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To: [Charging](#); [Emily Bulman](#)
Cc: [Bethan Evans](#); [Edwards Paul J](#)
Subject: Welsh Water's response to "A consultation on the scope and balance of developer charges and incentives"
Date: 28 May 2021 16:48:58

Dear Emily,

I hope all is well with you.

This is Welsh Water's response to the document *A consultation on the scope and balance of developer charges and incentives*.

Answers to the specific questions raised in the consultation are laid out below. In addition to those I thought it useful to share our view on the timing of the proposed implementation. You note on page 3 of the document that you are in the process of establishing new connection charges rules for Welsh companies but are proposing that a similar balance of charging rule (as currently applies to English companies) would apply in Wales. I can confirm that we would support the removal of the balance of charges rule from Welsh rules at the right time. As part of our response to the current (and previous) consultation on new connection charging rules for Welsh companies we have said that we believe that the right time to implement the rules would be from April 2025.

We believe that it would be in customers' interest to align all the changes to charging rules being considered. That is to implement charging rules in Wales, without the balance of charges rule at the same time that the balance of charges rule is removed for English companies in April 2025. This would minimise the risk of further confusion for stakeholders.

Best wishes

Eleri

Q1: Do you have any comments on key conclusions from the Frontier Economics report?

A No further comments, the conclusions are not unreasonable.

Q2: We seek views on our reasoning and proposals with respect to charges for strategic assets, income offset and the balance of charges rule

A We agree with your proposals with respect to charges for strategic assets, English income offset and the balance of charges rule. But note that in some circumstances developers directly benefit from expenditure on strategic assets where they are the most efficient way to deliver the required supply.

Q3: What environmental incentives should water companies be offering developers and NAVs? We are interested in examples of good practice. How can we better support this?

A We support Ofwat's suggestion that companies and stakeholders should collaborate on this aspect and will engage with the appropriate forum. For example, we recently took part in the recent WaterUK call with Ofwat – the main theme was that the water companies incentives are not going to be the deciding factor for customers, but they do help/encourage the right behaviour and that any incentives must deliver the desired outcome. We have a surface water removal incentive that we introduced in 2018 which is available to both business and developer customers

Eleri Rees

Cyfarwyddwr Strategaeth a Rheoleiddio

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Dwr Cymru Welsh

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