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4<sup>th</sup> January 2018

Dear Sir

### **Bulk Charges for NAVs: a consultation**

Thank you for the opportunity to respond the above consultation.

Leep Water Networks Limited welcomes this consultation and fully supports the strategic role that NAVs have to play in this sector moving forward. We believe that a successfully functioning NAV market can deliver benefits to both end-customers and developers alike. Such benefits will enable developers to get choice of their on-site infrastructure, which will allow them to benefit from cheaper and faster connections and better quality and tailored services, as well as delivering lower charges for end customers.

Accordingly, I attach our response to questions raised in the consultation. These are shown in Appendix 1 attached.

If you have any questions or need further clarification to any of the responses please do not hesitate to contact me.

Yours sincerely



Kathryn Dodgson  
Head of Legal and Regulatory Affairs



## APPENDIX 1

No.	Question	Response
1	Do you agree with our assessment on the need for this supplementary guidance?	Yes
2	Do you agree with the purpose, scope and objectives for our proposed guidance?	Yes
3	Do you agree with our assessment of the options and our provisional conclusion in favour of a wholesale-minus	Yes
4	Do you agree with our considerations in terms of whose cost should be used in a wholesale-minus approach? Do you have a preference? If so, please specify the reasons for your preference	<p>Yes.</p> <p>Our preference would be to use a reasonably efficient benchmark.</p> <p>The reason for this preference is that it would appear to lower the barriers to entry for smaller companies that may, in the early years, be unable to match incumbent efficiencies.</p>
5	Do you agree with our proposed overall approach for setting bulk charges?	Yes
6	Do you agree with our proposed relevant starting point?	Yes
7	Do you agree with our definition and approach	Yes



	to estimate the ongoing on-site costs?	
8	Do you agree with our discussion about the WACC? In particular do you think we should adjust the incumbent water company's WACC as per the Priors Hall determination?	Yes.
9	Do you have any practical suggestions on how to estimate the appropriate WACC?	No
10	Are there other costs that we should take into account? If so, please specify what these costs are and why they should be considered.	No
11	Do you consider that the proposed approach is sufficiently flexible to cover all current circumstances and could adapt to possible future changes?	Yes
12	Do you consider that it would be possible to standardise charges under many if not most circumstances? Can you specify the circumstances where this may not be possible?	Yes in most circumstances with the option of mutually agreed variation.
	Q12 Do you agree with	Yes



12	our proposal for the provision of tariff information?	
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