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Nicola Cocks



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Consultation on the scope and balance of developer charges and incentives

Dear Emily

Thank you for the opportunity to respond to the consultation on developer charges and incentives which was published in April 2021. A detailed response to each of the questions asked is included in the attached document. There are a few specific points that we felt it was worth emphasising in this letter.

We are supportive of the proposal to remove income offset and the balance of charges requirement. However we are aware that there is another consultation on new connections charging being issued shortly and would propose that all changes are made at the same time with a sufficient notice period to make it easier for developers and ourselves to plan and implement. We know that our customers value predictability and stability in pricing, and we would welcome the opportunity to minimise the disruption, uncertainty and costs associated with multiple changes. We agree that Developers should be incentivised to build water efficient homes and think that changes to developer charges for incentives paid at “point of connection” should be part of a wider package of measures to influence building design and planning, including building regulation requirements. We believe that the greatest impact on water efficiency can be made during the early stages of development planning, where solutions such as sustainable drainage or grey water recycling need to be considered.

We believe that any incentives built into developer charges should only deliver a discount if the developer exceeds standards already required by planning and building regulations. We have considered whether variable infrastructure charges could be used to influence developers on where they chose to locate their projects. On balance we feel that this may lead to complexity in tariff design and may not provide a sufficient incentive to effectively influence developer’s decision making.

In respect of cost causation, we understand the rationale that you have applied to delineate a split in accountability between network growth and growth at treatment works. In order to make this work we believe that the definition of Network Reinforcement requires review, as the current requirement to demonstrate an application under the Water Industry Act means that end customers still fund some elements of the work on the network (e.g. where we put infrastructure in for a whole development which may take a number of years to build out).

We think that there is a link between where growth is occurring and the costs to upgrade treatment works or water resources. We therefore believe that, even if the developer is not responsible for these costs, they should be dealt with as enhancement cases based upon the actual requirements rather than an allowance in base costs. This is something that we intend to discuss with you through the consultations on the approach to PR24.

We look forward to working with you to implement improvements to the charging arrangements.

Yours sincerely



Nicola Cocks
Regulation Director