

22 APPENDIX 6 - Standardised charging framework

The purpose of this framework is to enable water companies to provide quotations for developers in a standard format. Subject to the feedback from the consultation, companies will develop their own versions from this framework to reflect the detail of their own charges. Company application forms are likely to continue broadly unchanged however they may need to be amended to reflect the sections below, in particular the treatment of the infrastructure charges.

On-site and off-site costs

This framework proposes that on-site and off-site costs are accounted for separately. Views on this would be welcome. Initial points made to date include:

- On-site and off-site are established terms and the site boundary is known.
- However, a single piece of infrastructure may cross a site boundary – e.g. a main or sewer that is installed as a single job – and apportioning the on-site and off-site elements would be artificial.
- Rather than classifying according to whether the asset is on-site or off-site a distinction could be drawn between assets that distribute / collect locally and those whose primary purpose is to transfer to/from the wider network.

	Charge	Site Specific detail and calculations	Cost if work done by water company	Cost if work done by self lay
	WATER SUPPLY			
	W0 Building water supply			
Site-specific	W1 Service pipe and connection	Provided by water company	Not applicable	
		Provided by SLP		Not applicable
		In certain circumstances some or all of the work may be non-contestable		Not applicable
	W2 On-site water mains	Provided by water company		Not applicable
		Provided by developer / SLP	Not applicable	
W3 Off-site connecting water main	Provided by requisition		Not applicable	
		Provided by developer / SLP	Not applicable	

	Charge	Site Specific detail and calculations	Cost if work done by water company	Cost if work done by self lay
	W4 Water network connection charge	Contestable if connection is 63mm or smaller, or unless otherwise agreed. Provided by requisition Provided by developer / SLP	Not applicable	Not applicable
	W5 Water supply Infrastructure Charge	See notes below		
	W6 - Income offset	See notes below		
	W7- Asset Payment	See notes below		

WASTE WATER				
	S1 Lateral connection	Laid as part of on-site sewers	Not applicable	Not applicable
Site-specific	S2 On site sewers	S2a – Provided by water company or S2b – Section 104 – sewers for adoption – fees or S2c – Section 106 – sewers not adopted – fees	Not applicable Not applicable	Not applicable
	S3 Off-site connecting sewers	S3a – Provided by water company or S3b – Section 104 – sewers for adoption or S3c – Section 106 – sewers not adopted	Not applicable Not applicable	Not applicable

	S4 Sewer network connection charge	S4a - Requisition or S4b – Option 1 (see guidance) or S4c – Option 2 (water company)	Not applicable Not applicable	Not applicable
	S5 Sewerage Infrastructure Charge	See notes below		
	S6 - Income offset	See notes below		

Guidance

Water

W0 – Building water supply

Company charges for providing a building water supply.

W1 – Service pipe and connections

This charge relates to connecting the supply pipe to the house (laid by the developer) to the water main and providing a meter and stop tap.

This charge would be made when individual properties or groups of properties are actually connected to the mains. Therefore, the initial quotation would give an indicative figure on the basis that the properties are connected up in a specified number of groups. The quotation may also assume the most straightforward circumstances will apply, e.g. up to 2m of trench and connection pipe in unmade surface, meter box and meter. The quotation will refer the developer back to the charges scheme for more complicated installations – the applicability of which will only be assessed at the time.

Invoices for each group of properties would be issued when the request for the connection of those properties is received.

Traditionally the infrastructure charge has been included in this part of the quotation, it is proposed that this is now separated out – see W5 below.

W2 – On-site water mains

This charge would relate to the cost of the installation of the on-site water mains.

This would be a Site Specific quotation. Some companies are looking to automate / standardise the process.

In some circumstances, the on-site mains may be upsized to allow for future developments that are expected to be served from the new network. In these circumstances the developer will only be charged a portion of the cost. The Site Specific basis of the apportionment will be specified in the quotation (or in supporting information).

Do not include:

- Note that this quote should NOT include for connection to the existing water mains network, even if this main happens to be on site.
- Any asset payment etc. discount (covered later)

W3 – Off site water mains

This charge relates to the installation of water mains to connect the development site to an existing water main.

In some circumstances, the off-site mains may be upsized to allow for future developments that are expected to be served from the new network. In these circumstances the developer will only be charged an appropriate and fair proportion of the cost.

The Site Specific basis of these apportionments will be specified in the quotation (or in supporting information).

Do not include:

The cost of connection of the new off-site main to the existing main (see W4 below).

W4 - Water network connection charge

The making of the connection of the new water mains to the existing water mains network.

W5 – Water supply Infrastructure Charge

A charge to pay for reinforcement of the water supply network remote from the site. Remote being any assets not on the site, or new assets connecting the site to the existing water supply network.

As appropriate, Infrastructure Charge credits for previous use should be applied for any use recorded on the site within the previous five years.

[Companies are currently reviewing the means of assessing this charge, including flat, zonal or site by site options.]

W6 – Water supply income offset

A deduction from the above charges.

At present this is an offset of charges equivalent to 12 years discounted income from the development. The offset currently cannot exceed the sum of:

W2 – On site water mains

W3 – Off site water mains

W4 – Water network connection charge

W5 – Upstream reinforcement

Companies are currently reviewing how this income offset would be made from April 2018.

W7 Water supply asset payment

A payment made to a developer or SLP to contribute towards the cost of the assets they provide and which are adopted by the water company. At present they are equivalent to 12 years discounted income from a development not exceeding in any year the loan charges which a water company would incur in providing the assets over the 12-year period.

Companies are currently reviewing how this asset payment would be made in the future

Sewerage

S1 – Lateral connection

Provision of private sewers and drains within the site (individual connection pipes from new units)

This service is not usually carried out by a water company.

S2 – On-site sewers

S2a - Requisition – This service is not usually carried out by a water company as works are normally undertaken as part of a developer's groundworks.

S2b - Section 104 – Sewer for adoption – Inspection and adoption charges – as per Sewers for Adoption Code of Practice.

S2c - Section 106 – Sewer not adopted

S3 – Off-site sewers

S3a – Requisition – Off-site sewers can be requisitioned from the water company

In some circumstances, the off-site sewer may be upsized to allow for future developments that are expected to be served from the new network. In these circumstances the developer will only be charged an appropriate and fair proportion of the cost.

The Site Specific basis of these apportionments will be specified in the quotation (or in supporting information).

S3b – Section 104 – Sewers for adoption - Inspection and adoption charges – as per Sewers for Adoption

S4 – Sewer network connection

S4a – Requisition – the connection of the new sewer to the existing public sewer network would be included within the requisition if the off-site connecting sewer is requisitioned

If there is not an off-site sewer requisition:

S4b Connection– final connection

S5 – Sewerage Infrastructure Charge

A charge to pay for reinforcement of the existing waste water network. Terminal pumping stations would be included in this if they are outside the fence of the sewage treatment works. Within a sewage treatment works' boundary the station would be funded by the water company from income derived from bill payers.

As appropriate Infrastructure Charge credits for previous use should be applied for any use recorded on the site within the previous five years.

Companies are currently reviewing the means of assessing this charge, including flat, zonal or site-by-site options.

S6 Income offset

At present (and only in the case of requisitioned sewerage) this is an offset of charges equivalent to 12 years discounted income from the development.

The Off-set currently cannot exceed the sum of:

S2 – On site sewers, if requisitioned

S3 – Off site sewers, if requisitioned

S4 – Waste network connection charge, if requisitioned

S5 – Downstream reinforcement

Companies are reviewing whether and how the offset will apply in the future.