

Dear Ofwat charges team,

Thank you for the opportunity to comment on your consultation on Charging Rules for New Connections and New Developments for English companies from April 2020. This is CCWater's response.

We have no comment on question 1, relating to the change of wording that will be required to ensure the income allowance element of the connection charge calculation will be offset against infrastructure charges.

On question 2, we broadly agree that an information requirement may help support the principle of bill stability. We note that there is a difference between the market for new connections and the markets for other charges but there is not enough information in the consultation to enable us to understand whether the suggested 10% threshold for triggering an information request is appropriate. However, this methodology change could have a range of impacts on the different stakeholders that might be affected. A 10% increase in charges could cause significant problems for certain developers. For this reason, we consider that Ofwat and the companies need to consider whether the introduction of any new charges needs to be phased to mitigate any negative impacts that may arise.

We also feel that it is vital that companies continue to consult with their stakeholders about the impacts of any changes in charging methodology. Although there were concerns about the impacts of the new regime last year, companies worked with developers, NAVs and SLPs to inform them of the changes and consult them on their preferences. We feel this process worked well to keep the level of complaints low.

Please contact me if you have any queries.

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