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Our Ref: PJD/MT

24 August 2017

Charging  
 Ofwat  
 21 Bloomsbury Street  
 London  
 WC1B 4HF

By Email  
[charging@ofwat.gsi.gov.uk](mailto:charging@ofwat.gsi.gov.uk)

Dear Sirs

**Ofwat Consultation**  
**New Connections Charges for the future- England**  
**Submission deadline: 17:00 on 4/8/2017**

**Question 1**

***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 charge be brought about.***

We do not support option 3 due to the amount of uncertainty it brings. Our preferred option is to maintain the status quo with option 1.

It is not clear through your consultation what the infrastructure charge will be, what the relevant income offset will be and when it will be charged by the water companies. This presents a problem to us as an SLP as we would be unable to accurately provide a cost to a developer at tendering stages. In order for option 3 to be viable this information needs to be known at a pre-development stage, possibly through point of connection responses.

**Question 2**

***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 agree with the impact assessment in regards to option 1 – retaining the status quo.

**Question 3**

***Do you have any comments on the drafting of the possible future changes to our rules (set out in Appendix A3 and A4)?***

Definition of 'small' company is not clear. Is this a water company, NAV, SLP or Developer?

**Question 4**

***Do you have any comments on our proposed licence modification to Condition C (Infrastructure Charges) for English water companies other than NAVs (including the proposed wording set out in Appendix A7)?***



REGISTERED OFFICE:  
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 F.A. DALY, P.J. DALY



Concerned about the omission of the multiplier for the calculation of I&C infrastructure charges as commercial developments tend to be the most difficult in terms of achieving financial certainty in transacting the water asset.

By Ofwat initiating the cessation of Condition C (price-cap on infrastructure charges), this could give vehicle to the water companies to over-charge on infrastructure charges. Ofwat need to ensure that their proposed 'five-year rule' is properly implemented and monitored in order to prevent the aforementioned from happening.

As mentioned above further clarity is required on how the calculation of infrastructure charges and relevant income offsets will be undertaken if Condition C is amended.

Confirmation is required on whether there will be an amendment/cessation of Condition C if the status quo (option 1) is to be maintained.

Yours faithfully  
for P N Daly Limited



PP P J Daly  
Director

P.S We apologise for the lateness of the submission. This is due to August holidays confusion.