



South Staffs Water

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Charging,
Ofwat,
21 Bloomsbury Street,
London,
WC1B 3HF

By email to: charging@ofwat.gsi.gov.uk

21 April 2016

Dear Sir,

South Staffs Water response to consultation on new connection charging

Thank you for the opportunity to respond to the above consultation. Our responses to the specific questions are attached. Please let me know if you have any questions.

Yours sincerely,

Philip Saynor,
Director of Finance and Regulation
South Staffordshire Water PLC

Q1 Have we missed any key issues with the current framework?

We have not identified anything missing from the framework.

Q2 Do you agree with our emerging thinking to require work that is remote from the site to be recovered through infrastructure charges only, to increase transparency?

We agree that there should be a single charge for each service for work that is remote from the site in order to increase transparency and avoid double charging of developers.

Q3 Do you agree with our emerging thinking to allow companies to develop new approaches to charging?

We agree that companies should be allowed to develop new approaches to charging within the framework set out in the charging rules. However, the challenge will be to ensure that the approach is robust. For example, under the zonal charging approach, the infrastructure charge would be based on forecast property growth and this could be subject to material error (for example a macroeconomic impact that might lead to a significant reduction in house building). In this instance, a rolling forecast may be appropriate, updated each year to ensure that the latest information is used.

Q4 Do you agree with our emerging thinking to promote a level playing field through increased transparency?

We agree that increased transparency will be important and that stakeholders are able to understand how charges have been derived.

Q5 What would be the impact of requiring wastewater asset payments?

As a water only company, we have no comments to make.

Q6 Do you agree with our emerging thinking regarding information provision from companies to improve transparency?

We agree with the requirement for companies to publish information on connection charges in a single document to improve transparency.

Q7 What further information should Ofwat seek to collect from companies to aid transparency of charging in relation to new connections, as well as enabling ongoing monitoring and enforcement?

In order to monitor companies, we believe that Ofwat would need to collect actual information each year on the cost of off-site network re-enforcement and property numbers along with an explanation of any significant variances.

Q8 Do you have any specific suggestions on the draft rules set out in appendix A1?

We have no specific suggestions to the draft rules.

Q9 Do you consider it to be appropriate for Ofwat to set requirements for companies to engage with their stakeholders as part of the charging rules?

We agree that companies should engage with stakeholders; however the timescales to consult will be extremely tight as charges will be published at the start of January and final charging rules will not be published until the autumn. Therefore, bearing in mind the likely number of stakeholders to engage with, we believe it would make sense to publish a consultation document on company websites (making stakeholders aware) rather than attempting to engage directly.

Q10 Do you consider that any additional actions will be required to ensure an effective transition?

Some developments may span a number of years and charges may have been collected in advance. For these sites, we would suggest that the current charging arrangements should continue rather than attempting to transition to new arrangements part way through. This would ensure certainty of cost to developers.