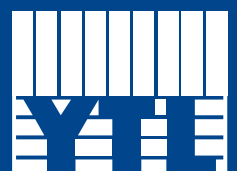


# Your views on our new connection charges 2022-23



## Your views on our new connections charging in 2022-23: a consultation

### **Why your views on our charging arrangements are important.**

Your views on our charging arrangements are important because it is the primary way we find out what changes you would like us to make to improve our service to you.

This consultation is your chance to influence the changes we make to the fifth edition of our new connection charging arrangements.

In reviewing our charges for next year, you will find that we propose retaining fundamentally the same approach as previous years:

- offering you fixed upfront charges wherever possible through a customer focused tool that is published on our website,
- ensuring the balance of charges you pay is broadly maintained under these new arrangements, and
- that the charges we set aid and facilitate greater choice for you by ensuring a clear and level playing field for new entrants to offer you competing services.

In particular, we are keen to hear your views on the following:

- Do you find that the 'shopping list' of charges we provide in our charging arrangements provide you with the information you need for planning and forecasting the costs of your development?
- Do you find that our proposed common definitions and worked examples provide a helpful illustration of the expected costs for your development?
- What is your experience of working with us? And,
- What can we do to be of better assistance to you?

### **Timetable for influencing our 2022-23 charging arrangements**

This consultation is your first and best opportunity to share your views, the deadline for sending in your comments is Monday 18<sup>th</sup> October 2021.

You will also be able to participate in one-to-one drop in sessions and stakeholder meetings if you would like to do so. Please contact us to request an invitation.

Your final chance to comment on our proposed charges for next year will be when we publish on our website our proposed indicative charges for next year in late November 2021.

This timetable ensures we have time to respond to any issues you raise and implement any changes required before publishing our final charges by 1 February 2022.

We then plan to run a 'developers' day' to discuss with you our finalised charges alongside other topics.

To comment on this consultation or request an invitation to one of our stakeholder meetings please contact email our Head of Developer Services at [nigel.martin@wessexwater.co.uk](mailto:nigel.martin@wessexwater.co.uk)

## Changes to Ofwat's charging rules and regulatory developments

Over the last year, Ofwat has been focussing on how new connection charging should evolve.

It has:

- consulted on what the future of regulating developer services might look like in [PR24 and beyond: Creating tomorrow, together](#),
- consulted on updating the charging rules in [statutory consultation on updating Ofwat's charging rules](#),
- published a [report](#) to try and understand differences in charges and costs between companies, and
- requested [additional data from companies](#) to support any future changes.

Discussions around PR24 are still ongoing, with decisions due on its PR24 methodology in early 2022. We welcome any thoughts on this and we will be discussing this in more detail in subsequent years.

Ofwat's draft charging rules propose the following changes that impact our charges for new connection services:

- Inclusion of cost reflectivity as a key charging principle;
- A set of common definitions to use for new connection charging;
- A prescriptive way to set out our worked examples;
- Clarifications on applying the income offset to connections to our existing network and NAVs; and
- Mandatory inclusion of transition arrangements in our charging scheme.

These will not result in significant changes. We already held cost reflectivity as a key principle in setting our charges, we applied the income offset in the way proposed, and we already included transition arrangements. However, if the draft charging rules are finalised, we will be adopting the common definitions and the way of presenting our worked examples. We discuss these further in section 2.

## **Section 1 – Do you find the ‘shopping list’ of charges we provide in our charging arrangements provide you with the information you need for planning and forecasting the costs of your development?**

To date, we have set our developer charges on a simple ‘shopping list’ of activities. We publish this annually in an online calculator [here](#). The price for each item is based on the average actual cost to deliver that activity over the last few years. This sets a fixed, upfront charge for services unless there are exceptional circumstances.

This year we are not making any major changes. However, we are proposing one minor amendment and one new charge.

### **We are amending our traffic management clause in our exceptional circumstances definition to better reflect its intention.**

We are planning to adjust our wording within the exceptional circumstances from:

- “Where road closures affect national speed limit roads or major junctions.”

to:

- “Where road closures affect major junctions or where high-speed traffic management is appropriate.”

It is the provision of high-speed traffic management that incurs additional, uncertain costs. In many cases the road may be national speed limit, but high-speed traffic management is not required, this will enable fixed up front charges in these scenarios making the process simpler.

*Q1.1 Do you agree with our proposed approach to changing part of the definition of exceptional circumstances?*

### **We are adding a new charge for site specific odour modelling at pre-planning stage.**

If a proposed development site is close to water recycling centres then at pre-planning stage, odour modelling is required to take place. Where there is a need for a customer to understand if a development would have issues with odour, we are proposing a new charge for verification of the customer’s odour modelling.

This is to ensure that if we are approached, we have the resource in place to provide the assistance required at the pre-planning phase. This is not a required charge. It is included to allow greater flexibility.

*Q1.2 Do you agree with our proposal to include a new charge for verification of odour modelling where required at a pre-planning stage?*

Our aim is that using our charges calculator is customer focused, easy to understand and provides appropriate indicative charges. To this end:

*Q1.3 Are there any other omissions from our ‘shopping list’ that you would like to see included?*

*Q1.4 Is there scope to simplify and combine any items in our ‘shopping list’?*

*Q1.5 Is our charges calculator easy to understand and use? Are there any improvements that we could make to it?*

## **Section 2 – Do you find the proposed common definitions and worked examples work for you?**

As mentioned previously, Ofwat is proposing that we use a set of common definitions within our charging arrangements. These can be found [here](#). We think that having common definitions across the country will make it easier for all customers and so we are supportive of this. However, we want to make sure that our charges scheme remains customer-focused and so we want to make sure that the common definitions work for all our stakeholders. To this end:

*Q2.1 Are there any definitions that you find unclear that would benefit from additional explanation?*

*Q2.2 How should we communicate where we have changed our text to use the standard definitions?*

Additionally, Ofwat is proposing that all companies adopt a standard presentation of worked examples within the same document. We think there is a better approach. We think that the purpose of these worked examples should be to show how charges are changing year-on-year and have proposed the format we used last year, which can be found on pages 18 to 22 [here](#). However, we will be using the format set out in the final charging rules. To this end:

*Q2.3 Do you have any comments or proposed improvements to either:*

- a. Ofwat's proposed format for presenting worked examples or*
- b. how we presented them last year?*

*Q2.4 Are there additional relevant pieces of information or scenarios we should include?*

### **Section 3 - What is your experience of working with us? What can we do to be of better assistance to you?**

We strive to provide industry leading service for all our customers, alongside supporting the development of efficient and effective markets in this area. We are always trying to improve and, to this end, we have some general questions about our engagement with you and how easy it is to work with us:

*Q3.1 Do you find these consultations useful, could they be done in alternative ways that offer more value?*

*Q3.2 Are 1:1 sessions to discuss our charges useful, or would you rather a larger event (as per the developers' day held earlier this year)?*

*Q3.3 Was our publication of indicative charges last year of use to you, or are you just interested in the final charges, published in February?*

*Q3.4 Do you have any comments and feedback on our processes and your experience of working with us?*

## Next steps

Thank you for taking the time to read and respond to this consultation. We welcome your responses including any other comments by Monday 18 October and, if you are interested in a 1:1 session to discuss anything included here or otherwise, please email our Head of Developer Services at [nigel.martin@wessexwater.co.uk](mailto:nigel.martin@wessexwater.co.uk).

*Q1.1 Do you agree with our proposed approach to changing part of the definition of exceptional circumstances?*

*Q1.2 Do you agree with our proposal to include a new charge for verification of odour modelling where required at a pre-planning stage?*

*Q1.3 Are there any other omissions from our 'shopping list' that you would like to see included?*

*Q1.4 Is there scope to simplify and combine any items in our 'shopping list'?*

*Q1.5 Is our charges calculator easy to understand and use? Are there any improvements that we could make to it?*

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*Q3.4 Do you have any comments and feedback on our processes and your experience of working with us?*

We will publish indicative charges on our website at the end of November 2021 before publishing final charges by the 1 February 2022.