided by DCWW as a result of the new appointee supplying the site.

Calculating site charges from tariffs

Existing NAV bulk supplies

The mechanism for translating the tariffs below into the annual charges is set out in the applicable Bulk Supply Agreement. The charges for the forthcoming year are sent to the new appointee in line with the timetable set out in Table 1 below.

Prospective NAV bulk supplies

The mechanism for translating the tariffs below into annual site bulk supply charges has three phases linked to the stage of development of the NAV site:

- i. **Pre-application** – The information contained in this appendix allows a prospective applicant to estimate the cost of receiving a bulk service for any particular NAV site. This will inform the negotiation of the bulk supply agreement. An illustration of the calculation is set out in Table 4. Other costs associated with the pre-application process are set out in Appendix C;
- ii. **Site development** – The bulk supply charge is based on the number of connections made and so will change as the site is developed. During the development of the site the bulk supply charge will be calculated annually based on forecast completions. As the bulk supply charge is based on forecast development for the year ahead there is potential for the charges to be under or over estimated. The assumed starting point of the bulk supply agreement negotiations is that a ‘true-up’ mechanism will be required during this phase to account for the actual speed of development. The ‘true-up’ mechanism will set out how any differences between the actual and forecast rate of development will be treated; and
- iii. **Mature site** – Once the site is complete the number of connections will be constant and so the fixed element of the charge will be known. If a weighted volumetric charge is being calculated due to the site configuration this will be reviewed annually.

Timetable for annual update of tariffs

The tariffs contained in this document will be updated annually in line with the timetable set out by Ofwat in the wholesale charging rules:

Table 1 – Annual Timetable for updating tariffs and charges

Month	Activity
July	Scope of changes - any proposed changes to the structure or level of the tariffs will be discussed in principle with NAVs.
October	Indicative bulk supply tariffs will be published alongside the indicative wholesale tariff document published for retailers to eligible sites; NAVs will be consulted on the impact of any changes proposed.
November / December	Tariffs will be finalised and approved by the Board. NAVs will be consulted regarding on the impact of any changes arising. Agree forecasts for connections and consumption with NAVs in line with bulk supply agreements.
January	Bulk supply tariffs for the following year will be published alongside the wholesale tariff document. Bulk supply charges sent to NAVs.

NAV bulk supply charges

NAV bulk supply charges are calculated using the wholesale minus methodology advocated by Ofwat. The tariffs required to calculate the NAV bulk supply charges are the base wholesale tariffs and the deductions to base wholesale tariffs. To the extent that any site has materially different operational aspects that mean that the standard wholesale tariffs and/or deductions are not applicable, bespoke charges could be considered as part of any pre-applications bulk supply agreement discussions.

Base wholesale tariffs

The base wholesale tariffs form part of the “end-bill” charge to all customers and are calculated as part of the annual charge setting process; they are not specific to bulk supply services. The relevant tariffs are set out in Table 2 below.

Table 2 Base wholesale tariffs 2019/20

Base wholesale tariffs	Water	Sewerage Full Service	Sewerage Foul only
Household			
<u>Volumetric Rate</u>			
Standard volumetric rate	£ 1.3856 / m ³	£ 1.6304 / m ³	£ 1.4459 / m ³
<u>Fixed tariff for each meter</u>			
Up to 25mm meter	£ 8.56	£ 58.44	£ 33.94
30mm meter	£ 156.77	£ 345.06	£ 320.56
40mm meter	£ 314.14	£ 523.69	£ 499.19
Non-household			
<u>Volumetric Rate</u>			
Standard volumetric rate	£ 1.2795 / m ³	£ 1.5673 / m ³	£ 1.4249 / m ³
<u>Fixed tariff for each meter</u>			
Up to 20mm meter	£ 14.56	£ 54.88	£ 18.13
25mm meter	£ 80.65	£ 223.62	£ 186.87
30mm meter	£ 154.64	£ 323.11	£ 286.36
40mm meter	£ 301.06	£ 487.39	£ 450.64
50mm meter	£ 463.22	£ 872.33	£ 835.58
65mm meter	£ 623.81	£ 1,417.59	£ 1,380.84
80mm meter	£ 830.26	£ 2,062.96	£ 2,026.21
100mm meter	£ 988.86	£ 3,650.68	£ 3,613.93
150mm meter	£ 1,275.58	£ 8,347.15	£ 8,310.40
200mm meter and over	£ 1,275.58	£ 14,845.61	£ 14,808.86

Deductions to base wholesale tariffs

Table 3 below sets out the deductions to be made to the base wholesale tariffs to calculate the bulk supply charge.

The deduction for on-site costs and capital costs are calculated on a per connection basis as the underlying costs do not vary by the amount of water supplied. The exception to this is the deduction for leakage on the NAV site which is dealt with by an adjustment to the recorded amount delivered to the bulk supply point. The leakage deduction of 5% of water delivered to the site reflects a review of the available evidence, in particular the leakage assessments made in the Water Resource Management Plans of the NAVs.

Table 3 Deductions to base wholesale tariffs 2019/20

Deductions for on-site configuration	Water	Sewerage
On-going on-site costs	£ 17.62 / Connection	£ 6.54 / Connection
Capital related on-site costs (WACC & Depreciation)	£ 25.99 / Connection	N/A
On-site leakage adjustment	5% of water supplied	N/A

Methodology for calculating bulk supply charges from the published tariffs

The bulk supply charge is a two part charge: a fixed charge based on the number of connections on-site and a variable charge based on the amount of water supplied to the site adjusted to reflect on-site leakage. The steps below show how the weighted average charges are calculated for each site. Table 4 is an illustrated example of how the methodology works in practice.

- Step 1 Calculate the weighted fixed charge.**
Step 1-1 Base wholesale fixed charge - The gross weighted base wholesale fixed tariff is made up of two components: the charge for the bulk supply meter and the weighted service charge for meters on-site which is calculated from the respective household and non-household fixed tariffs for the on-site connections.
Step 1-2 Deductions for on-site costs - These have been calculated on a per connection basis so the deduction is calculated by multiplying the unit rate by the number of connections. During the site development phase the number of connections is a forecast. The weighted base wholesale tariff may be adjusted to reflect differences from the forecast in subsequent years. The methodology for this true-up is agreed as part of the pre-application process.
- Step 2 Calculate the weighted variable charge.**
 The weighted wholesale volumetric rate is calculated from the wholesale household rate and the standard non-household rate weighted by the expected respective consumption.
- Step 3 Calculate the NAV bulk supply charge**
 The NAV bulk supply charge for the site is calculated from the charges calculated in steps 1 and 2 above. The deduction for on-site leakage is made at this step. A non-return to sewer allowance of a further 5% is also applied to calculate the wastewater charge. Where appropriate, we reserve the right to monitor discharge flow from time to time.

Bulk supply charges illustration

Table 4 below shows an illustration of how charges would be calculated and recovered for a bulk water supply. The illustrative site has a supply point with a 50mm meter, has 250 household connections and 10 non-household connections. After leakage the household consumption is forecast to be 25 MI and the non-household consumption is forecast to be 2 MI. The standard non-return to sewer allowance of 5% is applied to the consumption forecast to calculate the wastewater volumetric charge.

Table 4 – Illustration of calculation and use of NAV bulk supply charges

Step 1-1 Calculate the weighted fixed charge - base wholesale tariff

	Unit	Water		Wastewater	
		Quantities & Tariffs	Fixed Charges	Quantities & Tariffs	Fixed Charges
<u>Bulk supply point</u>					
A	Bulk supply point fixed charge (50mm meter)	£		463.22	872.33
<u>Connection weighted charges</u>					
<i>Fixed Charges</i>					
<i>Households</i>					
(1)	Number of households to be charged next year	Nr	250		250
(2)	Wholesale household meter charge	£	8.56		58.44
(1)*(2)	Household service charges	£		2,140.00	14,610.00
<i>Non-households</i>					
(3)	Number of non-households to be charged next year	Nr	10		10
(4)	Wholesale non-household meter charge	£	14.56		54.88
(3)*(4)	Non-household service charges	£		145.60	548.80
<i>Combined</i>					
B	Total connections and Total fixed charge		260	2,285.60	15,158.80
A+B	Total base fixed charge	£		2,748.82	16,031.13

Step 1-2 Calculate the weighted fixed charge - Deductions for on-site costs

	Unit	Water		Wastewater	
		Quantities & Tariffs	Deductions	Quantities & Tariffs	Deductions
Deduction for on-site costs					
(1)+(3)	Number of connections	Nr	260		260
	On-site costs per connection to deduct	£	17.62		6.54
C	Deduction for on-going on-site costs	£		4,581.20	1,700.40
Deduction for WACC and depreciation of on-site assets					
(1)+(3)	Number of connections	Nr	260		
	On-site costs per connection to deduct	£	25.99		N/A
D	Deduction for on-site capital charge deduction	£		6,757.40	N/A
Bulk Supply Deductions					
C+D	Total on-site total deductions	£		11,338.60	1,700.40

Step 2 Calculate the weighted variable charge

	Unit	Water		Wastewater	
		Quantities & Tariffs	Volumetric Charges	Quantities & Tariffs	Volumetric Charges
<i>Volumetric Charges</i>					
<i>(The weighted volumetric rate calculation uses volumes adjusted for on-site leakage and non-return to sewer allowance)</i>					
	Forecast volume of household water	Cu.m	25,000		23,750
	Wholesale household volumetric charge	£/Cu.m	1.3856		1.6304
E	Base volumetric household revenue	£		34,640.00	38,722.00
	Forecast volume of non-household water	Cu.m	2,000		1,900
	Wholesale non-household volumetric charge	£/Cu.m	1.2795		1.5673
	Base volumetric non-household revenue	£		2,559.00	2,977.87
F	Combined consumption and revenue	Cu.m	27,000	37,199.00	41,699.87
E+F	Weighted volumetric rate	£/Cu.m	37,199.00 / 27,000	1.3777	41,699.87 / 25,650

Step 3 Calculation of the bulk supply charge

Draft Guidance for NAVs for Unserved Sites Published: 3 July 2019

		Water		Wastewater	
		£	£	£	£
<i>Fixed charges</i>					
Base charge	Step 1 – 1	2,748.82		16,031.13	
Deductions	Step 1 – 2	(11,338.60)		(1,700.40)	
Bulk supply fixed charge			(8,589.78)		14,330.73
<i>Volumetric charges</i>					
Volume delivered to site		28,421.05			
Leakage adjustment (5%)		(1,421.05)			
Water delivered to properties		27,000.00		27,000.00	
Non-Return to sewer allowance (5%)				(1,350.00)	
Volume to be charged		27,000.00		25,650.00	
Volumetric rate	Step 2	1.3777		1.6257	
Volumetric charge			<u>37,197.90</u>		<u>41,699.21</u>
Bulk supply charge			<u>28,608.12</u>		<u>56,029.94</u>

Appendix C – Schedule of Charges

Cheques can be submitted with posted applications. If an application is made via email an invoices will be issued for immediate payment

Written Pre-planning Response

The pre-planning service will provide information on whether existing assets can support a development for both water and waste water. In order to provide this service, DCWW will require any relevant information regarding the development including any proposed drainage strategies. See Section 5 of this document for more information.

Charge
2019-20
£133.00 + VAT

Modelling Estimate

The modelling estimate will identify the scope and cost of the modelling exercise needed. The Wholesale Service Centre will provide a written estimate of the cost for which a charge will apply. If the estimate is accepted, the next step will be to instruct DCWW to undertake the hydraulic modelling study. Modelling estimates are valid for six months.

Charge
£250.00 + VAT

Hydraulic Modelling Study

Following payment of the estimate outlined above, a modelling study will be undertaken and a hydraulic modelling report will be published. If the cost of undertaking the study exceeds the estimate provided, DCWW will advise of the reason for the increase and the additional costs will be payable upon receipt of the final report. The hydraulic modelling report will set out the impact the bulk supply will have on the water network and whether a point of connection/ discharge can be offered without investment in treatment assets or the sewer network. Where investment is required it will detail assets needing investment and if new mains and sewers will be required to communicate from the boundary of the Customers site to a suitable connection points on the existing network. A high level estimate of the cost will be incorporated into the report and the results of the model will be valid for six months.

Charge
Payment of
modelling
estimate required
in advance

Engineering Design

If the Customer wishes to proceed, the final step will be to commission a detailed engineering solution for the connection or connections. An upfront deposit will be required, which will be deducted from the final cost of the scheme.

Charge
£2,000 + VAT