Test area	Action reference	Action type	Action	Date required	Summary of company response to action	Our assessment and rationale	Required interventions
			clarity on exactly which of the 389 Amber schemes listed in your company's WINEP3 have been excluded from your business plan and how your proposals apply to non-WFD exclusions (if any), in respect of which 'benefit points' would not seem to be relevant (eg schemes with UWWTD drivers). In order to form a view on the reasonableness of the proposed unit cost of £1.42m per benefit point (and whether a different rate should be adopted for included Amber schemes for which the need is not eventually confirmed), we also need to know: i) how much expenditure on Amber schemes has been included in tables WS2 and WWS2 (and to which capex and opex lines it has been allocated), ii) the benefit points associated with the expenditure allocated to each line, and iii) to which lines in tables WS2 and WWS2 the £121m of excluded expenditure would have been allocated had it not been excluded from your plan.		February 2019 and, in response to a follow-up query, in a corrigendum dated 18 February 2019. A related further query on the company's proposed cost adjustment mechanism and the methodology for the calculation of benefit points was responded to on 28 March 2019.	to operate the unit cost adjustment mechanism for uncertain WINEP schemes, if required. No intervention required.	

Table 2: Further interventions for draft determinations

Intervention reference	Our assessment and rationale	Interventions
SVE.CE.C1	We consider that the proportion of developer services expenditure that is assumed recoverable from developers should be the same across all companies unless there is specific evidence in the company business plans to the contrary. **Water** New developments: Company business plan forecasts suggest an industry average recovery rate for new developments of 48%. Six companies (including all 3 fast track companies) are forecasting a negative infrastructure charge as the income offset is greater in absolute terms than the infrastructure charge. In 2020 new charging rules for developer services (England only) mean that the income offset is now applied to the infrastructure charge. We said in Charging Rules for New Connection Services (December 2018) that in the transition to the new charges regime, that companies should take reasonable steps to ensure that the existing balance of charges between	We propose to intervene to use our forecast of the proportion of developer services expenditure that is assumed recoverable from developers: **Water** New developments: 66% New connections: 75% Diversions: 100% **Wastewater** New developments: 100%

	developers and other customers prior to the implementation of the new rules should be broadly maintained. For the purposes of determining an appropriate industry position, we have capped the amount of income offset such that it cannot exceed the infrastructure charge for the 6 companies referred to above. This is because we do not recognise this as being consistent with the balance of charges under the pre-2020 regime. This gives a revised average rate of 66% which we have applied. New connections: We expect recovery rates for new connections to be close to 100%. SVE state that they will offer a discount to developers install water efficient fittings. We agree this is a sound argument for applying a recovery rate of less than 100% and for them we will allow their forecast 75%. Diversions: Our expectation is that diversion activities are fully recoverable by companies. We will apply a 100% assumption for diversions recovery rates. **Wastewater** New developments: Our expectation, based on previous price reviews, is that recovery rates for wastewater should be close to 100%. Of the 11 WaSCs, 8 state that they will recover 100%, including Severn Trent. We therefore assume a recovery rate of 100%. Diversions: Our expectation is that diversion activities are fully recoverable by companies. We will apply a 100% assumption for diversions recovery rates.	Diversions: 100%
SVE.CE.C2	Our adjustments to base and enhancement expenditure will impact operating and capital expenditure differently. We therefore propose to adjust the opex and capex split in each control to reflect the adjustments agreed with the company to base and enhancement expenditure in each control. In base expenditure, we retain the opex and capex expenditure splits provided by the company in its submission. We assume all enhancement expenditure we allow is capex expenditure.	We are intervening to adjust the opex/capex split in each control to reflect the adjustments we have agreed with companies to base and enhancement expenditure.
SVE.CE.C3	Our adjustments will impact different programmes within totex differently. The five-year profile of expenditure provided in the company submission by Severn Trent Water is reasonable and therefore we propose to profile our totex allowance over the five-year period based on this profile.	We are intervening to apply Severn Trent Water's five-year totex profile to our totex allowance.