

Information notice

IN 18/05 March 2018

The logo for the Office for Water (ofwat) is displayed in blue. It consists of the lowercase letters 'o', 'f', 'w', 'a', and 't' in a sans-serif font. The letter 'w' is enclosed within a circular shape. To the right of the logo is a solid blue vertical bar.

This is a formal document that alerts our stakeholders to a change in the way that we regulate the water sector in England and Wales.

Changes to our wholesale charging rules to include charging rules for new connection services for English water companies

This information notice details a change we are making to our current wholesale charging rules which will come into effect on 1 April 2018. The change will ensure that developers or other customers that request new connections services through a water supply and/or sewerage licensee (**retailer**) benefit from the protections offered by our charging rules for new connection services. This document applies **only to English water companies**¹ when they are acting as a **wholesaler** and providing water and/or wastewater services to a retailer.

In April 2017, we introduced a competitive water retail market for business customers, which allows 1.2 million business, charity and public sector customers of English water companies to switch their provider of water and wastewater retail services. This means that developers or other customers are able to request new connection services to non-household premises through a retailer as well through the incumbent wholesaler. The wholesaler then has a duty to provide these services to the retailer. We regulate the charges that a wholesaler can make to a retailer through our wholesale charging rules.

On 1 April 2018, our [charging rules for new connections services](#) for English water companies will come into effect. These rules were developed in consultation with the sector and having regard to the [charging guidance](#) issued to us by the Department for Environment, Food and Rural Affairs (**Defra**). These charging rules aim to ensure that charges for new connections services enable and encourage efficiency, are fair and give certainty to suppliers and buyers

The charging rules for new connection services will not apply to the charges between a wholesaler and a retailer for new connections services when they come into force on 1 April 2018. It was not our intention that different rules should provide to the calculation of charges for the same services

¹ By “English water companies” we mean water undertakers and sewerage undertakers whose areas are wholly or mainly in England.

depending on the route through which they are requested. As a result we are using our powers under sections 66EC and 117L of the Water Industry Act of 1991 (**the Act**) to change our wholesale charging rules to include the relevant provisions of the charging rules for new connection services. This will ensure that retailers, and developers or other customers that request new connections services through a retailer, benefit from the protections offered by our charging rules for new connection services.

Sections 66EC and 117L of the Act allow us to make urgent revisions to our wholesale charging rules that it is necessary or desirable to make without delay. We are making this change to our wholesale charging rules as an urgent revision of the rules in order to ensure that these changes come into effect when the charging rules for new connection services come into effect on 1 April 2018. Following the process set out in sections 66EC and 117L of the Act for making urgent revisions, we have notified the Defra of our intention to make this change and it has not directed us not to make these changes. As a result, this change to our wholesale charging rules comes into effect on 1 April 2018. This change ensures that the same degree of protection applies to when services are supplied via a wholesaler.

Because the changes to our wholesale charging rules fall within sections 66EC(1)(b) and 117L(1)(b) of the Act they will only have effect for 6 months from the day that the revised rules were issued. As a result, we will be shortly also publicly consulting on a proposal to make these exact changes permanent. This will also provide us with an opportunity to gather stakeholders' views on these rule changes.

At the same time of the publication of this IN we are also publishing our [revised wholesale charging rules](#) which includes the changes we have made to the wholesale charging rules and can be found on our website. These rules supercede the previous version of the wholesale charging rules which were published on 24 November 2016.

More information

Charging rules for new connection services <https://www.ofwat.gov.uk/publication/charging-rules-new-connection-services-english-undertakers/>

Our revised wholesale charging rules <https://www.ofwat.gov.uk/publication/wholesale-charging-rules-issued-water-services-regulation-authority-sections-66e-117i-water-industry-act-1991/>

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales. Our vision is to be a trusted and respected regulator, working at the leading edge, challenging ourselves and others to build trust and confidence in water.

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