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27 August 2021

Statutory consultation on updating Ofwat's charging rules

Dear Emily,

Thank you for the opportunity to respond to the statutory consultation on updating Ofwat's charging rules, which was published in August 2021. We support Ofwat's aim of streamlining, simplifying, and clarifying the approach to charging, particularly in relation to developer charges.

As set out in our response to the initial consultation in June, we agree with most of the proposed changes. Our feedback on a couple of points raised in the statutory consultation is set out below.

Removal of requirement for Statement of Indicative Scope for Wholesale Charges

We note that it is proposed to remove section A2 of the Annex to the Wholesale Charging Rules that requires companies to publish a Statement of Indicative Scope for Wholesale Charges in July each year.

We welcome the flexibility that this introduces for wholesalers and agree with the view that the timing of the required publication means the statement rarely contains any detailed or specific information. We are however aware that retailers value early notification of proposed changes, especially with regards to charging structures. This was flagged in a recent meeting of the Retailer Wholesaler Group that is considering the simplification of non-household wholesale charges.

As such, we acknowledge the importance of wholesalers continuing to communicate early with retailers following removal of the formal requirement in the Wholesale Charging Rules.

Future plans for charges for new connection services

We welcome the feedback from the June consultation and will take this into account along with the findings in the "Root Cause Analysis" document and the Overheads consultation when setting charges for next year.

We look forward to working with you on the issues raised around the five-year rule for infrastructure charges to achieve a balanced approach between stability for customers, the charging rules and the APR guidance.

Should you have any questions or comments on our response, please do not hesitate to contact either me or my team.

Yours sincerely,



Cathryn Ross
Strategy & Regulatory Affairs Director