

**From:** [Stephen Wielebski](#)  
**To:** [Charging](#)  
**Cc:** [Stephen Wielebski](#)  
**Subject:** Statutory Consultation on Changes to Charging Rules  
**Date:** 31 August 2021 13:42:39  
**Attachments:** [image001.jpg](#)

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Dear Sirs,

Both the timing (peak holiday season) and the limited duration allowed for this consultation (c 4 weeks) has drawn much criticism of Ofwat from our clients in addition to other consultants. With regard to the period of time allocated for such an important consultation one would have expected at least 8 weeks in order to assess the content(s) of the various documents and to provide a meaningful evidence-based response/contribution. Moreover, in the absence of any Regulatory Impact Assessment (and not for the first time) it is difficult to even begin to lend credence to the costs and charges that are being presented by water and sewerage companies. Given previously disclosed developer concerns regarding the make-up and justification of company costs and charges, especially when it comes to how they have been determined, we would have expected a more thorough interrogation in this area by Ofwat before crystallising any Charging Rule changes.


Sadly, as a result, of the limited timescale imposed by Ofwat we are unable to provide a comprehensive response. That said, we are able to highlight a number of areas that still raise serious concern and which continue to be articulated by a number of our clients:

- Whilst there is benefit in seeking to introduce more detailed cost headings, what is missing is the legitimacy and justification for each element of cost. Far more detailed evidence in this regard is still required if developers are to have trust and confidence in the costs they are being confronted with. Moreover, we do not accept the defence that disclosure of individual company cost evidence/data would constitute a potential breach of competition rules. In many respects, we consider the converse (withholding) would apply. (We are aware of at least one recent incidence of developer costs having increased by c £1000/dwelling).
- The SIA Partners Report prepared for Ofwat, and finally disclosed as part of this latest consultation, re-affirms earlier developer community concerns regarding the disparity and disarray that exists when it comes to company costs and charges. One is therefore left with a sense of trepidation that Ofwat have a desire to carry on, regardless of persistent developer customer disquiet relating to company costs and charges, and irrespective of the corroborative comments and conclusions to this effect reached by Ofwat's own consultants - see pages 3, 5, 9, 14 et al of the SIA Partners Report (June 2021).
- In the continued absence of what constitutes the balance of charges and more importantly how this is defined in terms of quantum, it is difficult to see how this consultation makes a positive contribution. Likewise, what actually constitutes fair, proportionate and cost reflective charging. Moreover, comments that the on-going reforms are becoming nothing more than a proxy to preserve the commercial interests of the water and sewerage sector at the expense of developers are gaining even greater credibility.
- Corroborative evidence contained in several reports commissioned by Ofwat, and which are finally in the public domain, clearly state company costs and charges and the means by which they are determined is in a state of confusion if not total disarray. There is no consistency in either qualitative and/or quantitative evidence/data.
- Whilst attempts have been made to provide clarity on a range of definitions there is still much work to do in this area – see earlier consultation responses.

- Section 37 and Section 94 obligations need to be clearly defined – this is of crucial importance.
- Network capacity assessments remains an area of acute concern, especially the subjective and unrepresentative approach that is being applied by a number of companies. Likewise, how the output from these assessments are being allowed to inform and influence infrastructure charges – an aspect of the charging rules that is in urgent need of review.

If Ofwat are minded to allow a further 4 weeks to submit a wholesome response then please confirm by return.

Yours sincerely  
Stephen Wielebski  
Principal Partner



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