

Date: 28 May 2019

Charging
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By e-mail: charging@ofwat.gov.uk

Dear colleagues

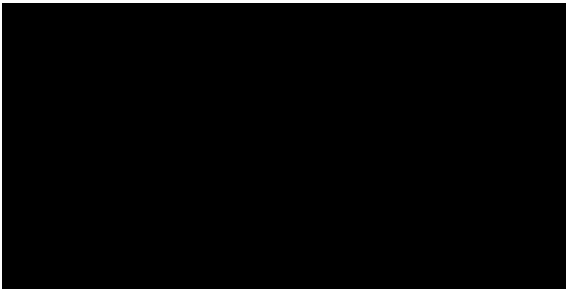
CHARGING RULES FOR NEW CONNECTIONS AND NEW DEVELOPMENTS FOR ENGLISH COMPANIES FROM APRIL 2020

We welcome the opportunity to provide comments as part of the consultation on changes to the charging rules for new connections and new developments.

Appendix 1 contains our responses to the questions raised. We hope you find them helpful.

If you have any questions please do not hesitate to contact me.

Yours faithfully



Q1: Do you have any comments on the proposed wording for the New Connection Rules and Charges Scheme Rules which will come into effect from April 2020.

We agree that the changes to rule 19 of the Charging Rules for New Connections Services have significantly clarified expectations. We welcome this and further support the corresponding inclusion of rule 32 in the Charges Scheme Rules. As the interdependencies between sets of rules increases, mirroring a requirement in both documents is a helpful approach.

We have no specific comment on the changes proposed to implement the November 2017 decision on the way income offsets are applied.

Q2: Do you have any comments on our proposal to introduce an information requirement on bill stability? More specifically:

- **Do you find the proposed requirement helpful in supporting the charging principle of bill stability?**
- **Is the suggested 10% threshold for significant bill increases appropriate for striking the right balance between more scrutiny on bill increases and flexibility for companies to make changes as necessary?**

It is appropriate for companies to signpost potential bill impacts to new connection and developer services customers. Taken at face value, the proposed 10% nominal threshold for impact assessments and possible handling strategies seems reasonable, however until more information on the impact of the change to income offsets is known it is difficult to be sure.

Until the charging rules themselves stabilise we agree that flexibility is needed and therefore support the introduction of the requirement through an information notice rather than through a change to the charges rules. This flexibility could extend to revisiting the proposed 10% threshold later in the process.

In order to assist companies in implementing this requirement effectively, we welcome views on:

- **what criteria would be most appropriate to define typical new developments; and**
- **what services should be included in a typical package.**

Our view is that the total bill for the site should be considered, and that it should include all services related to delivering the new infrastructure. Failure to include all services could result in potentially misleading bill impacts.