

Casework and Customers
Ofwat
Centre City Tower
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Yorkshire Water
Western House
Halifax Road
Bradford
BD6 2SZ

For the attention of Richard Field

27 October 2014

Dear Richard,

'New appointments and variations – a consultation on Ofwat's policy relating to highway drainage'

Thank you for the opportunity to provide our comments in response to this consultation.

Yorkshire Water's vision is 'Taking responsibility for the water environment for good'. In having a regard for the complete water environment we seek to do the right thing for all current and future stakeholders, ensuring appropriate decision making is not compromised or constrained.

With regard to charging for highways drainage, our principle is that all customers should be treated equitably. Customers pay for the drainage of highways in Yorkshire through their waste water bills. This is irrespective of the features of their specific property, road usage, car ownership, SUDs arrangements or other variable. This is reasonable as the service of draining the highways is one which all highway using customers use and benefit from, as they use roads beyond their immediate property and its proximity, including roads outside the Yorkshire region.

Therefore, the cost of highway drainage reflects a societal charge; we do not charge any highways authorities in respect of the drainage of any highway, or for the disposal of the contents of any drain or sewer used for draining any highway (in accordance with the Water Industry Act). Doing so would place a cost pressure on local or national taxation.

Consequently it is inappropriate to offer specific discounts for certain customers or NAVs on the basis of the features of their property or development as they will still use and benefit from the service beyond their property or area of operation and its roads.

We do, however, agree that it is important to ensure that customers, including NAVs, pay only for the services they receive, and that it is important to incentivise environmentally sensitive drainage proposals.

We will continue to offer discounts for property surface drainage (including car parks and other areas) to all customers in line with our published tariffs. A NAV and its customers would be able to apply for a discount in this manner, encouraging alternative treatment of surface waters from all areas other than adopted highways.

Considering the above, our views on your four principles, listed in the consultation are appended to this letter.

We would like to note that the proposals in this consultation could appear to be inconsistent with the approach described by Ofwat in its letter to Regulatory Directors of 18 August 2014, which advocates the use of wholesale charges as the starting point for setting access prices, and we would welcome clarity in this regard.

We trust that you find our comments to be both helpful and meaningful. If you would like to discuss any of the issues raised, please do not hesitate to contact us.

Yours sincerely,

Adrian Kennedy
Head of Regulation

Yorkshire Water Comments on Ofwat's four principles in 'New appointments and variations – a consultation on Ofwat's policy relating to highway drainage'

Ofwat Principle	Yorkshire Water Comment
<p>1. If a new appointee's site contains public roads (roads which have been or may be adopted) and those roads drain to the sewers of the existing appointee, we are likely to consider that it is reasonable for the bulk discharge price to include a contribution to the existing appointee's highway drainage costs.</p>	<p>We agree with this statement but note that it is reasonable for the bulk discharge price to include a contribution to the existing appointee's highway drainage costs in all circumstances.</p>
<p>2. If a new appointee's site contains public roads that do not drain to the public sewers of the existing appointee, or there are no public roads on the site, we are likely to consider that it is reasonable for the new appointee not to contribute to the highway drainage costs of the existing appointee.</p>	<p>The service of draining the highways is one which all highway using customers use and benefit from, as they use roads beyond their immediate property and its proximity, including roads outside the Yorkshire region, therefore we disagree that sites which have public roads which do not drain to the public sewers should not contribute to the highway drainage costs of the appointee. In other words, as above, it is reasonable for the bulk discharge price to include a contribution to the existing appointee's highway drainage costs in all circumstances.</p>
<p>3. The amount of highway drainage charges payable should be a matter for commercial negotiation between new appointees and existing appointees, on a case-by-case basis.</p>	<p>See response to principle 2. It is not appropriate to negotiate on a case by case basis.</p>
<p>4. A bulk discharge price should as far as possible be cost reflective, which should include taking into account the existence of efficient and sustainable drainage solutions which may result in less highway drainage entering the public sewers of the existing appointee.</p>	<p>We agree that a bulk discharge price should be cost reflective of the services which customers receive. If surface water from properties, excluding public highways is routed elsewhere then a surface water discount is should be applicable.</p>