

Hi Alex and Charging Team,

Thank you for the opportunity of responding to the consultation on New Connection Charges for the Future.

We agree with the direction of the proposals to amend the charging rules in relation to upfront charges and to modify Condition C. These proposals will facilitate the overall approach that we broadly support. We have specific comments in response to questions 1 and 2.

Q1 Do you agree that our Option 3 on the treatment of the income offset/asset payments has merit? If not, please explain your reasoning and provide relevant evidence. If so, how and when should this change be brought about.

While we agree with the proposal to offset income against infrastructure charges, we have one concern about how this will be calculated. The Charges Scheme rules sets out the principles that apply to the calculation of infrastructure charges but these do not seem to apply to the calculation of the income offset. If the calculation of the income offset is going to be covered in the Charges Scheme rules, then we suggest that these rules are revised to make it clear that the income offset should be calculated in accordance with appropriate principles, such as fairness, stability and predictability and transparency.

Q2 Do you agree with our draft impact assessment? Can you provide quantitative figures in terms of the potential benefits or costs? Is there anything we have missed?

We consider that more specific reference could have been made to the impact on small scale or individual developers as it is not clear whether they have been considered in the impact assessment. The impact of any changes in costs will be different for small scale or individual developers and the offsetting of charges may also increase their level of administration work. These impacts need to be considered and explained.

Please call me if you have any queries.

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