



Dŵr Cymru
Welsh Water

Charging information for New Appointees and Variations (NAVs)

2020/21

dwrcymru.com

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Definition of terms

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

'Act' means the Water Industry Act 1991 and amendments thereto.

'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 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.

'Company' means Dŵr Cymru Cyfyngedig.

'Connection' means a connection regulated by the Act and other relevant legislation by virtue of which the customer receives the benefit of the Company's services.

Consent Criterion: Criterion for a NAV application whereby the prospective NAV applies on the basis that the existing appointee agrees to transfer the site or premises to the prospective NAV.

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

Large User Criterion: Criterion for a NAV application where the prospective NAV applies on the basis that it will use a large amount of water. In Wales this is over 250 megalitres of water a year. In England this is more than 50 megalitres of water a year.

'Non potable water' means water not intended to meet the standards of wholesomeness set out in regulations made under the Water Industry Act 1991.

'Potable water' means water intended to meet the standards of wholesomeness set out in regulations made under the Water Industry Act 1991.

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

Unserviced 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

1. Introduction

This document details all Charges that are applicable to New Appointees and Variations (NAV's) within Dŵr Cymru's supply area and should be read in conjunction with the Company NAV Guidance available [here](#).

The Company supply area

The Company supplies water and sewerage in the area shown on the map below.



2. How to Contact Us

Telephone

0800 260 5053 (24 hours)

Online

wsc.dwrcymru.com

Email

WholesaleServiceCentre@dwrcymru.com

Post

Dŵr Cymru Welsh Water
Wholesale Service Centre
PO Box 3164
Cardiff
CF30 0FF

Our office hours for the receipt of correspondence are 8am to 6pm Monday to Friday (excluding bank holidays)

3. How to pay

BACS payment

Sort code: 52-21-07

Account number: 01500007

BACS from abroad

IBAN number:

GB51 NWBK 5221 0701 5000 07

BIC number: NWBK GB 21 22X

Please include your customer reference when making your payment.

4. Value Added Tax

VAT will be added to water supply charges (including water for construction) to retailers. Where VAT is charged, it will be at the rate prevailing at the time the invoice is issued or at the time the advance payment is made.

VAT will be added to all other charges in this unless otherwise stated.

5. Other charging schedules

Wholesale Tariff Document

Primary charges for eligible premises that could be supplied with water by a restricted retail authorisation.

Schedule of Wholesale Charges

Wholesale elements of Dŵr Cymru's water and sewerage charges

Scheme of Charges

Water and sewerage charges for household and non-household customers.
Developer Services Schedule of Charges

Developer Services Schedule of Charges

Charges for new connections and other activities to support Developers

Value Added Services

Further information on the value-added services that we offer to Retailers

6. Bulk Supply Charging Methodology for Unserved sites

Scope

This section 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 which are covered in Section 9.

Purpose

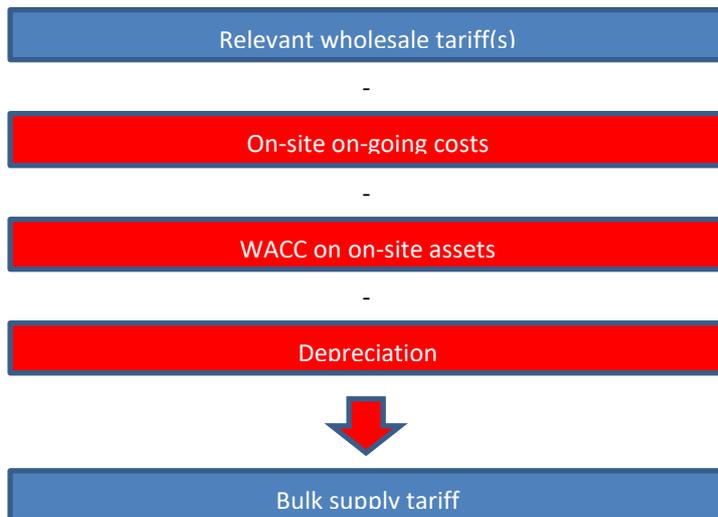
This document sets out the wholesale tariffs, applicable for the period 1 April 2020 to 31 March 2021, to be used in existing bulk supply agreements to calculate the charges for the bulk supply of water and wastewater services at each site. The tariffs are shown in Tables 2 and 3.

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 Section 9;
- ii. **Site development** – The bulk supply charge is based on the number of connected properties made on the site 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 as set out in Table 1 below. Bulk supply charges for individual NAV sites will be updated in line with the timetable in the respective agreement.

Table 1 – Annual Timetable for updating published tariffs and charges

Month	Activity
July	Scope of changes - any proposed significant changes to the structure or level of the wholesale 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 informed of the impact of any material changes proposed.
November / December	Tariffs will be finalised and approved by the Board. NAVs will be informed any material changes to the indicative tariffs 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 in accordance with Ofwat guidance. 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 2020/21

	Water	Sewerage Full Service	Sewerage Foul only
Household			
<u>Volumetric Rate</u>			
Standard volumetric rate	£1.3689 / m ³	£1.6531 / m ³	£1.4686 / m ³
<u>Fixed tariff for each meter</u>			
Up to 25mm meter	£12.13	£62.27	£37.80
30mm meter	£12.13	£62.27	£37.80
40mm meter	£12.13	£62.27	£37.80
Non-household			
<u>Volumetric Rate</u>			
Standard volumetric rate	£1.3321 / m ³	£1.6232 / m ³	£1.4745 / m ³
<u>Fixed tariff for each meter</u>			
Up to 20mm meter	£15.35	£57.95	£26.00
25mm meter	£83.83	£240.95	£204.20
30mm meter	£160.43	£340.95	£304.20
40mm meter	£311.91	£510.95	£474.20
50mm meter	£479.67	£923.65	£886.90
65mm meter	£646.00	£1,493.65	£1,456.90
80mm meter	£859.65	£2,173.65	£2,136.90
100mm meter	£1,023.71	£3,783.65	£3,746.90
150mm meter	£1,320.50	£8,698.23	£8,661.48
200mm meter and over	£1,320.50	£15,593.85	£15,557.10

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 2020/21

Deductions for on-site configuration	Water	Sewerage
On-going on-site costs	£13.37 / Connection	£7.58 / Connection
Capital related on-site costs (WACC & Depreciation)	£22.23 / 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 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. It should be noted that this step may give rise to a negative fixed charges.

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

		Unit	Water Quantities & Tariffs	Water Fixed Charges	Wastewater Quantities & Tariffs	Wastewater Fixed Charges
Bulk supply point						
A	Bulk supply point fixed charge (50mm meter)	£		479.67		923.65
Connection weighted charges						
<i>Fixed Charges</i>						
<i>Households</i>						
(1)	Number of households to be charged next year	Nr	250		250	
(2)	Wholesale household meter charge	£	12.13		62.27	
(1)*(2)	Household service charges	£		3,032.50		15,567.50
<i>Non-households</i>						
(3)	Number of non-households to be charged next year	Nr	10		10	
(4)	Wholesale non-household meter charge	£	15.35		57.95	
(3)*(4)	Non-household service charges	£		153.50		579.50
<i>Combined</i>						
B	Total connections and Total fixed charge		260	3,186.00	260	16,147.00
A+B	Total base fixed charge	£		3,665.67		17,070.65

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

		Unit	Water Quantities & Tariffs	Water Fixed Charges	Wastewater Quantities & Tariffs	Wastewater Fixed Charges
<i>Deduction for on-site costs</i>						
(1)+(3)	Number of connections	Nr	260		260	
	On-site costs per connection to deduct	£	13.37		7.58	
C	Deduction for on-going on-site costs			3,476.20		1,970.80
<i>Deduction for WACC and depreciation of on-site assets</i>						
(1)+(3)	Number of connections	Nr	260			
	On-site costs per connection to deduct	£	22.23		N/A	
D	Deduction for on-site capital charge deduction	£		5,779.80		N/A
<i>Bulk Supply Deductions</i>						
C+D	Total on-site total deductions	£		9,256.00		1,970.80

Step 2 Calculate the weighted variable charge

		Unit	Water Quantities & Tariffs	Water Volumetric Charges	Wastewater Quantities & Tariffs	Wastewater 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	1.3689		1.6531	
E	Base volumetric household revenue	£		34,222.50		39,261.13
	Forecast volume of non-household water	Cu.m	2,000		1,900.00	
	Wholesale non-household volumetric charge	£/Cu.m	1.3321		1.6232	
	Base volumetric non-household revenue	£		2,664.20		3,084.08
F	Combined consumption and revenue	Cu.m	27,000	36,886.70	25,650.00	42,345.21
E+	Weighted volumetric rate	£/Cu.m	36886.7 / 27000	1.3662	42345.21 / 25650	1.6509

Step 3 Calculation of the bulk supply charge

		Water		Wastewater	
		£	£	£	£
<i>Fixed charges</i>					
Base charge	Step 1 - 1	3,665.67		17,070.65	
Deductions	Step 1 - 2	(9,256.00)		(1,970.80)	
Bulk supply fixed charge			(5,590.33)		15,099.85
<i>Volumetric charge</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)	
				25,650.00	
Volumetric rate	Step 2	1.3662		1.6509	
Volumetric charge			36,887.40		42,345.59
Bulk supply charge			31,297.07		57,445.44

7. Bulk Supply Charging Methodology for Large User sites

Where a request is made for price and non-price terms of a bulk service agreement at the pre-application stage, the bulk supply price will be based on the information available at the time of the request and may be subject to change. The Bulk supply charge will be based on the appropriate Wholesale Industrial Tariff as detailed below.

7.1 Potable water industrial tariff

The potable water industrial tariff is made up of several bands reflecting annual consumption. Table 5 below shows the wholesale water large user tariffs for each of the five supply bands.

Each band applies to all consumption between 1 April 2020 and 31 March 2021 and comprises:

- A fixed charge for the year;
- An annual service charge for each meter serving the site based on the size of meter (shown in Table 2 below) and;
- A volumetric charge for all consumption.

Table 5

The fourth column indicates the annual consumption for which the band would be most economic for the customer.

Tariff	Indicative consumption (MI/year)	Fixed charge (£)	Volumetric charge (£/m ³)
Standard	<50		1.3321
Band 1	50 - 99	19,318.30	0.9458
Band 2	100 - 249	23,656.37	0.9024
Band 3	250 - 499	31,181.64	0.8483
Band 4	500 - 999	79,214.56	0.7642
Band 5	>1000	128,589.76	0.7148

A standard measured service charge will be payable on all meters (See table 6)

Table 6

The annual standard wholesale measured service charge applies to each meter and is based on the nominal meter size as follows:

Meter size (mm)	Water (£)	Sewerage (£)	Sewerage foul (£)
Up to 20mm	15.35	57.95	26.00
25mm	83.83	240.95	204.20
30mm	160.43	340.95	304.20
40mm	311.91	510.95	474.20
50mm	479.67	923.65	886.90
65mm	646.00	1,493.65	1,456.90
80mm	859.65	2, 173.65	2,136.90
100mm	1,023.71	3,783.65	3,746.90
150mm	1,320.50	8,698.23	8,661.48
200mm and over	1,320.50	15,593.85	15,557.10

7.2 Non potable water industrial tariff

The non-potable water industrial tariff is available for supplies of partially treated water and raw water depending on whether the supply receives any treatment. Table 7 below shows the wholesale non-potable tariffs.

Each band applies to all consumption between 1 April 2020 and 31 March 2021 and comprises:

- A fixed charge for the year;
- An annual service charge for each meter serving the site based on the size of meter (see table 6 above) and;

A volumetric charge for all consumption.

Table 7

The fourth column indicates the annual consumption for which the band would be most economic for the customer.

Tariff	Consumption (Ml/year)	Fixed charge (£)	Volumetric Charge (£/m³)
Partially treated water	< 50		1.2410
Raw water	< 50		1.1635
Partially treated water	> 50	40,650.69	0.4550
Raw water	> 50	41,262.93	0.3523

A standard wholesale measured service charge will be payable on all meters (see table 6)

7.3 Sewerage industrial tariff

For discharged sewerage > 100,000 cubic metres per year	(£)
Fixed charge - Full Service	21,476.59
Fixed charge – Foul only	10,487.00
Volumetric charge – Full Service per m ³	1.5980
Volumetric charge – Foul Only service per m ³	1.4337

An annual service charge will be applied for each meter serving the site based on the size of meter as detailed in table 6 above.

8. Bulk Supply Charging Methodology for NAV sites under the Consent criteria

Where a request is made for price and non-price terms of a bulk supply agreement at the pre-application stage, the bulk supply price will be based on the information available at the time of the request and may be subject to change. The Bulk supply charge will be based on the appropriate Standard Wholesale Tariff as detailed below or the Industrial Tariff above if the site uses more than 50MI per annum.

8.1 Standard Wholesale measured charges

	Water (£)	Sewerage (£)
Standard volumetric rate per cubic metre	1.3321	1.6232
Standard volumetric rate Foul only per cubic metre		1.4337

An annual service charge will be applied for each meter serving the site based on the size of meter as detailed in table 6 above.

9. NAV Application Schedule of charges

9.1 Proposed Development

The Company will provide this service as part of the Bulk service offer or as a standalone service if requested by the Customer.

The Proposed Development review charge is £86 plus VAT.

9.2 Point of Connection or Discharge Engineering Design

A detailed engineering solution for the connection or connections will be produced. A deposit will be required, which will be deducted from the final cost of the scheme.

The deposit cost is £2,000 plus VAT.

9.3 Hydraulic Modelling

A charge of £250 plus VAT will apply to prepare a bespoke hydraulic modelling cost.

The modelling estimate will identify the scope and cost of the modelling exercise needed on a case by case basis. 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.

9.4 Sewerage connections inspection

Supervision of sewer connections:

During the hours 8.30am to 5.00pm Monday to Friday - £169.00 (outside the scope of VAT)
Outside office hours – price on application